

# Baghdad rejects UN terms for oil sale

BAGHDAD, Jan 6: Iraq said it would never accept U.N. resolutions imposing "colonial" conditions on its sale of oil, reports Reuters.

Iraq's position towards Security Council Resolutions 706 and 712 is fixed and will never change, a foreign ministry spokesman told the Iraqi News Agency (INA).

Iraq and U.N. experts are to meet in Vienna on Wednesday to discuss possible export of Iraqi oil, still banned by a Gulf war trade embargo.

The U.N. offered last year to let Iraq sell 1.6 billion dollar worth of oil under terms that would deny Baghdad control of the income and allocate part of it for war preparations which Iraq refused.

The Iraqi spokesman was responding to a statement by the U.S. state department on Friday calling on Iraq to accept the U.N. resolutions.

He said the resolutions severely discredit Iraq's national sovereignty as a free country and as a member of the United Nations.

Some Security Council members wanted to lift or ease the resolutions but the United States was pursuing a "tyrannical and oppressive policy" to impose its own will, he said.

The mechanism of the resolutions is complex, impractical and inapplicable and the U.S. administration knows it, the spokesman said.

They consecrate old colonialism at its ugliest.

The U.S. wants to maintain the economic blockade of Iraq and to exploit the health and living conditions of the Iraqi people as a political card.

The state department accused President Saddam Hussein of "cold bloodily" using his own population as pawns and preventing humanitarian supplies from reaching them.

The Iraqi spokesman said a U.S. claim to have spent 600 million dollar aiding Kurdish civilians in northern Iraq was nonsense. He said the money went for U.S. air bases in Turkey and spy flights over Iraq.



SEOUL: US President George Bush (R) gestures during a working breakfast on January 6 with US and S Korean business representatives while US Secretary of Commerce Robert Mosbacher (L) looks on. Bush is seeking to increase market access for American products. —AFP photo

# Bush vows to fight US protectionism

SEOUL, Jan 6: US President George Bush waded into the controversial trade aspect of his visit to South Korea today, seeking to increase market access for US products, reports AFP.

At a working breakfast he hosted for top US and Korean company executives, he pledged to fight the "waves of protectionism" in the United States where the economy is in recession and showing little signs of coming out of it.

He said despite the internal pressures which come from a presidential election year, the United States remained committed to "free and fair open trade".

Increased access to Korean and Asian markets is one of

the key aims of Bush's current 12-day Asian tour which has already taken him to Australia and Singapore and ends later this week in Japan.

Bush was accompanied here Sunday by 13 US businessmen whose numbers will swell to more than 20 for the climax to his tour in Tokyo later this week.

After the breakfast meeting Bush, who has a crowded schedule for this full day of his 48 hour visit to South Korea, began official talks with President Roh Tae-woo at the Korean leader's official Blue House residence.

Trade was a major topic along with inter-Korean relations following Pyongyang's recent decision to renounce nuclear weapons.

White House spokesman Marlin Fitzwater said Bush would have a "lot to say about North-South relations and it will be all positive". Another official hinted at a possible expanded dialogue with the North.

South Korean Trade and Industry Minister Hahn Bogn-Soo has already pledged South Korea's commitment to free trade but warned that Seoul—like Washington, in the midst of an election year—was also under domestic, protectionist pressures.

Another copy from Singapore adds: US ambassadors in South East Asia are planning a tour of the United States that should give a big boost to American awareness

of the region as a lucrative business partner, the US envoy in Singapore said Sunday.

Ambassador Robert Orr, speaking as President George Bush left after a 38-hour visit to Singapore, said he and his counterparts in Malaysia, Thailand, Indonesia and the Philippines would start their mission in late March.

The aim is to promote business opportunities within the member states of the Association of Southeast Asian Nations (ASEAN), Orr said. The ambassador's post in Brunei, the sixth ASEAN member, is currently vacant.

Orr said the mission to six major cities scattered across the United States was part of Bush's campaign to promote US business abroad.

# Yen soars, Aussie dollar sinks

HONG KONG, Jan 6: The yen rose to a 14-month high during the week on the back of concerns about the US economy while the Australian dollar sank to its lowest level for seven months because of poor economic fundamentals, reports AFP.

Other Asian currencies had a mixed week, shortened by the New Year Holiday, with the New Zealand, Hong Kong and Singapore dollars and the Indonesian rupiah declining against the Greenback.

The South Korean won, the Thai baht and the Taiwan dollar were all up while the Philippine peso remained steady.

Japanese yen: The yen rose to a 14-month high of 125.10 yen to the dollar Tuesday reflecting persistent concern about the slackening US economy before closing the day at 125.25 yen, up 0.50 yen from the previous week's close.

# High wage, taxes hit German industry

FRANKFURT, Jan 6: The competitiveness of German industry is being hurt by high wages and taxes, which led to German firms, taking production abroad and discouraged foreign ones from opening in Germany, a German industry leader said, reports Reuters.

Heinrich Weiss, President of the Association of German Industry (AGI), told the Frankfurter Allgemeine Sonntagszeitung that labour-intensive production in particular was suffering.

In eastern Germany, surging-wage costs had dissuaded many companies from investing and led them to open new production in countries such as Hungary or Czechoslovakia, where wage costs were still much lower than in Western Europe, he said.

After opening the week at 126.60 yen, the Japanese currency turned up to close at 125.83 yen despite an official rate cut by the Bank of Japan the same day.

Hong Kong dollar: The Hong Kong dollar, pegged to the US dollar since October 1983, closed the week at 7.7746-7.7755 per dollar, down from last week's close of 7.7725-7.7735.

Indonesian rupiah: The Indonesian currency started trading on Monday at 1,992 rupiah to the dollar or two rupiah weaker than at closing the previous Friday. It fluctuated during four days of trading before closing at 1,993 Friday.

Philippine peso: Peso, which stood at 26.65 pesos to the dollar on December 27, strengthened to 26.626 pesos to the dollar on Thursday before falling back to 26.65 pesos Friday.

Australian dollar: The Australian dollar continued to slide against most currencies, with the Reserve Bank intervening to prevent a free fall against the US unit.

The dollar hit three-year lows on the Trade Weighted Index (TWI) and against the yen during the week, dealers said.

Against the US dollar, the Aussie finished Friday at 75.83 US cent from the previous week's 76.09 cent after the Reserve bought to smooth an overnight decline, which saw it hit a seven month low of 75.48.

Thai baht: The Thai currency further strengthened during the past week to close here at the mid-rate of 25.24 baht per dollar on Friday as compared with 25.37 baht last week, a Bangkok bank officials said.

Taiwan dollar: The Taiwan currency rose slightly to close Tuesday at 25.7475, up half a Taiwan cent from the previous week's finish of 25.7525 during the holiday-shortened week.

# Business Briefs

**LDCs' love for 'communist car':** Several Third World countries want to buy the car plant that produced the Trabant, symbol of the failed communist economy of the former East Germany, reports Reuters from Berlin.

A spokeswoman for the Treuhander German government agency privatising formerly state-run business in eastern Germany said in an interview that Egypt was among several countries.

**ROK firm wins Pak road contract:** South Korea's giant Daewoo business group has won a 957-million-dollar contract for a highway project in Pakistan, the company announced Monday, reports AFP from Seoul.

The projects envisages construction of 340 kilometers of highway linking Islamabad and the industrial city of Lahore, including 74 bridges, by April 1995. The contract was the largest offered since the great man-made river project in Libya.

**Gold recovered in Delhi:** A total of 114 smuggled gold biscuits were seized by the Directorate of Revenue Intelligence in the Indian capital on Saturday, local press reported Monday, according to Xinhua from New Delhi.

The gold biscuits worth 6.5 million rupee (0.25 million US dollar) were recovered from the North Delhi house of two cloth merchants.

**Ukraine to ditch rouble in Feb:** Ukraine will be ready to ditch the rouble next month and start introducing coupons to replace the former Soviet currency, the head of the Ukrainian national bank said, reports Reuters from Moscow.

Even now, the quantity of coupons is equal to the quantity of roubles in circulation on the territory of our state, Tass news agency quoted Vladimir Matvienko as saying on local television on Sunday. In February, Ukraine will be ready to completely squeeze out the rouble from the republic's market.

**Aussie current account gap up:** Australia's seasonally adjusted current account deficit for November rose by 23 per cent to 1.69 billion dollar (1.28 billion US) the highest monthly level since December 1990, according to data released Monday, reports AFP from Canberra.

The figure compared to 1.37 billion for October and 1.61 billion for November 1990, the Bureau of Statistics said. A fall in the deficit had been anticipated because of a reduction of imports due to the recession.

# G-7 plans meeting to aid CIS

TOKYO, Jan 6: Finance Ministers and central bank governors of the Group of Seven (G-7) industrialized nations will meet late this month to discuss ways to support the Commonwealth of Independent States (CIS), press reports here said Sunday, reports AFP.

The reports quoted Japanese finance ministry officials as saying the meeting would take place January 25 or 26, most likely in New York or Washington.

The meeting is also expected to discuss the formal admittance of CIS member republics to the International Monetary Fund (IMF) and the World Bank (WB), the reports said.

G-7 member nations — Britain, Canada, France, Germany, Italy, Japan and the United States — agreed in October to allow what was then the Soviet Union to delay loan payments.

The CIS replaced the Soviet Union last month. The G-7 meeting will follow a decision reached Saturday in Paris by the former Soviet Union's 17 main western creditor nations to allow eight of the republics to defer payments.

Reuters from Moscow adds:

**Industries see UK economic recovery**

LONDON, Jan 6: The long-term outlook for the British economy is optimistic, the Confederation of British Industry (CBI) said in a study published here Monday, reports AFP.

The CBI, the main employers' association, said, "the outlook for the competitiveness of British business, for inflation and in the longer term for interest rates, is good."

Russia's grain stocks are 30 million tonnes short of demand and new imports will depend on credits becoming available, the head of the country's grain committee told a news conference.

The deficit was due to the fact that several regions were withholding grain from the

# Cream turns butter but buyers can't reach it

MOSCOW, Jan 6: Four days after Russia and many of the other former Soviet republics freed most of their prices, much-coveted fresh cream has been going sour on market shelves because the cost to consumers is absurdly high, reports AFP.

And even when a despairing dairy in the Republic of Moldova turned its sour cream into butter, that did not sell either, for the same reasons.

Pots of fresh cream costing up to 150 roubles — almost a third of the average monthly wage here — are just one of the indicators of the pain being felt by consumers in much of the former Soviet Union.

Most people who do not have access to hard currency are finding the bitter pill of price freedom, brought in at Russia's initiative on January 2, harder to swallow than they had expected even in their worst nightmares.

In spite of prices having been multiplied by three, four or even 10 times, the shelves of most shops remain depressingly bare. And when basic staples are available, they prove, like those pots of cream, to be out of most people's reach.

The question of prices are dominating almost all conversations across this vast country and in the other former Soviet republics that followed its lead in lifting price controls.

In the Volga river city of Ulyanovsk, butter is on sale at

almost 135 roubles a kilo, while the inhabitants of the Arctic port of Murmansk are unable to buy any of their local cod production, which is only on offer at over 128 roubles a kilo.

Consumers in Ulyanovsk, the birthplace of the Soviet Union's founder Vi Lenin and a stop in a tour by Russian President Boris Yeltsin on Thursday, said the authorities "should stop fooling around with the population," Tass news agency reported.

In one statement on Saturday, a Russian trade ministry official promised that the republic would not lack bread during the winter — but then went on to admit that the lack of so many other basics meant that industrial bakeries often could not keep up with demand.

Here in Moscow, where the price of an underground (metro) ticket is due to rise from 15 to 50 kopeks on February 1, the head of the network stressed that the new price was still not enough to cover operating costs.

Some financial officials, like foreign exchange chief Constantin Borovoy, have noted that without privatisation measures, the price increases "basically amount to an increase in state prices."

Meanwhile the Molok Dairy in Moldova said it intended to sue the authorities for damages over its spoiled cream.

we will buy more grain..." he said.

Tass news agency quoted Leonid Chesinsky as saying Russia had concluded contracts with the US for nine million tonnes of grain, with Canada for four million and with European countries for three million. "If additional credit lines become available

central administration, he said. It was not clear if the contracts mentioned by Chesinsky were in addition to deals already signed between the former Soviet Union and other grain producing countries.

Chesinsky said Russia had 22.5 million tonnes of grain in stock. With demand estimated at 52 million tonnes, the shortfall was about 30 million, he said, but without specifying a time period.

Chesinsky said the purchase of grain, especially from Canada and the US was complicated by a shortage of hard currency to pay freight charges.

In the near future Russia's currency debt for freight could reach 150 million dollar.

Chesinsky said Moscow had stocks of flour to meet three months' bread production. Stocks in St Petersburg were enough to meet one and a half months of production while stocks in the whole of Russia would meet four months' bread production.

Bread supplies in Moscow increased this week after prices jumped sharply in the switch to free prices. But flour remains in short supply in the poorly stocked shops of the capital.

**Car sales in Japan drop**

TOKYO, Jan 6: Motor vehicle sales in Japan fell by 3.9 per cent in 1991, the first year-to-year decline in 10 years, the Japan Automobile Dealers Association said today, reports AP.

Of the 5.74 million vehicles sold, imported vehicles accounted for 1,99,920, down 10.7 per cent from 1990, said association spokesman Michiro Saito.

postponed. Since September, their joint venture — Duales System Deutschland GmbH (DSD) — has been providing consumers with yellow garbage bins for packaging which they empty every four weeks free of charge.

They have also put separate containers for brown, green and clear glass bottles, as well as paper packages, on each block.

It will cost about two billion marks to collect the country's about 100 billion packages for recycling each year, said Petra Rob, spokeswoman for Duales System Deutschland in Bonn. But the industry has no other choice.

The federal cartel office approved the regulations on condition that any producer

# Trade pact depends on US sincerity: China

BEIJING, Jan 6: A senior Chinese official has blamed the United States for the failure of trade talks and said an agreement is still possible if Washington shows just a little bit of sincerity, reports Reuters.

Wu Yi, Executive Vice Minister of Foreign Economic Relations and Trade, made the remarks in Sunday's edition of the official China Daily.

The next round of Sino-US talks on the protection of intellectual property rights, beginning next week, will end in an agreement if the United States shows just a little bit of sincerity, Wu was quoted as saying.

Wu's remarks typified Beijing's confrontational stance on the talks over China's protection of patents, copyrights and computer software.

Washington has threatened to impose punitive tariffs of 100 per cent on up to 1.5 billion dollar worth of Chinese imports if Beijing does not agree to its demands for law revisions by January 16.

Wu said that talks were stalled because of Washington's domestic agenda. If the United States refuses to cooperate because of domestic political reasons, then the issue has nothing to do with China's protection of international property rights, she was quoted as saying.

Wu is leading a trade delegation to Washington on Tuesday.

"She blamed Washington for the failure of the last round of talks at the end of 1991, saying the United States was making excessive demands, the newspaper said.

China has done much to change its laws to ensure protection of copyrights and patents, Wu said. Even US Secretary of State James Baker praised the progress during his Beijing tour last year, she asserted.

Washington's threat to retaliate is against the trade protocol between the two countries, which says the two sides should settle trade disputes through negotiation.

# Bush may seek tax cut

WASHINGTON, Jan 6: President Bush will urge a tax cut if possible this year, his Chief of Staff said, but warned that Bush did not want to do anything to disrupt what he believes will be an orderly recovery from recession, reports Reuters.

"Bush will decide in the next several days whether to include a tax cut in his economic and budget strategy to be unveiled later this month, Skinner said in a television interview.

"If he can do it, he will, I'll say that," Skinner said of a tax cut proposal. "But he hasn't made any decisions."

Skinner said a lot of people in the administration, including Bush, want to do something for the middle class because it has borne much of the US defence buildup costs.

"At the same time, what we really want to do is come up with a 1992 agenda that really is a growth agenda, that's really going to generate economic activity and jobs," he said.

"He is not going to do something that looks silly or is silly or will disrupt what he believes to be an orderly process toward recovery... this year," Skinner said.

Bush has pledged to unveil a new economic strategy in his State of the Union Address on January 28.

The New York Times said Bush, in his budget request to Congress, intends to propose tax credits to help Americans buy health insurance, further cuts in military spending, and major restrictions on benefits to the rich. The President could propose a tax credit of up to 2,000 dollar for first-time home buyers, according

to the report. Commenting on the report, Skinner said it mentioned several options but that Bush had made no final decision.

Defence Secretary Dick Cheney was reviewing the defence budget "to see what can be done to reorder" it, Skinner added.

# Miyazawa softens stance

TOKYO, Jan 6: Striking a conciliatory stance on the eve of President Bush's arrival, Prime Minister Kiichi Miyazawa said Monday that Japan must be a "friend in need" to an economically struggling United States, reports AP.

Bush on a mission to pry open Japanese markets, is to arrive from South Korea on Tuesday with an entourage of 18 business executives.

They will spend four days in Japan to try to boost the recession-weary US economy by getting Japan to buy more American goods.

It's over 40 years that Japan has benefited from the friendship of the United States, and it's about time we reciprocate, we reward the friendship," Miyazawa said in fluent English in an interview with US reporters.

"We'd like to be a friend in need, and that I think will have the support of the Japanese people."

Miyazawa did not cite specific concessions he would make during the visit but vowed to do "all I can do to see to it that more American cars can come free of encumbrances."

# Tokyo shares surge

TOKYO, Jan 6: Share prices surged Monday, extending a year-end rally spurred by a discount rate cut. The US dollar slid against the Japanese yen, report AP.

The 225-issue Nikkei Stock Average closed the half-day session, the first trading of 1992, at 23,801.18 points, up 817.41 points, or 3.55 per cent. The average gained 546.45 points last Monday.

The Tokyo Stock Price Index of all issues listed on the first section, which had gained 39.45 points Monday, added another 48.75 points, or 2.84 per cent, to 1,763.43.

An estimated 180 million shares changed hands for the half-day session, more than volume for the last full day of trading on Dec 30. Advancing issues outnumbered declines 879 to 103, with 81 unchanged.

Japanese stock and bond markets were closed from Tuesday through Sunday for the New Year's holiday, while foreign exchange markets

were closed from Wednesday.

Stock traders said confidence was emerging among investors following a 0.5-percentage point cut in the nation's official discount rate Dec 30.

The Bank of Japan cut its official discount rate to 4.5 per cent from 5.0 per cent on Dec 30 to bolster the sagging economy. Lower interest rates tend to encourage stock investment.

The market was also aided by the upsurge in the Dow Jones industrial average topping the 3,200-level last Friday and the yen's appreciation against the dollar.

Tokyo Stock Exchange President Minoru Nagaoka joined about 1500 equity dealers and other brokerage officials Monday in a prayer for active trading for the year, a long-held New Year custom.

In currency trading, the dollar remained under selling pressure that had emerged on overseas markets since the beginning of the year.

# Germany's novel way to recycle rubbish

KERPEN (Germany), Jan 6: Germany's Kerpen rubbish dump house is the largest garbage sorting plant in Europe. But it's so discreet you'd hardly know it was there, reports Reuters.

High-tech machinery, including strainers and magnets, sifts through 100,000 tonnes of municipal rubbish every year and picks out about 60 per cent for recycling.

Paper, metal, wood, glass, organic material and some plastics are carried away to be re-used, while the rest is buried behind a screen of trees.

It has become a sort of place for a pilgrimage. Hans-Walter Erasmy, spokesman of Trinekens Entsorgung GMBH, which runs the plant, told Reuters. People have come from

all over the world to see our plant.

Interest and demand for such a plant has grown considerably in the last few years as the world seeks a more efficient way to reduce rubbish.

"We plan to build 20 to 25 plants in Germany over the next few years, in addition to five we have now, Erasmy said.

Last month Germany — saddled with ever-increasing waste — introduced regulations aimed at slashing the amount of packaging, which makes up about a third of the 40 million tonnes of garbage the country produces each year.

Companies must now take back packaging after using it to transport their products. Japanese firms can no longer leave behind piles of cartons, papers and Styrofoam

after exporting electronic goods, such as Hi-Fi sets, to Germany. They have to take the rubbish back to Japan or find someone to take care of it for a price.

The final stage of the regulations is due to come into effect in 1993 when shops will be forced to take back all packaging, including plastic bags, wrapping paper or even chocolate boxes, from consumers.

Frightened of the mess shoppers might leave behind more than 400 firms, including Germany's largest — such as Bayer AG and Well AG — have joined forces to set up a recycling system. They hope to collect 80 per cent of the country's packaging and sort out about 80 per cent for recycling.

If they succeed, the last stage of the regulations will be

could join the recycling scheme. However, the European Community (EC) has expressed concern.

The European Commission has received numerous complaints from the industry outside Germany alleging the scheme is an unjustified barrier to trade. There is also concern at the cartel implications of competitors working together in DSD.

The Commission has already warned Bonn informally about its misgivings over the trade aspect and is likely to decide in the next few weeks whether to take legal action over the scheme.

Those taking part in the scheme mark their products with a green dot and are calling on consumers to buy goods stamped with it. We expect the regulation to

change the market eventually, said Herbert Gehring of the environment ministry. Packages which can be recycled easily will get profit margins over the others. "We see the package rule as a pilot regulation. Similar rules will follow in other areas such as printed matter, cars and electronics," said Gehring.

Manufacturers should take responsibility for the waste management of their products. They should no longer be allowed to forget about garbage dumps where their products eventually land, he said.

Asked about the prospects of the packaging regulation, Gehring said he was confident the system would work. For the first time, the industry has reacted very quickly and is working together... it is a good sign.

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