Boris Yeltsin leaning over the counter in a food store in St Petersburg to talk to a saleswoman who complained that the new prices for sausages were outrageously high and few could afford it. — AFP photo

Washington seeks favour from Gulf

ABU DHABI, Jan 16: The United States is seeking help for its recession-hit economy from its wealthy Gulf allies but faces competition from Japan, oil experts said Wednesday, reports AFP.

A senior US energy official visited Gulf countries this week to promote American energy equipment for projects to increase oil production capacity in the region.

"Oil cooperation is not the purpose of my visit," said US Deputy Energy Secretary Henson Moore.

"President (George) Bush has sent me here for a real reason — our economy needs help."

Moore was speaking to the Dubai-based American business council Wednesday after a series of talks with oil officials in Saudi Arabia, Kuwait, Qatar, Oman and the United Arab Emirates (UAE).

His trip coincided with a visit to the region by Japanese Minister of International Trade and Industry, Kozo Watanabe, who was also Wednesday in the UAE.

Moore said the United States had created a department to promote American energy technology.

"We want to expand our sales of oil equipment in the region. The help we need should be in the form of a two-fold strategy to increase trade and develop new and better technology."

The United States is a major commercial partner of the six-nation Gulf Cooperation Council (GCC), with their two-way trade reaching about 15 billion dollar in 1990.

Nearly 35 per cent of its oil imports of seven million barrels per day (BPD) comes from the GCC and there are plans to boost supplies.

Moore is the highest ranking US energy official to visit the Gulf since Washington led an international coalition in driving Iraqi forces out of Kuwait in February.

Watanabe's tour included Saudi Arabia, Kuwait, which along with the UAE are Japan's biggest crude suppliers, providing it with about half its oil import of four million BPD, and hold nearly 40 per cent of the world's oil reserves of 1,023 billion barrels.

Meanwhile, an AP report from Washington says: Two former top presidential advisers — one Republican and one Democrat — both told Congress on Wednesday that it would be wrong to rush through a package of middle class tax cuts to spur the economy.

Martin Feldstein, who served as chairman of the president's Council of Economic Advisers during the Reagan administration, and Charles Schultze, who held the same job under Jimmy Carter, both said they believed the economy would recover in the next few months without resorting to a big tax relief package.

If that assessment proves wrong, both economists said they favored a limited package focused on an investment tax credit for business rather than broad-scale tax relief for individuals.

"There is a grave danger that opening up the budget agreement in an election year would launch a counter-productive bidding war on tax cuts, increase the long-term budget deficit and do great harm to the nation's long term growth prospects," Schultze told a hearing of the Senate Banking Committee.

"Once the recession is over this country needs a tax increase, not a tax cut" in order to eliminate the federal budget deficit and thus boost the national savings rate, said Schultze, who now is a senior fellow at the liberal Brookings Institution.

Both Schultze and Feldstein said they believed that interest rate reductions by the Federal Reserve should be enough to increase consumer and business demand in coming months and get the economy growing again.

Russia needs to import 20 million tons food

MOSCOW, Jan 16: Russian Minister of Agriculture, Victor Khlistun, said Thursday his country needed 20 million tons of grain this year in foreign imports, reports Xinhua.

Khlistun told a press conference that despite the programme of land reform announced by Russia two weeks ago, the government still intended to import food from abroad in the near future.

Russia imported 16 million tons of grain last year, he said.

1991 saw a less than 100 million ton grain yield in Russia with the nation purchasing only 22.4 million tons of grain.

The Russian Federation needs at least 52 million tons of grain annually.

Russia will find it hard to eliminate the need to purchase imported grain, experts said.

AP from Moscow adds: The Harvard economist advising Russia on its reforms vigorously defended them Wednesday and said prices could stop rising in February or March if the country stops inflationary printing of roubles.

Jeffrey Sachs also said Russia needs 15 to 20 billion dollar in Western aid for humanitarian efforts, to support its balance of payments and to make the rouble convertible.

Yeltsin's government has come under increasing criticism this week over the two-week-old free market reforms, with legislative speaker Ruslan Khasbulaoy calling them "anarchic".

"It is very easy to attack the government - and there are many attacks right now — but it is understood that this government did not create the crisis it inherited."

"The good news is that the prices could stop rising in February or March if there is a decisive shift in the monetary and fiscal policy, he said. "The bad news is that hyperinflation could be even worse if monetary policy is not gotten under control. This is a pivotal moment right now in this country."

Reuter from Milan adds: Boris Yeltsin said Russia planned to introduce its own currency, according to local journalists in St Petersburg.

The journalists said Yeltsin, who was visiting a market in St Petersburg, indicated that this move could come by July.

"We know where Ukraine is printing its money and towards July we shall issue our own Russian currency," he told shoppers at a market in St Petersburg, according to the journalists.

Senior Russian officials have repeatedly denied that the government plans any currency reform in the near future. Yeltsin aides in Moscow could not comment on the statement.

Rouble is currently legal tender in all 15 republics.

In another development, Russia wants to restructure the maturity of its debt, shifting more of the money it owes to medium-term maturities, the chairman of its central bank said.

"The main difficulty with our payment is in fact linked to structure of the foreign debt, of which the main part — over 50 per cent —is short-term, at around a year," bank Chairman Georgy Matyukhin told a daily.

Only a short moratorium on interest and capital payment was needed. "I don't think it's really necessary to request a long moratorium," Matyukhin said. "But we would certainly prefer a restructuring of the foreign debt."

Banca Commerciale Italiana President Sergio Siglienti told reporters Venshekonombank, the former Soviet bank for foreign economic affairs, was still paying interest on its debt but had sought interest payments suspension until around end-June.

Matyukhin said Venshekonombank would eventually be split into two parts — a normal commercial bank and a debt manager in charge of monies owed overseas.

Yeltsin fires meat plant director

ST PETERSBURG (Russia), Jan 16: Boris N Yeltsin said Wednesday that he fired the director of a meat factory, showing his determination to press ahead with economic reforms, and heard more bitter complaints about price increases, reports AP.

Consumers are angry that in addition to soaring prices, the Russian president's efforts to spur a shift to a market-based economy have not put more goods on the shelves.

Yeltsin, visiting this city where the 900-day Nazi siege caused mass starvation, said Russia's current economic crisis had caused more suffering than any time since World War II.

Cory okays $7.2 billion budget

MANILA, Jan 16: President Corazon Aquino on Wednesday approved a budget which sets government spending at 194.8 billion peso (7.2 billion dollar) in 1992, but vetoed provisions limiting foreign debt servicing.

In signing the budget, Aquino announced that she had vetoed provisions limiting or cutting off the servicing of the country's 29 billion dollar foreign debt, adding that such provisions "will affect all our sectors, from education to infrastructure, health to agriculture."

Japan-US accord hurts EC

BRUSSELS, Jan16: The European Commission fears Japan's pledge last week to import against the European Community, a Commission official said, reports Reuter.

The official said the agreement to increase Japanese imports of US-made cars by 20,000 by 1994 and also boost US car component purchases would benefit only the United States.

" We are now inclined to think there is discrimination. To the extent that there is discrimination, we will oppose it" he said on the accord reached during President George Bush's visit to Japan last week.

But the official stressed that the Commission was still studying details of the pact and had taken no decision on lodging a complaint, or taking other action.

Like the US the EC is running a hefty trade deficit with Japan. The deficit increased sharply last year.

Some EC sources said the Commission was likely to issue a statement expressing hope the US-Japan accord would not discriminate against EC trade, but a Commission spokesman said no such statement was planned .

French Finance Minister Pierre Beregovoy has said he would favour an agreement aimed at reducing Japan's trade surplus with Europe along the lines of the Japan-US agreement.

The EC successfully challenged some aspects of a 1986 US-Japan agreement on trade in semiconductors before the world trade watch dog GATT on the grounds that it affected third countries without their consent.

Washington and Tokyo are now negotiating the renewal of the bilateral accord, while the EC is pushing for semiconductors to be discussed by GATT or another international forum.

Another despatch adds: The European Community's top trade official on Wednesday dismissed remarks by US president George Bush, about what he called the EC's trade "iron curtain", as an ill-judged attack.

Trade and External Relations Commissioner Frans Andriessen said in a statement that he was "unpleasantly surprised by the tone of the remarks President Bush made on January 13 in Kansas City."

Bush, gearing up for an election campaign this year, told the American Farm Bureau Federation: " We won the cold war and we will win the competitive war — we are the undisputed, respected leader of the world.

"Sooner or later the European Community must stop hiding behind its own 'iron curtain' of protectionism" he said, criticising the EC stance in world trade talks and vowing there would be no " unilateral disarmament" of US farm subsidies.

The EC statement said: "As far as the Commission is concerned, terms such as 'cold war' and 'iron curtain' do not reflect the way it sees the state of relations between the U S and the EC."

It said the EC was committed to finding balanced solutions to the problems besetting world trade talks under the auspices of the General Agreement on Tariffs and Trade, including the most difficult question, agriculture.

Despite its serious problems with a proposed GATT compromise plan on agriculture, the EC this week endorsed it as a basis for completing the trade negotiations by April.

Saddam still wields power over oil and stock prices

NEW YORK, Jan 16: Gone are the tense days when televised images of US bombs falling on Baghdad or Scud missiles hitting Israel, threw financial markets into a frenzy, reports AP.

But on this anniversary of the beginning of the war with Iraq, Saddam Hussein still wields power over the price of the world's most vital commodity, oil.

A year ago, the world worried Saddam was spoiling for a war that would ignite huge price increases. Now, traders are watching for Iraq to resume oil sales, which they think would depress the market.

"Saddam Hussein's influence on the price of oil is greater than most people realize," said Thomas P Blakeslee, energy analyst at Pegasus Econometric Group Inc. in Hoboken, NJ . "The removal of Saddam Hussein from office would change the overall picture for energy very, very quickly," he added.

Despite Saddam's overwhelming military defeat last winter, his control of a nation with such vast oil reserves plays a big role in the future of world energy prices.

Although he no longer has the ability to bring a war that could threaten supplies, Saddam is holding on to oil that, if released into the world market, could aggravate a growing glut that has already pushed prices sharply lower.

Oil exports from Iraq were embargoed by the United Nations shortly after Saddam's invasion of Kuwait in the summer of 1990. Iraq has declined recent UN authorization to make limited sales, complaining that the plan contained too many unfair conditions.

But if Iraq finds a way to get out from under the embargo, or if Saddam is somehow taken out of the picture, the world could find itself confronting a sudden influx of new oil.

Either way, prices could get pounded.

It is possible that traders are overstating the case. For example, many bogus rumours of the Ayatollah Ruhollah Khomeini's death shook oil prices harder than the Ayatollah's actual death in July 1989.

But Saddam's persistent sway over the market underscores how crude oil rises and falls on events beyond the control of America, even after the nation has gone to war in the Middle East and won.

The impact of Saddam's war machine on financial markets was obvious from the moment Iraqi troops stormed into oil-rich Kuwait on Aug 2, 1990.

Britain's crown jewels being shifted

LONDON, Jan 16 : Britain's Crown Jewels, one of the country's most popular tourist attractions, are to be moved from their subterranean strongroom in the tower of London to a more stately setting, officials said on Wednesday, reports Reuter.

Colonel Hamish Mackinlay, Deputy Governor of the 12th century fortress on the bank of the river Thames, said some 16,000 tourists queued each day to see the priceless display of Royal Regalia.

But the jewel house, built in 1967, was designed to handle only half that number.

Mackinlay said an architect had been appointed to design a larger and more accessible area to display the collection of diamond and ruby-encrusted crowns, Scepters and Orbs, which are too valuable to be insured.

Sudanese foraging for roots to survive

KHARTOUM, Jan 16: Food has run out in a major southern town and people are foraging for roots to survive, a government-owned magazine reported Wednesday, reports AP

The crisis is in Wau, 1,040 kilometers southwest of Khartoum. It is being made worse by 181,000 refugees vying for scarce food with the 70,000 residents, the report said.

"Food stocks are totally exhausted," said the English-language weekly New Horizon. "Some people have resorted to eating wild fruits , leaves and roots of trees and wild plants".

Wau, capital of Bahr el-Ghazal region, has undergone intense suffering during Sudan's 81/2-year-old civil war. For years, its indigenous population has been dwarfed by refugees seeking haven from the fighting and famine it caused.

New Horizon said the only current food supplies for Wau's " starving population" come from two small World Food Program planes bringing 20 tons of food daily from El-Obeid , just north of the rebellion zone.

The International Red Cross abandoned airlifts with large cargo planes after a mine exploded on an airstrip runway in December, crippling a C-130 Hercules and severely injuring three crew members.

The magazine said food stocks in Juba, the south's besieged main city southeast of Wau, will last without replenishment only until the end of January.

It is " important and necessary that urgent fresh food appeals are made to donors so that the previous experiences of acute food shortages (in Juba) are avoided, " New Horizon said.

The World Food Program, an agency of the United Nations , mounted a short-lived airlift from Kampala, Uganda, last weekend. Despite assurances from both sides that the airlift would be Allowed , officials in Kampala said rebels shell the city on Sunday . A cargo plane with 40 tons of food aborted its landing, and the day-old operation was suspended indefinitely.

New Horizon said Juba, with a normal population of 232,000 , also is burdened by arriving refugees. Most are women, children and old people, many bringing farm animals with them.

India to okay more deep-sea fishing joint ventures

NEW DELHI, Jan 16: The Indian government is ready to approve more joint ventures with foreign collaboration to tap the vast resources in deep seas and to Process fish with the help of advance technology, reports Xinhua

Minister of State for Food Processing Industries Giridhar Gomango made the statement while talking to the Press Trust of India (PTI) in Calcutta.

The Minister said that six such projects in deep-sea fishing have already been approved by his ministry in the joint sector about a month back.

Gomango said his ministry asks the coastal states to enter into joint venture with a foreign partner and the southern state of Andhra Pradesh has already embarked on a venture with an Australian company.

Sophisticated technology for processing fish is not available in the country, Gomango said, adding that in the joint sector such technology will be available with the foreign collaborator which wants to help in processing the haul within the country itself.

Referring to the total turnover in the field of export of processed food including marine products, the Minister said that during 1990-91 it was over 15,000 million rupee (588 million US dollar) and that in the current financial year ending March 31, 1992 ,the turnover is likely to increase.

US firms win $ 2 b deals in Kuwait

KUWAIT, Jan 16 : US firms won more than two billion dollar worth of contracts in Kuwait during 1991, more than double the amount they signed in 1989, a senior US trade officials said on Wednesday, reports Reuter.

Frederick Volcansek, Deputy Assistant Secretary for basic industries in the US Department of Commerce, told reporters there were still opportunities for American firms in Kuwait, but only if they wanted long term business relationship.

Slow German growth ominous

BERLIN, Jan 16: The slowing of the German economic locomotive is an ill omen for a world that seems to be begging for a big economy — any big economy — to help turn around the global slump.

Economists now debate whether the western German economy is in recession like the United States and Britain. Statistics are confused by the gyrations that followed German unification, but there's little doubt that the bloom is off.

Economics Minister Juergen Moellemann says the economy is on a "knifes edge." He's ready to battle what he calls "absurd" union pay demands, while the 3-6-million-member IG-Metall metal workers union has set a Jan 26 date for a strike vote in a northern steel-producing region.

Germany's central bank, the Bundesbank, is fighting inflation by hiking interest rates to post-war record levels, dismaying US and European governments that want lower interest rates to encourage growth.

Economist Axel Siedenberg of Deutsche Bank, the Germany's largest commercial bank, notes that Gross National Product contracted in the second and third quarters of 1991 and "with no prospect of a recovery soon, western Germany is finally following the Anglo-Saxon countries into recession"

The stagnation in western Germany is casting its shadow over the whole of Europe: It is hampering monetary policy scope and leaves no room for an upswing in Europe", Siedenberg wrote last month.

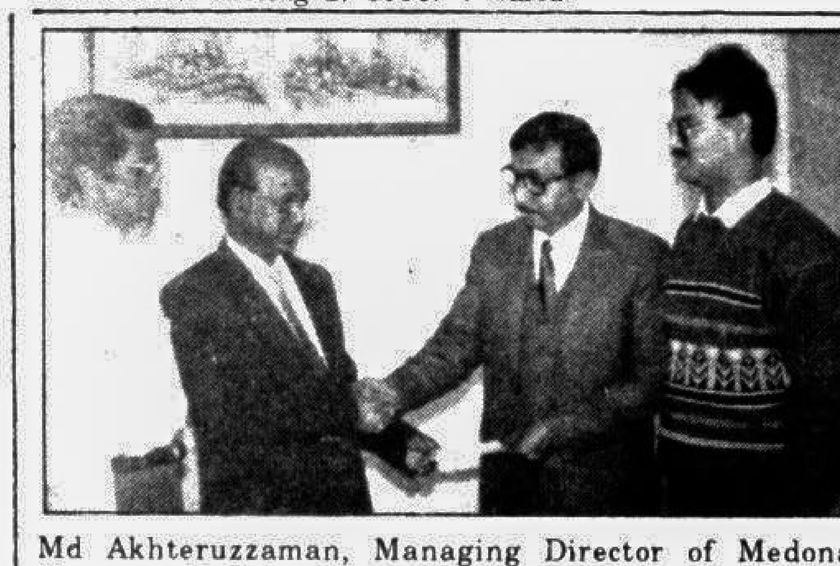
But is western Germany in a recession? The government and the central bank won't use that word. They say the economy is returning to normal after the burst that accompanied unification.

The Federal Statistics Office released preliminary figures Wednesday showing Germany's GNP grew 3.2 per cent in 1991 to 2.6 trillion mark (1.6 trillion dollar). That gives western Germany the world's third largest economy after the United States and Japan .

It was the ninth straight year of GNP growth, but the overall figure for the year masked the downturn after the early part of 1991.

BNP contracted 0.5 per cent in each of the second and third quarters, meeting the classic definition of a recession — two quarters of non-growth. Fourth-quarter figures weren't available, but were predicted to be roughly flat.

Siedenberg and others say Germany's economic slowdown is ominous for a world where the United States is failing to rebound, Japan is slumping, most Western European economies are flat and former Communist countries are seeking capitalist help.



Md Akhteruzzaman, Managing Director of Medona Garments Ltd, handing over a cheque for premiums on group insurance for the officers and workers of the garment factory to Md Golam Rabbani Chowdhuri, Vice President of Delta Life Insurance Co Ltd. The policy was opened recently.

Business briefs

EBRD to induct Soviet republics: Twelve former Soviet republics should soon become full members of the European Bank for Reconstruction and Development (EBRD) once details have been completed at the end of January, EBRD President Jacques Attali said on Wednesday, reports AFP from London.

Attali said he wanted the governors of the Bank to lift limits on the investment that the Bank may make in what was the Soviet Union once the republics had become members.

Venezuela hopes for oil consensus: Venezuela's energy minister said Wednesday that he believes that OPEC members will be able to reach a consensus to reduce their production and stabilise prices, reports AP from Caracas Thursday.

Energy and Mines Minister Celestino Armas said he was confident that the members of the Organisation of Petroleum Exporting Countries (OPEC) would "arrive at a consensus to take action and regain equilibrium in the petroleum market."

EC doubts dairy hormone: The European Community said here Wednesday that it remained sceptical about authorising the genetically-engineered growth hormone Bovine Somatrototropin (BST) which boosts a cow's milk output, reports AFP from Brussels.

The EC's executive commission issued an interim report saying that the hormone, which has been proved to carry no health risk for humans, could be harmful both for cows and for the Community's agricultural policies.

India urged to aid Russia: A prominent Russian academic here has urged India to send urgent aid to Russia amid reports that Moscow planned to water down old Soviet friendship treaties with New Delhi, reports AFP from New Delhi.

Alexander Esapcy, 80, called upon Indians 'to help their Russian brothers in their hour of great, very great hardship' and hoped Delhi would lower postal rates on gifts for the federation, the Indian Express said Wednesday.

World literacy increasing for the first time

PARIS, Jan 16: Illiteracy in the world is decreasing for the first time in history, UNESCO said on Wednesday in its first world education report, reports Reuter.

But the UN Educational, Scientific and Cultural Organization tempered its optimism by saying the number of illiterate people was still growing in Africa and many in industrialised countries could not read and write adequately for their jobs.

The report said increased access to schooling in developing countries, particularly Asia and Latin America, had finally halted the growth in the number of illiterate adults which peaked at around 950 million just before international literacy year in 1990 and was now falling.

"For the first time in history, the number of illiterate people is going down," UNESCO Director-General Federico Mayor told a press lunch." Today we can say that each time the sun goes down, there are fewer illiterate people in the world than the previous day."

But UNESCO said the 1980s been a black decade for education in Sub-Saharan Africa, with economic recession, debt crises and Western-imposed austerity programmes causing cuts in spending on schooling and social services.

UN officials acknowledged that the definition of literacy the ability to read and write a short statement about one's life — was an imprecise and limited measure and that its figures relied on unchecked data from member states.

But they said the measurement was internationally accepted by educational experts and remained constants.

The report also warned that progress towards the UN goal of "education for all" by the year 2000 was threatened by a decline in many areas in the status of the teaching profession.

As an example, UNESCO officials cited the former communist countries of Eastern Europe, were teachers salaries were now worth the equivalent of 40 to 50 dollar a month, and in the most extreme case of the former Soviet Union, a mere four or five dollar because of the devaluation of the rouble.

"The feeling of many in UNESCO is that in a majority of countries in the last 25 years, teachers have had a raw deal and lost status and income compared with other professions," the report's author, John Smith, said. "There is a certain malaise in the teaching professions."

The figures showed particularly high illiteracy rates in many Islamic countries, were the gap between the percentage of boys and of girls who get any schooling at all was widest.

The report highlighted the level of so-called "functional illiteracy" in developed countries, where masses of people lack the higher levels of literacy skills required by modern industrial society.

It cited a 1990 US department of education study that showed a distressingly small number of young American high school graduates were able to locate specific information in news articles, read a bus timetable or calculate the cost of a meal from a menu.