

# Pak businessmen down shutters to protest IMF-advised sales tax

LAHORE, Sept 4: Trading activity ground to a halt across Pakistan on Saturday in a one-day protest at a general sales tax imposed on the advice of the International Monetary Fund (IMF), reports AFP.

Main markets and shops were shut in major towns in the country's four provinces amid massive police deployments, witnesses said.

A complete trading shutdown was reported from centres in southwestern Baluchistan, North West Frontier Province and southern Sindh, with a majority of traders responding to the strike call in Punjab province.

An opposition-led general strike was also under way in Sindh in protest at the govern-

ment of Premier Nawaz Sharif. "We were given the task to thwart this protest but traders have rejected our persuasion," said a provincial government official in the Punjab capital of Lahore, speaking on condition of anonymity.

Most representatives of traders' associations were not available for comment as sources here said they had gone into hiding ahead of the strike to escape police raids to detain them.

One of them, Mian Shafiqat Ali, speaking by phone from Lahore, said the issue had become entangled with politics, for which he blamed the government.

"The government should have held meaningful talks

with traders' representatives and sorted out the issues," he told AFP.

The trading community supports Sharif, who is himself from a leading Punjab industrial family.

But the ruling party saw the strike as giving a boost to the current opposition campaign aimed at toppling Sharif through street agitation and that was why the government overreacted, political sources said.

Ruling party lawmakers, administration officials and police went around Lahore asking shopkeepers to open their stores.

Police provided protection to traders who heeded administration advice to carry on their

business.

There were effectively total closures in the cities of Quetta and Peshawar, reports said.

No violence was reported.

Traders' organisations said they were opposing a 15 per cent general sales tax because of documentation difficulties, its impact on business and fears of extortion and harassment by income tax authorities.

The government has defended the sales tax as part of a series of fiscal measures agreed with an IMF mission which was here last month for an economic review ahead of an expected 280 million dollar loan tranche to Pakistan.

It has reaffirmed the sales tax would stay but offered to discuss other concerns.

# China to resume WTO entry talks with US next week

By Vasantha Arora

WASHINGTON, Sept 4: The United States and China have agreed to resume talks next week on the latter's efforts to join the World Trade Organisation (WTO) for the first time since NATO's bombing of the Chinese Embassy in Belgrade in May, which adversely affected relations between the two countries.

Richard Fisher, the Deputy U.S. Trade Representative (USTR) for Asia, Latin America, and Canada who made this announcement, said "China wants to have a technical-level review" with the U.S. regarding its accession to the WTO.

The USTR official said such a "stock-taking" meeting could take place next week, "most likely in Beijing," but added

that the discussion could also take place in Auckland, New Zealand, the site of the upcoming Asia-Pacific Economic Cooperation (APEC) Ministerial and Economic Leaders' meetings.

China's request came after an exchange of messages with the U.S., which is leading the WTO group considering whether Beijing has made the necessary reforms in its trade policies to qualify it for membership in the trade body.

Fisher declined to say who would make up the U.S. side to review the WTO accession process, but said the Sino-U.S. discussions would be at "the expert level."

He, however, identified Robert Cassidy, Assistant U.S. Trade Representative for China,

Hong Kong, Taiwan, and Mongolia, as USTR's "expert."

Fisher stressed that the meeting would be one to review efforts to date, not a negotiation. He added that the technical review would be the first discussion between USTR officials and their Chinese counterparts "since the end of April."

At that time, China and the U.S. had made significant progress towards accession, including a market access package on agriculture, industrial goods and services.

After the NATO bombing of the Chinese Embassy in Belgrade during the Kosovo crisis, accession talks were put on hold.

— India Abroad News Service

# Philippines falls behind SE Asia in foreign investment

MANILA, Sept 4: The Philippines fell behind the rest of its Southeast Asian neighbours in attracting foreign investment in the first seven months of the year, President Joseph Estrada complained here Saturday, reports AFP.

Speaking on his weekly radio show, Estrada said that up to July, Indonesia received 30.6 billion dollars in foreign investment, Thailand 19.8 billion dollars, Malaysia 8.6 billion dollars, Vietnam 4.9 billion dollars and the Philippines, only 1.6 billion dollars.

"How are we going to catch up? We are really left behind and they are just our neighbours," he said.

He further proved his argument that the country's constitution needed to be amended to remove provisions that deter foreign investment such as a ban on foreigners owning land and limits on the amount of foreign equity allowed in certain enterprises.

Estrada is leading a campaign to have the constitution revised but the country's Roman Catholic bishops and former presidents Corason Aquino and Fidel Ramos are opposing this effort.

He reiterated his statement that foreign investment was urgently needed for vital infrastructure and utilities projects needed to spur the country's growth. "How are you going to develop if you don't have capital?" he said.

# World Economic Forum to hold East Asia summit in S'pore

SINGAPORE, Sept 4: The World Economic Forum's eighth East Asia Economic Summit, to be held in Singapore next month, will focus on the massive task of restoring economic growth in the region, the organisation said in a statement received today, says AFP.

Three prime ministers — Malaysia's Mahathir Mohamad, Goh Chok Tong from Singapore and Thai Premier Chuan Leekpai — head a list of political and financial heavyweights who will participate in the October 18-20 summit, the Geneva-based WEF said.

International Monetary Fund deputy managing director Stanley Fischer, Thai Deputy Premier Supachai Panitchpakdi, US Assistant Secretary of State for East Asian and Pacific Affairs Stanley Roth, Association of South East Asian Nations Secretary General Rodolfo Severino, and Donald Tsang, Hong Kong's financial secretary will also attend.

The WEF, the foremost global partnership of leaders from business, political, and intellectual sectors, expects about 800 people to be at the summit.

# Thai stocks to be at foreign market mercy next week

BANGKOK, Sept 4: Thai stocks will be at the mercy of foreign market performance in coming sessions after plunging 5.8 per cent last week on a weakening currency and financial sector woes, dealers said, reports AFP.

"It is hard to say where the index will be next week," Paibul Rachanyom of ABN Amro Asia said.

The market will be mainly dependent on overseas factors as well as movement in main foreign markets.

The benchmark Stock Exchange of Thailand (SET) index slipped 26.42 points or 5.8 per cent last week to close Friday at 431.12 points.

Average daily trading value dropped 51 per cent of five billion baht (128.9 million dollars) from 10.3 billion baht the previous week.

Paibul said stocks could take direction from Wall Street which soared Friday as fears that the economy was overheating were dampened by figures showing US job growth had slowed.

Looking forward, investors have mainly discounted local factors such as problems in the finance and banking sectors which remain burdened by huge non-performing loans, he said.

Sentiment may receive a boost Tuesday as the cabinet is expected to approve the latest agreement with the International Monetary Fund (IMF) on its economic rescue plan for Thailand.

The IMF is expected to adjust its forecast for Thailand GDP growth upwards.

Thailand's central bank said this week that the Thai economy could expand three per cent this year.

The market remains wary of the weakening baht however, which this week hit an 11-month low amid strong demand for the dollar by corporates and fears over problem loans in the financial sector.

The baht was rebounded slightly late Friday to 37.80-80 to the greenback.



Beggars sleep as traders in Pakistan shut their shops in protest against the general sales tax enforced by the government under the advice of the International Monetary Fund, in Rawalpindi city some 25 kilometers from Islamabad, Saturday. Trading activities were grounded to a halt across the country as traders suspended business in protest. The general strike called by the opposition is part of an ongoing anti-government campaign. —AFP photo

# Lack of trading floor may hit deadline Communist Vietnam inches toward pilot stockmarket

HANOI, Sept 4: Communist Vietnam is edging closer to opening a pilot stockmarket, but the lack of an equipped trading floor and firms suitable for listing will make a year-end deadline hard to meet, analysts say, reports Reuters.

Most expect a pilot exchange in southern Ho Chi Minh City to open sometime next year, although portfolio investors will hardly salivate due to curbs on foreign shares ownership and the risks associated with Vietnam's nascent private sector.

Nevertheless, analysts said there was interest among institutional players, if only because Vietnam represented an

emerging market that needed to be tracked.

The restrictions on overseas ownership are probably not going to change soon, reducing foreign interest to something of a cameo role initially," said Dominic Scriven, director of Dragon Capital, which manages two investment funds in Vietnam.

Hanoi's leadership has talked for years about embracing a bourse — the most capitalist of practices — but several deadlines for a pilot market have already been missed.

The current target according to state media is the end of 1999, but officials from the State Securities Commission

(SSC), the bourse watchdog, declined to comment on preparations.

The pilot bourse should operate like an over-the-counter market, with some firms and bond issues listed. A full-fledged stockmarket would likely take several more years to develop.

Total foreign-held stakes in listed firms have been capped at 20 per cent, and foreign securities houses are only able to hold a maximum 30 per cent in joint ventures with local brokerages.

Financial sources said while much of the necessary legislation was in place, a key problem was preparing the physical infrastructure for the pilot bourse.

# 3 Daewoo affiliates for court receivership

SEOUL, Sept 4: Three companies affiliated with Daewoo Group have filed for court receivership in a new sign of trouble for South Korea's second largest conglomerate, the Korea Stock Exchange said Saturday, reports AP.

Stock trading for Segye Corp., Shinhan Engineering and Construction Co. and Shin-sung Tong Sang will be halted Monday following their application Friday for court receivership, the exchange said.

The three companies, which are engaged in construction or apparel trading, have been reeling under a severe cash crunch since Daewoo Group narrowly avoided becoming the country's largest bankruptcy in July.

Last month, creditor banks agreed to keep the conglomerate afloat by rolling over short-term debt and providing new loans in return for a sweeping restructuring plan that will divest the conglomerate of all but six auto-related subsidiaries.

That cast doubt on the rest of

Daewoo's 25 affiliates. Daewoo also was slow to sell off its assets and invite foreign investment, intensifying doubt over the entire conglomerate and making banks increasingly reluctant to provide new loans.

Cash strains caused Daewoo's key auto and electronics subsidiaries to have difficulty importing parts from foreign countries.

As a result, Daewoo Motor Co. and Daewoo Electronics Co. planned to cut down its operating hours next week barring quick improvements in cash flow, company officials said.

Credit banks met Saturday to discuss expanding financing for Daewoo's imports and exports as well as its debt repayments.

The three companies applying for court receivership had been officially spun off from Daewoo years ago, but they still were considered affiliates of Daewoo because they depended on the conglomerate for most of their business and financing.

The building to be used in the business hub of Ho Chi Minh City is being renovated but trading equipment has yet to be installed and the degree of automation has not been decided.

There was also the issue of quality companies.

"The problem I have with all this talk about the stock exchange is what is going to be traded," said Charles Moore, chief investment officer at Indochina Asset Management (ICAM), which manages two investment funds in Vietnam.

Twenty firms and banks have applied to float on the pilot bourse, but most are small, former state companies. Hanoi has ruled out listing its core businesses such as Vietnam Airlines and Vietnam Posts and Telecommunications.

Some analysts urged Hanoi not to see the bourse as just a way of boosting privatisation, which is the thrust of current official comment on the market's function, but as a way of unleashing the country's inherent entrepreneurial flair.

"The market could be a vehicle for the private sector, but it seems the government still sees it as a way of offloading troublesome state companies," said Moore.

# Nissan to launch new assembly method to cut costs

TOKYO, Sept 4: Nissan Motor Co. Ltd. will become the first Japanese carmaker to assemble vehicles based on modular blocks comprising several components, a report said Saturday, according to AFP.

The module method is expected to enable Nissan to cut production costs by 20 per cent, the Nihon Keizai Shimbun said.

Nissan will start using modules comprising speedometers, air conditioners and audio equipment in Cima sedans from June 2000 when the luxury cars expect to have a major model change, the business daily said.

Carmakers are able to reduce parts costs as assembly process by procuring larger parts units from components suppliers.

Nissan is restructuring its business under the control of France's Renault SA.

# Argentina to probe alleged ROK, Russian steel dumping

BUENOS AIRES, Sept 4: The Argentine government said it would launch an investigation into imports of flat rolled steel and iron products from Brazil and Russia amid allegations of dumping by producers from those countries, reports Reuters.

"There are sufficient allegations of injury backed by evidence that justify an investigation," the Argentine Exterior Commerce Commission said in a statement.

The Industry Department said it found the Brazilian products were priced between 7.37 to 22.73 per cent below market value, or the cost of producing them in Argentina, while Russian products were priced 73.44 per cent below market value.

Last week, at least two Brazilian steel makers said they planned to initiate anti-dumping proceedings against imports of iron bars from Argentina.

# UK energy output hits record in '98

It was records galore for energy production in the United Kingdom last year, according to figures published recently by the Department of Trade and Industry (DTI), reports UNB.

The 1999 Digest of UK Energy Statistics shows that crude oil, natural gas and nuclear electricity reached record output in 1998, says London Press Service (LPS).

Oil production increased by three per cent compared with 1997 and exceeded the previous high of 1995, while production of natural gas rose by five per cent to set a record for the ninth year in succession.

Production of nuclear electricity followed the trend with a record output that was two per cent higher than in 1997. Only coal production prevented a clean sweep of records with a 14.5 per cent drop in output.

The DTI report says that the extra gas was needed to meet an increased demand from electricity generators and the growth of gas exports. Three per cent of UK gas production is

now shipped to other countries.

The amount of UK electricity produced by gas-powered generators increased by 7.5 per cent in 1998 and gas now accounts for 32.5 per cent of all electricity supplied, still slightly below coal's share of 33 per cent but above nuclear's share of 26 per cent.

Although coal production was down, the volume of coal used for the generation of electricity increased by one million tonnes last year to 48 million tonnes. This was due to coal-fired power stations having to boost power while nuclear and other power stations having to boost power while nuclear and other power stations were undergoing maintenance.

The DTI statistics also reveal that the UK is increasing electricity generation from renewable sources of energy. Last year, generation from wind turbines increased by 33 per cent with 27 and 25 per rises in electricity from hydro sources and biofuels.

# Cancerous substances found in Asian shoes

PARIS, Sept 4: Shoes and slippers manufactured in India, China and other Asian countries contain substances that could cause cancer, according to the latest edition of the French trade magazine Le Cuir (Leather), says AFP.

The magazine quoted the findings of tests conducted on 16 pairs of imported shoes at a French government-run laboratory.

Most of the shoes were shown to have traces of a number of substances, which if degraded can cause allergies or even cancer when they come into contact with human skin, the report said.

"Some of the shoes came from China and India, and it is unclear where the others come from," the laboratory's director Marc Folachier said.

But he added that the sample was too small to draw any definitive conclusions.

The magazine named the substances involved as being artificial colorants and preservatives, chrome 6 and formal.

In France and other European countries, the products are banned from factories by labour protection laws, but they remain in use in Asia, from where exported merchandise is not always checked upon entry into France.

The French study confirms earlier tests carried out in Germany and Spain.

The German study found high levels of chrome 6 in a number of leather goods coming from China, as well as in children's shoes from south-east Asia.



Iranian women try out a locally-made Saipa at Iran's first international automobile fair, Friday in Tehran. French, South Korean and Iranian-made cars are on display at the fair alongside vintage American automobiles such as luxury Cadillacs and Dodges from the 1940s and 1950s for the first time in many years. —AFP photo

# Indonesia's forex reserves fall

JAKARTA, Sept 4: Indonesia's net foreign exchange reserves fell 133.4 million US dollars to 15.8 billion dollars as of August 31, partly due to foreign debt payments, Bank Indonesia said in its latest weekly report, reports Xinhua.

However, the level of net foreign exchange reserves was still above the minimum target of 14.3 billion dollars set by the International Monetary Fund, the report quoted by The Jakarta Post Saturday as saying.

Gross foreign exchange reserves, which are net foreign exchange reserves plus outstanding foreign exchange contracts, also declined 146.2 million dollars to 26.8 billion dollars, the report added.

# WB ready to help East Timor build its economy

WASHINGTON, Sept 4: In the wake of East Timor's overwhelming vote for independence from Indonesia, the World Bank is ready to help the territory build its economy, a bank spokesman said on Friday, reports Reuters.

The spokesman who asked not to be identified, said the bank was "ready to move ahead quickly with assistance coordinated with the support of other donors and agencies."

A World Bank delegation was expected to "visit East Timor in the near future," he said.

Education health and basic infrastructure, including government training, were the main areas of need, "in East Timor," the spokesman said.

The International Monetary Fund had not yet developed a plan to offer East Timor financial assistance but may do so soon, IMF spokesman Bill Murray said.

At UN headquarters in New York late on Friday, Secretary-General Kofi Annan said that 78.5 per cent of voters in a UN-organised ballot in East Timor on Monday chose independence from Indonesia, which annexed the territory in 1976.

Jakarta's move was never recognised by the international community.

# US jobs data cheer European markets

LONDON, Sept 4: The share markets in Europe picked up on Friday after the release of the latest US unemployment figures allayed fears of an interest rates rise, reports AFP.

The figures, when they came, showed only 124,000 new jobs had been created and not the 215,000 expected. The hourly rate of pay was up two cents.

The CAC-40 index closed up 2.68 per cent at 4,672.37, just 0.5 per cent below the July 5 record of 4,697.84.

The Euro Stoxx 50 joined the celebrations, closing up 2.2 per cent on the day.

The London markets were also buoyant, the Footsie closing up 2.2 per cent at 6,332.1 on news that NatWest Bank was negotiating a friendly takeover of the life assurance company Legal and General.

A firm bid from NatWest of

about 10.5 billion pounds (16 billion euros, 17 billion dollars) is expected next week.

The deal, if it went through, would create one of Britain's largest financial groups.

But NatWest dropped 68 pence to 1.143 pence (1.833 cents) as investors judged the bank's offer price too high.

Legal and General finished 13 pence higher at 205.25, though other insurance groups did even better on the day's trading.

Norwich Union, closed 46.75 pence higher at 474.25 amid reports that Barclays Bank had its eye on them with a view to a takeover. Barclays finished up 14 pence at 1,797.

Meanwhile Rio Tinto rose 34 pence to 1,154 pence, as the price of base metals increased, finishing at 1,154 pence.

The German X-Dax index climbed back up over the psychologically important 5,300 points, as the news on the US job figures allayed fears over inflation.

The X-Dax index jumped 2.82 per cent to close at 5,336.2.

Commerzbank rose 5.06 per cent to 35.9 euros (38.1 dollars) after its president, Martin Kohlhaussen told the German daily Die Welt he wanted to create a pan-European investment bank.

Kohlhaussen said he was looking to set up a joint investment bank with European partners, such as Credit Lyonnais in France, Banco Santander in Spain or BCI Uni-credit in Italy.

Other German banks also made their contribution to the overall rise.

The Swiss Market Index was up 1.75 per cent at 7,137.6. Here again, the market leapt forward on the afternoon's news of the US job figures.

One of the biggest day's winners was the Credit Suisse bank, as recurrent rumours that a major German bank may be making them an offer resurfaced Friday.

Credit Suisse Holding closed up 3.7 per cent at 294 Swiss francs (195.1 dollars). Credit Suisse publishes its six-monthly profits on Wednesday.

The AEX index in Amsterdam closed up 2.3 per cent at 578.

Heineken closed 3.9 per cent higher on 50 euros ahead of the release of its six-monthly profits figures on Wednesday, which are expected to be up despite poorer European sales.

# Turkey for foreign investment to refloat quake-hit economy

LONDON, Sept 4: Turkey launched an appeal Friday for substantial foreign investment to help its already fragile economy overcome the heavy blow of last month's earthquake, reports AFP.

Foreign Minister Ismail Cem led a team of top government ministers to London to drum up enthusiasm and support from the foreign investment community following the August 17 quake in the west of the country that left more than 14,500 people dead.

Some estimates have already warned that the disaster will likely tilt the country into recession this year after years of growth.

That projection, coupled

with heavy foreign debt and still untamed inflation, could have severe implications for the Turkish economy, but Cem stressed that foreign investors could find tempting investment opportunities amid the rubble.

"The economic infrastructure is not too badly damaged," Cem said.

"As early as next week, production will restart. Structural reforms will continue," he said, stressing that efforts would persist to rein inflation back from its 1998 level of 54 per cent, and to privatise state-owned enterprises.

Turkish business council chairman Huseyin Colakoglu added: "There are substantial investment opportuni-

ties, in transport in particular. A sustainable growth rate will be achieved soon."

Officials at the conference did not put a figure on how much foreign investment would be required to help refloat the economy.

But reconstruction efforts alone from the devastating earthquake have been estimated at 7-8 billion dollars, and international aid pledges have amounted to a drop in the ocean by comparison.

The European Union has proposed reconstruction aid of 30 million euros (31.2 million dollars). International Monetary Fund officials are due to arrive in Turkey next week to discuss the financial situation.