

Italy slackens freeze over Iraqi funds

\$36 m US aid for repatriated Kurds

GENEVA, Jan 14: The United States pledged 36 million dollar Monday to help feed, shelter and protect more than half a million Kurds in Iraq over the next six months, relief officials said Monday, reports AP.

The pledge came after a UN appeal for 145.3 million dollar in such aid. UN relief officials presented the latest plan for assistance to needy Iraqis to representatives of some 17 donor governments in Geneva. The United States was the only country to make an immediate pledge, said Michael Stoford, spokesman for the UN aid effort in the Gulf.

Henrik Olesen, in charge of the UN aid program, told the meeting that 560,000 Kurds are displaced and need aid in northern Iraq.

He voiced concern that Iraq is allegedly hampering the flow of emergency supplies to the north and that President Saddam Hussein has refused to accept a security Council plan strictly for monitored oil sales to finance the UN aid.

More than one million refugees returned to their homes in Iraq from Turkey and Iran last year after fleeing Saddam's wrath when a Kurdish rebellion failed in March.

Kurds revolted in the aftermath of Iraq's defeat by a US-led coalition in the 6-week-old Gulf War, which began Jan. 17, 1991.

UN efforts to aid Shiite Muslims in southern Iraq continue to be stalled, Stoford has said.

Part of the funding is for stationing 500 lightly armed UN guards in northern Iraq to protect the Kurds and give them enough confidence not to flood across international borders again.

The aid is also to cover food, shelter against the winter cold, water supplies, sanitation and medicine.

When the plan for the first half of this year was unveiled last week, Stoford said it was kept to an absolute minimum.

Contributions to the UN aid program fell nearly 100 million dollar short last year, he said. In last year's budget, pledges and contributions were 95 million dollar short of the 416 million dollar target.

Prince Sadruddin Aga Khan resigned as UN special envoy for the Gulf at the end of last year. Olesen, who worked in Sadruddin's office, was named temporary replacement for three months.

AFP adds: In London, UN Secretary General Boutros Boutros-Ghali held talks Monday with Foreign Secretary Douglas Hurd and Minister at the Foreign Office Lynda Chalker, who is in charge of cooperation.

Chalker spoke of Britain's concern for the Kurdish population in northern Iraq and the Muslim Shiite minority in the south of the country. Downing Street said.

UN sources here have also expressed optimism on the possible resumption of Iraqi oil exports to help buy essential goods and food under UN control.

Another reports from Rome says, the Italian government announced on Sunday a partial unfreezing of Iraqi funds blocked in Italian banks in connection with the United Nations embargo on Iraq approved on August 6, 1990.

A government decree published in the officials journal

said that "funds deposited by the Republic of Iraq or by Iraqi credit establishments in Italian banks before August 6, 1990, and now frozen may be used by that Republic and by Iraqi subjects to pay for Italian exports and for granting payment guarantees on the said exports."

But the decree adds that amounts released in this way must not exceed 10 per cent "of Iraqi liquid assets available at each credit establishment in Italy."

Iraqi funds now frozen at Italy's banks are estimated at somewhere between 500 billion and 1,000 billion lire (423 million to 846 million dollar), and part of them constitutes "advance payment bonds."

The decree says it is based on the need for making it possible for Iraq to pay for "supplies from Italy" ordered to meet Iraq's "essential needs."

The government wants to see Italian exporters paid for products they delivered to Iraq before the embargo and to relieve the Sace, the Italian export guarantee agency, which is said to have insured commitments of around 2.5 billion dollar in exports to Iraq.

OPEC may cut crude output

NICOSIA, Jan 14: OPEC ministers might decide to cut crude output at their February 12 meeting in Geneva, the Middle East Economic Survey (MEES) said on Monday, reports Reuter.

There seems to be an emerging consensus among OPEC price hawks and doves alike to the effect that any output cutback decided upon in Geneva should be put into effect immediately rather than wait for the second quarter, "the Nicosia-based oil industry newsletter said."

It said there was virtually no possibility of an extraordinary OPEC meeting to discuss and output cut before the February 12 ministerial monitoring committee gathering.

MEES said Saudi Arabia, which has so far insisted the February 12 meeting should only look into the second quarter output levels, "would possibly accept that any agreed production cut should take immediate effect."

However, the Saudis will still adamantly insist that the reductions in output should be on strict pro rata basis, with Saudi Arabia contribution no more than its proportional share," it said.

International trade accord balked by EC farm-subsidies

GENEVA, Jan 14: The European Community and its farm subsidies appeared to be emerging strongly as a key barrier to success in a final drive for an international trade accord, sources close to the GATT negotiation said, reports Reuter.

But as delegates to the talks prepared to agree to a fresh effort to achieve a treaty, trade diplomats said it was clear no own wanted to be seen as the wrecker of a vital agreement.

"The Europeans carry a heavy responsibility now for their actions," said an envoy from a major farm exporting country whose government has cut all subsidies to its farmers.

"The EC has painted itself into a corner," said one source close to the Uruguay Round talks, held in Geneva under the auspices of the General Agreement on Tariffs and Trade (GATT).

Chief delegates to the talks have been summoned by GATT Director-General Arthur Dunkel to give their governments' initial responses to a draft package agreement he put forward in mid-December covering a wide sector of world trade.

The draft, which Dunkel says is entirely the product of the long negotiations and only sparsely laced with his own ideas for compromise on key problems, has been widely accepted as a basis for a few more weeks of discussions.

Even EC farm and trade ministers — who promptly rejected Dunkel's suggestions on

reducing farm subsidies last month — agreed at the week-end that it could provide the focus for a further effort to achieve an overall accord.

But the EC ministers, several of whose governments feel the power of farm lobbies, reaffirmed they could not accept cuts of 36 and 24 per cent in the value and volume of subsidised exports between 1993 and 1999 and 20 per cent in support prices.

The US which has long sought much deeper cuts in the EC subsidies that it argues totally distort world trade in farm products, has signalled it can accept these figures, although it has reservations on other parts of the package.

Other farm exporters including developing countries and those in the 14-member Cairns Group, have called for outright acceptance of the Dunkel proposals and quick movement towards signing a new world trade pact.

Among them are Australia, Brazil and New Zealand which, like the US, say the EC stand could sink an accord that would free up trade in other goods, services and patents.

EC officials — backed by farmers in Switzerland and some other European states outside the Community — argue the proposed solution on subsidies is unfair to their own farmers and could put their livelihood at risk.

But all studies on a successful conclusion of the Uruguay Round show such success would bring Europe huge benefits, said one senior trade diplomat in Geneva.

"The EC would be one of the big winners and it is ironic they could sink it because of fear of their farmers, who as consumers and citizens stand to gain themselves from a new pact," he said.

Dunkel, who last Friday set a new deadline of mid-April for completion of the Round, argues that farmers, including those in his native Switzerland, need an end to uncertainty over their future and to accept evaluation to a new order.

Swiss farms enjoy heavy subsidies that are reflected in high prices to the consumer for agricultural produce — even higher than those in France, whose own farmers, economists say, are among the most subsidised in the world.

Japan, although one of the world's leading commodity importers, and South Korea oppose Dunkel's plan because it fails to let them continue to bar rice imports.

But these and other criticisms of different aspects of the GATT plan are widely seen as secondary.

"If the EC goes along in the end, I cannot see Japan sinking the round over its rice farmers," said one insider.

Many delegations to the talks fear that any bid to change parts of the package — which contains trade-offs in widely differing sectors — could lead to its collapse.

"This package exists in a state of tension, and any attempt to pull at the threads bears the risk of making it all unravel," said one Geneva diplomat.

Kidney blackmarket rampant in Cairo

CAIRO, Jan 14: Sipping tea in a cafe frequented by people looking to sell a piece of themselves, a tall, emaciated accountant in his 40s explains why he thinks he must part with a kidney, reports AP.

"There was no other way out, I couldn't find extra work, I owe people a lot of money," he says. "It was either selling my kidney or stealing and risking jail." The man refused out of shame to identify himself.

The Egyptian black market in kidneys is well-organized and the country's medical establishment is moving to crack down on the trade, in which middlemen buy from the poor and sell to the highest bidder.

Beginning July 1, the Egyptian Society of Nephrology will ban the transplant of kidneys from donors unrelated to patients. To compensate for any subsequent organ shortage, they are also trying to push through parliament a law allowing kidneys from cadavers to be used.

The doctors hope to curb a market so robust that the needy often run personal ads in newspapers asking for kidneys, and so organized that

donors gather in the downtown cafe to await news of a buyer.

"We couldn't keep our eyes closed any longer," Dr Rashad Barsoum, the nephrology society's secretary-general, adding that he has even heard of kidney auctions.

The problems lie with a shortage of kidneys, and a plentiful supply of impoverished people willing to take a health risk.

For years after Egypt's first kidney transplant in 1976, transplants between non-family members were forbidden. But the society ended the ban in the early 1980s to allow more transplants.

"It started out as a humanitarian service, but it went too far and simply became a market," said Barsoum.

As well, economic conditions deteriorated for many Egyptians in the 1980s, making them more willing to sell kidneys. Soon, hundreds of sick Egyptians and foreigners were coming to Cairo for transplants.

Egypt is even drawing customers away from organ black markets in India and the

Philippines, where there is more of a risk of contracting AIDS and other diseases.

The trend disturbs the country's Muslim clerics, who hold that while organ transplants do not violate Islamic precepts, sales of organs do. Ninety per cent of Egyptians are Muslim.

Still, financial worries drive donors into brokers' hands.

The accountant at the donor cafe, which has no formal name, said he went to a laboratory five months ago to have his kidneys analysed for free. When the laboratory finds a buyer, he will be paid about 4,500 dollar for his kidney.

Many labs act as brokers, negotiating the selling price and pocketing the difference. Doctors say a kidney can sell for as much as 15,000 dollar especially if the buyer is from the oil-rich Gulf states.

The transplant itself costs about 7,500 dollar plus the price of the kidney, compared with the US total cost of about 115,000 dollar.

Every year, Egypt's doctors perform 300 to 400 kidney transplants, half using family member donors' organs, half

relying on the black market.

Egypt's doctors first began to take steps against the black market in 1987, when the doctor's union banned transplants from Egyptians to foreigners.

Doctors hope reinstating the family — only rule will curtail the black market, although they know more kidneys will be needed.

"With this new ban, the need for kidney dialysis will increase dramatically," said Dr Mamdouh Gabr, president of the Egyptian Doctors' Union.

"We need the law allowing the use of kidneys from cadavers to give people another solution."

According to government figures, about 10,000 of Egypt's 56 million people fall victim to kidney failure annually about three times the rate in the West. Of those, only 2,000 receive dialysis, and 350 receive transplants.

Religious leaders don't oppose transplants from cadavers if the deceased agreed in life to donate organs. But because the constitution mandates immediate burial according to Islam, a law is needed to obtain the organs.

Armenia Kazakhstan apply for IMF membership

WASHINGTON, Jan 14: The former Soviet republic of Armenia has applied for membership in the International Monetary Fund (IMF), the institution announced Monday, reports AP.

Last week, applications were announced from Russia, the largest of the republics, and Azerbaijan, Armenia's neighbour. Ukraine had applied earlier.

Under former President Mikhail Gorbachev, the Soviet Union had applied for the whole country. But the United States resisted consideration of the Soviet bid. Now it is supporting membership for the individual republics.

Membership in the fund brings membership almost automatically in its sister organization, the World Bank.

AFP from Moscow adds: Kazakhstan officially applied on Sunday for membership in the IMF, Tass announced.

Kazakhstan Prime Minister Sergey Tereshchenko sent a letter requesting membership to the international organization, it said.

India allows 5 foreign companies in market

NEW DELHI, Jan 14: The Indian government has given the go-ahead to giant soft drink manufacturer Coca-Cola and four other foreign companies including General Motors and General Electric to enter the Indian market, reports AP.

Approval of the entry of the five, announced late Monday and headlined by major Indian dailies Tuesday, ended a drawn-out battle by coke to claw into the massive Indian soft-drinks market on the hooves of its main rival Pepsi.

The other companies cleared under New Delhi's new liberal foreign investment laws were Gerb of Germany and Buhler of Switzerland, the announcement said.

At the same time Lesaffre of France and Japan's Suzuki were allowed to increase equity in existing projects in India, the announcement said.

The projects, approved by the foreign investment promotion Board (FIPB), are joint ventures with established Indian companies with a total

value of 385 million dollar, the announcement said.

General electric will produce refrigerators and washing machines, General Motors a passenger car and automotive components for export, Suzuki hikes its stake in the manufacture of Maruti cars to 50 per cent and Gerb will manufacture vibration isolation systems for power plants and forges.

Buhler ties up with Sunjal Engineering to produce agro processing machinery and Lesaffre was cleared to raise its Equity in Safyeast Ltd. to 51 per cent.

The approval of Coca-Cola which manufactured soft drinks in India for 27 years before leaving in 1977 because of a clamp down on foreign firms operating in India, marked the end of a more than three-year comeback battle.

The fight to gain re-entry gathered strength when Pepsi was given approval in 1989 over tough opposition from the country's domestic soft-drink industry.

Gulf states seek Japanese hi-tech

MANAMA (Bahrain), Jan 14: Gulf Arab states want Japan to become one of their main industrial partners through transfers of high technology, Saudi Industry and Electricity Minister Abdul Aziz Abdullah al-Zamel said, reports Reuter.

"The major issue with Japan is to convert it from a trade partner to a major industrial partner," the official Saudi Press Agency quoted Zamel as saying.

Zamel was speaking on Sunday night after meeting Japanese Trade Minister Kozo Watanabe who arrived in Riyadh on Saturday at the start of a three-nation tour that will also take him to Kuwait and the United Arab Emirates.

Gulf sources in Riyadh say Japan has proposed a meeting with officials from the Gulf Cooperation Council (GCC) in February to discuss trade. They said the GCC, grouping Bahrain, Saudi Arabia, Kuwait, Oman, Qatar and the UAE, found February unsuitable and told the Japanese they wanted to meet in April.

Pakistan plans cooperation with Muslim republics

ISLAMABAD, Jan 14: Pakistan is working on a programme of economic cooperation with newly independent republics in Central Asia, a government minister said, reports Reuter.

Economic Affairs State Minister Sardar Asif Ali said government agencies were making studies following his visit last month to Muslim dominated republics of the former Soviet Union.

"We are evolving a full package to offer them for technical, economic and monetary collaboration," he told reporters.

Ali said last week the Central Asian republics had offered to supply oil, gas and electricity to Pakistan through Afghanistan after settlement of the Afghan civil war.

He said Pakistan might initially have counter-trade with these countries.

"Our effort is not to go and make quick business deals. Our aim is to have long-term meaningful relationships," he said.

He said Pakistan did not have funds to finance large projects in the republics but could use its contacts to help

them get international aid.

Ali said Pakistan planned to open diplomatic missions soon in Uzbekistan, Turkmenistan, Tajikistan, Kazakhstan, Kyrgystan and Azerbaijan and by commercial flight to the Uzbek capital of Tashkent.

Taiwan reserves record high

TAIPEI, Jan 14: Taiwan's foreign exchange reserves increased by 10 billion US dollar last year to hit a record high of 82 billion US dollar by the end of 1991, the central bank governor said today, reports Reuter.

"In terms of Central Bank holdings, our reserves are the world's largest," Samuel Shieh said in a telephone interview.

Taiwan's currency reserves, mainly in US dollar, yen and mark, were 72.4 billion US dollar by the end of 1990. The previously yearly record high was 76.7 billion US dollar by the end of 1987.

Polish workers strike against price-hike

WARSAW, Jan 14: Tens of thousands of Polish workers observed a one-hour strike called by Solidarity Monday to protest hefty price rises for energy, imposed without warning on January 1, reports AP.

It was the first such nationwide action called by the trade union movement since the massive strikes of 1988 that led to the fall of communism in Poland the following year.

Solidarity said it was protesting the government's lack of consultation over the rises, which were 100 per cent for municipal heating costs, 70 per cent for domestic gas and 20 per cent for electricity.

Prime Minister Jan Olszewski on Monday telephoned solidarity leader Marian Krzaklewski to say the government would meet to examine the union's demands, solidarity sources said.

Despite growing public discontent, Olszewski, who heads a fragile center-right coalition, has argued that the country's 'catastrophic' economic crisis cannot allow any cancellation of the price increases because the state budget would collapse.

Sino-US trade talks continue amid threats

WASHINGTON, Jan 14: Trade talks between the United States and China were extended for a second consecutive day here Monday, with the US side saying, 'significant gaps' remained, reports AP.

The talks, which opened Friday and were due to be completed on Sunday, are aimed at defusing a dispute over Washington's complaints that China allows piracy of intellectual property rights.

The US Trade Representative (USTR) Carla Hills in November imposed a January 16 deadline for the Chinese to take action or suffer tough retaliatory trade measures.

The latest round of talks was seen as a last-ditch effort to resolve the issue after Beijing in turn had said that it would impose restrictive tariffs on US goods if Washington carried out its threat.

"There has been some progress on marginal areas, but significant gaps still exist," a spokeswoman for the USTR said, but gave no further details.

The dispute centers around US charges that China costs American industry each

year of hundreds of millions of dollar in lost business by failing to crack down on industries that pirate US intellectual property rights.

The USTR said then that failure to act on the Chinese side would lead to punitive 100 per cent tariffs on up to 1.5 billion dollar worth of Chinese imports.

The Chinese, however, have shown little sign of bending and Beijing warned last week of retaliatory action against US exports if the USTR went ahead with its threats on import duties.

Imports of US aircraft, cotton, corn, steel and chemicals worth about 1.2 billion dollar could be affected, the new China News Agency said citing information from the Ministry of Foreign Economic Relations and Trade.

A senior US trade official said prior to the talks opening that there were six key remaining issues which the United States had requested the Chinese to take action on, particularly concerning piracy of US computer and sound and video recording rights.

He said that the talks could be extended but that there was no possibility of extending the deadline.

Muscovites learning art of comparison shopping

MOSCOW, Jan 14: With the price of basic food items such as butter fluctuating wildly from store to store, Muscovites accustomed to government-regulated prices said Monday they are learning the art of comparison shopping, reports AP.

Before Russian President Boris Yeltsin's decree lifting price controls came into effect on Jan 2, most prices in state-run stores were so ridiculously low they didn't even cover production costs.

Most Muscovites, who had grown used to decades of shortages and poor-quality goods, were happy to purchase almost anything edible they could find in stock at government stores without even checking the price.

The rule was: if you see a line for food, get in it. Only after you had secured a place did you need to check what was on sale. And even if you didn't want it, you'd buy it —

because your neighbour, your sister or your father most likely would.

"I've personally seen the prices, my family has seen the prices, my friends have seen them. This is a better deal," said hockey coach Yuri Kislov. He was nearing the end of an hour wait to buy two kilograms of imported Australian butter or 51 rubles per kilogram at a downtown government-run store on Monday, nearly two weeks after prices were freed.

"In other stores butter is more expensive — up to 120 rubles per kilo. This store is in the center, and so it's better stocked and cheaper than in the suburbs," he said.

At the nearby fish store called "Gifts of the Sea," 84-year-old pensioner Yelena Zhukovskaya had decided to spend some of her pension on a frozen, purplish block of squid.

"The only thing I know is that 13 rubles for squid is rea-

sonable," she said.

One ruble is worth about one US cent at the official tourist rate. The Russian Labour Ministry estimates that the average Soviet monthly salary is currently about 960 rubles.

Kislov was shopping in a crowded, muddy shop — named simply "Milk" — on Moscow's prestigious Tverskaya Street. Its dingy shelves offered butter, eggs, chocolate-flavored cream cheese, and fewer than 10 bottles of milk.

Because the precious liquid sold for 11 rubles for a half-liter bottle — up more than 10 times the pre-Yeltsin decree price — nobody was buying it, even though milk has become so scarce that irate Moscow residents blocked a downtown bridge on Sunday in protest.

Russian legislative leader Ruslan Khasbulatov sharply criticised the government price increases Monday as

"utterly senseless, divorced from the realities of economic life."

Just back from a trip to the Russian city of Ryazan, Khasbulatov told the Russian legislative leadership that he saw milk there priced for 17 rubles a liter, and cited this as an example of what he termed "an uncontrolled, anarchic and runaway price increases."

His deputy, Vladimir Shumeiko, told the same session that many stores have not been able to sell their goods because of the high prices, and were considering slowing production to increase profits, the Tass news agency reported.

Shumeiko also said there was a danger of corruption when food items sent to Russia as part of humanitarian aid packages were being sold in "commercial kiosks" that have always had free prices.

Across the street from "Milk," the ornate Yeliseyevsky Gastronom was crowded with long lines of testy shoppers.

The store's meat section, however, remained almost devoid of shoppers. Only a few people stood behind the main meat counter, staring incredulously at meaty sausage that sold for 500 rubles per kilogram and packages of vacuum-packed pressed ham for 331 rubles a kilogram.

Other shoppers were already learning to be choosy with their precious rubles.

Sergei Solovoy, a 39-year-old musician, said he wouldn't be able to buy the meat every week although he was looking forward to purchasing it or a special occasion. "The price is expensive but the product is quality," he said. "You won't be able to find ham like this in another store."

In a storage room, crates of unsold sausages were lined up against one wall and more sausages littered the middle of the room.

"When smoked sausage costs 500 rubles per kilogram,

of course people are going to buy less of it," admitted store administrator Zoya Malvinskaya.

Two middle-aged women pointed at the posted prices and began to laugh.

But others didn't find the astronomical prices so amusing.

A survey in Monday's Izvestia newspaper said while 28 per cent of 1,000 Muscovites interviewed on Jan 1 believed it would be "impossible to tolerate" the price increases, by Jan 9 the number had increased to 34 per cent.

"Smoked sausage costs 500 rubles a kilo now. My entire pension is 300," complained retired machine assembler Anatoly Flagin, 68, who was standing empty-handed in the Gastronom.

"It's even more expensive to have a funeral now. A coffin even costs 500 rubles," he said.

Business briefs

Brazil to spend \$5b for oil industry: Brazil will spend five billion dollar to expand and upgrade its oil refineries this decade, the state monopoly Petrobras said Monday, reports AP from Rio De Janeiro (Brazil).

Refineries must produce 36 per cent more to meet a projected demand of 1.73 million barrels a day in the year 2000, Industrial Director Jose Fantine said, Brazil now consumes about 1.1 million barrels a day.

French aid reaches Siberia: A Russian cargo plane landed Sunday morning in the area of Lake Baikal, in western Siberia, with dozens of tonnes of French food aid, Tass news agency said, reports AP from Moscow.

It said the humanitarian aid would be distributed by a group of Frenchmen who arrived on the plane.

Bonn invites meeting on aid to CIS: German Economics Minister Juergen Moellmann has invited counterparts from the Group of Seven (G-7) nation and the Commonwealth of Independent States (CIS) to a two-day meeting in the German town of Muenster opening on May 8, reports Reuter on Tuesday from Bonn.

An Economics Ministry spokesman said on Monday that the meeting would focus on future Western aid for CIS — which replaced the former Soviet Union last month — and the rest of East Europe.

'The cup that cheers also cures': In a bid to boost its tea exports, Sri Lanka will soon send this message to the world: The cup that cheers also cures, reports AP from Colombo.

An international convention next month entitled "Health and Tea" will uncover little-known medicinal and cosmetic qualities of tea, said Bryan Baptist a leading tea broker, co-sponsoring the event.