Donors pledge 825 million dollar to Lanka

PARIS, Feb 8: Western donor countries on Friday passed over the reservations of human rights groups and pledged 825 million dollar in aid to Sri Lanka, reports Reuter.

At a conference organised by the World Bank, 21 donor countries and international agencies raised the issue of human rights but stopped short of linking the aid to an improvement in the record of the war-torn island.

"Recognition was given to the government's current efforts to address human rights issues and participants looked forward to continued progress," the World Bank said.

The donor's decision was in contrast to their move in November to defer a decision on aid to Kenya for six months, pending progress on economic and social reform.

But the bank emphasised that an end to Sri Lanka's nine-year-old civil war was crucial to keep exploring ways to achieving peace... the economic cost of not doing so is too high," the Bank said.

Sri Lanka has in the past come under heavy criticism from donors for its crackdown on left-wing rebels from 1988 to 1990 and for its treatment of the minority Tamil community, some of whom are fighting for a homeland in the north of the island.

This week Canadian human rights activists said they had witnessed human rights abuses recently and urged donors to make their aid conditional on an end to such violence.

A United Nations human rights team said last week that Sri Lankan security forces and death squads linked to the government were responsible for 12,000 "disappearances" since 1983.

Sri Lanka officials told a news conference that 90 per cent of the money pledged on Friday would pay for specific projects, including hydroelectric power and port improvement schemes, while the rest was for balance of payments support.

They said 235.5 million dollar would be given as grants and the rest in the form of soft loans.

Finance Secretary Ramalingam Paskaralingam said the pledge of 825 million dollar was 35 million dollar more than he had requested. He said published reports that the government had sought 860 million dollars were wrong.

Paskaralingam said Sri Lanka was on track to receive the second installment of a 460 million dollar loan from the International Monetary Fund in April.

India strikes oil

NEW DELHI, Feb 8 : A state-owned Indian company has struck oil and gas in three separate offshore structures near Bombay, newspapers reported here, according to AFP.

The Oil and Natural Gas Commission (ONGC) said the new oil finds in the Arabian Sea were located 55 kilometers west and 100 kilometers northwest of the city, the Economic Times and other dailies said.

The combined flow of the two wells was 3,667 barrels per day, while exploratory drilling further north had "indicated commercial flow of gas," an ONGC statement said.

It did not say whether a decision had yet been made on whether the three finds would be commercially exploited.

India produces between 28 and 30 million tonnes of oil annually.

N American free trade pact likely by Mar 15

WASHINGTON, Feb 8: Negotiators on a free trade area with Mexico and Canada face a huge list of unresolved issues but could still finish by March 15 "if we work day and night," a senior U.S. trade official said Friday, reports AP.

The official briefed reporters on condition of anonymity. He said the next two weeks would be critical.

He said that no major issues had yet been resolved even though the talks have been on since last June, and that a meeting earlier in the week in Ottawa had made no breakthrough.

While denying that the U.S administration had set any arbitrary deadline for the talks, he said that if they go much beyond the spring then it would be hard to get an agreement through Congress this year. US Trade Representative Carla Hills, Canadian Trade Minister Michael Wilson and Mexican Commerce Secretary Jaime Serra Puche will meet Sunday and Monday to resolve difference.

Tin price hits 64-month low

KUALA LUMPUR, Feb 8 : The price of tin dropped to a 64 month low at 14.15 dollar (5.24 US dollar) per kilo on the Kuala Lumpur tin market yesterday, reports AFP.

The 66 cent (24 US cent) drop in the metal's price after the Chinese new year holidays reflected poor demand and a firmer ringgit, as the Malaysian currency is also known Bernama News Agency reported.

A dealer said that a drop below the all-time low of 13.99 dollar (15.18 US dollar) a kilo recorded on August 9,1986 could not be ruled out.

Market sentiment was also affected by concern over reports that the US Defence Logistics Agency planned to release more tin from its stockpile later this month.

Rutskoi calls for one-year state of economic emergency

MOSCOW, Feb 8 : Russian Vice President Alexander Rutskoi, supported by ex-communist hard-liners, appealed in a newspaper Saturday for a one-year state of economic emergency to "prevent the country from being ruined completely," reports AP.

In a two-page article published by the former communist paper Pravda, Rutskoi said President Boris Yeltsin's government failed to work out "a clear-cut program to implement the main elements of the radical reforms proclaimed by the president."

Rutskoi blasted Yeltsin's freeing of prices and his tax policies. He suggested a profit ceiling for industries "and to enforce it," but he was unclear about other emergency measures.

Rutskoi, an Afghanistan war hero, has emerged as the most vocal critic of Yeltsin's economic program. He was scheduled Saturday to address a Congress of Patriotic Forces, a coalition of ex-communists and Russian nationalists opposed to Yeltsin.

"An economic state of emergency should be introduced, if only for one year, and a comprehensive plan for transformations should be worked out to prevent the country from being ruined completely," Rutskoi said in the article excerpted by the Tass news agency.

He said that in order to restore at least "elementary order and the observance of legality," a state of economic emergency should be declared throughout Russia.

The Interfax news agency said Friday that Rutskoi has asked 28 leading economists to develop a package of amendments to the government's program for economic reform.

Since Rutskoi has gone on the offensive in recent months, the Russian president has stripped him of most official duties and isolated him from power. But Rutskoi, who was popularly elected, retains his vice-presidential office and a small staff.

Meanwhile another AP despatch adds : Russia plans to step up the pace of privatisation this year but will continue to restrict foreigners from snapping up cheap property, a government official said Friday.

Anatoly Chubais, chairman of the Committee on State Property, told a news conference that regional committees charged with privatising state property had been ordered "to speed up their work."

Nearly all property was owned by the state in the former Soviet Union, and the transfer of apartments, stores and factories to private hands is the biggest selloff in any of the countries in the old Soviet communist empire.

"February will be the turnaround month in the process of privatisation," Chubais predicted. "We intend to fundamentally change the character of the process of privatisation."

Yeltsin has put the cart before the horse: Gorby

LONDON, Feb 8: Former Soviet President Mikhail Gorbachev said Friday that he supported Russian President Boris Yeltsin's economic policy, but "they've put the cart before the horse," reports AFP.

In an interview shown of central television in Moscow and monitored by the BBC in London, Gorbachev said Yeltsin had made tactical errors in implementing tough new measures aimed at introducing a market economy.

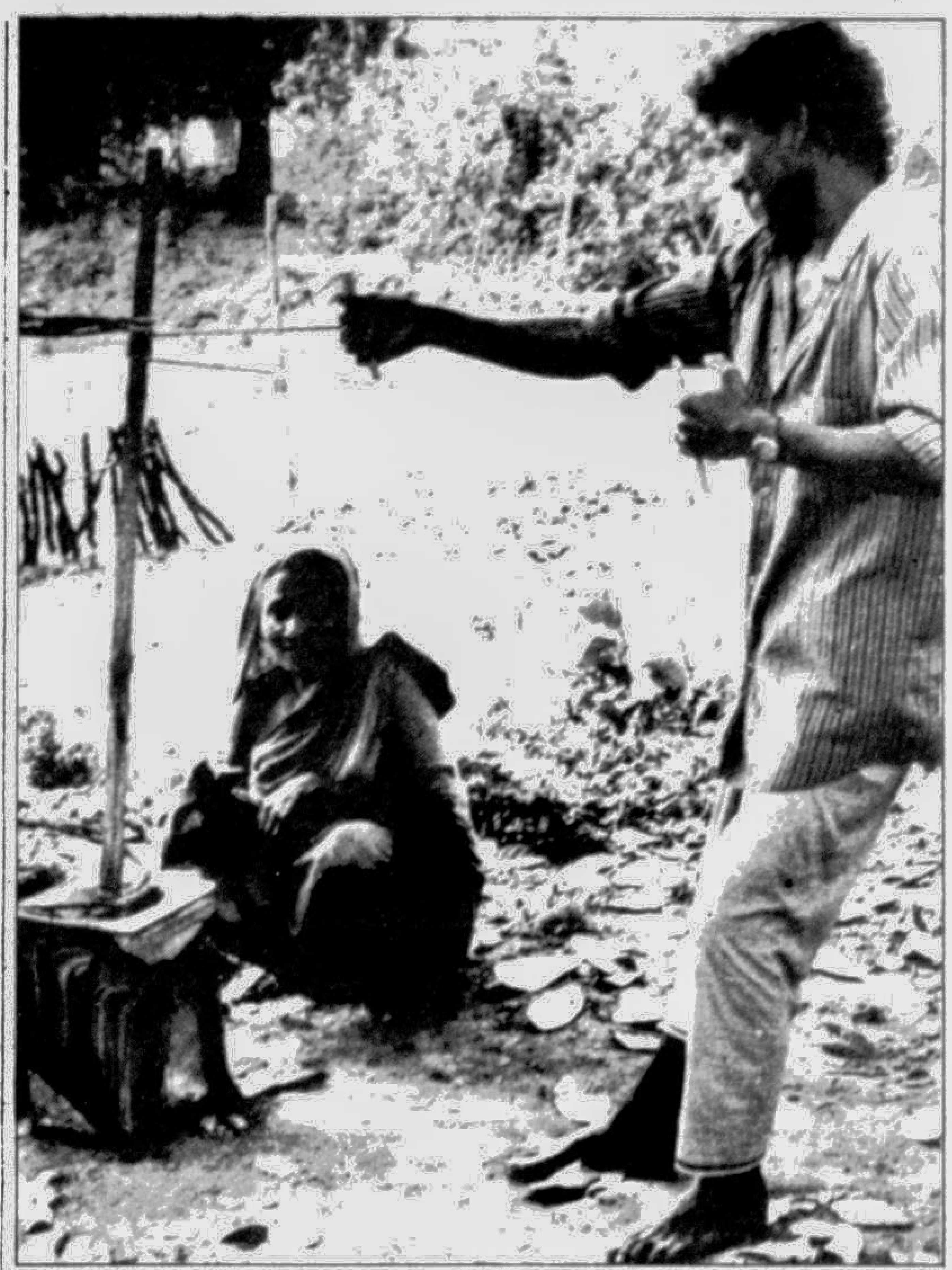
"While, in principle, I support the determination and thrust of the policy which Yeltsin has proclaimed, I see tactical errors in the implementation," Gorbachev said.

The former leader went on: "It is absolutely vital to make adjustments, above all to make sure that producers are given incentives by tax policy."

"Tax policy must be changed. Anti-monopoly legislation must be applied. Ties must be arranged between the republics — rather, the barriers between the republics must be removed so that manufacturers can cooperate."

Gorbachev warned that unless this happened, "unless more goods arrive on the market at the same time as these measures, they won't cope with the situation."

While backing the Russian government saying he was "very keen for them to succeed" Gorbachev noted that "they are not consulting anybody at the moment" and "they shouldn't cut themselves off" from the other republics.



WHERE MODERN TECHNOLOGY YET TO REACH: A rural milkman extracting cream from milk in a traditional method to make ghee. —Star photo

Dollar dives down in NY

NEW YORK, Feb 8 : The dollar closed sharply lower against European currencies on an unexpected 91,000 drop in US January non-farm payrolls, reports Reuter.

The market's consensus ahead of the data was that payrolls would show a gain of 20,000-40,000. "Obviously the employment report was an unmitigated disaster," said David Gilmore, senior analyst at MCM Currencywatch.

But traders do not see the dollar plunging next week.

The US unit closed at 1.5575/85 mark, down from the opening of 1.5810/20 mark and Thursday's finish of 1.5765/70 mark.

The dollar also ended at 125.30/35 yen, down from the opening of 125.65/70 yen and Thursday's finish of 125.70/75.

The yen's inability to strengthen further against the dollar stemmed partly from dealers' purchases of marks for yen, said John McCarthy, chief dealer at ABN/Amrobank.

Dollar buying by Japanese corporations and life insurance firms also prevented the US unit from falling further against the yen, Gilmore said.

Kuwaiti civil servants get 25 pc pay-hike

CAIRO, Feb 8 : Civil servants in Kuwait are to get a 25 per cent raise in their salaries beginning March 1, according to reports from Kuwait City today, reports Xinhua.

A latest government decision on the pay raise envisages an additional cost of 285 million dinar (997.5 million US dollar) for the emirate, the reports said.

The salary increase, the first to be mandated in ten years, will be based on the basic salaries of civil servants who account for 85 per cent of those on the government payroll.

OPEC may cut 5 pc output

LONDON,Feb 8: OPEC ministers meeting in Geneva next week will agree to cut oil output, probably by just over five percent, but not without arguments on how to do it, oil industry analysts said, reports Reuter.

The talks are billed as OPEC's biggest test since the Gulf War ended. Cutting always is harder than rising for the 13 exporters who supply more than one-third of the world's oil.

Strains between the two biggest members, Saudi Arabia and Iran, grew as the price fell — Tehran becoming increasingly impatient with Riyadh high output policy.

But Iran cannot complain too loudly. Its output hit a post-1979 Revolution high of 3.55 million barrels per day (BPD) last month.

Saudi output has averaged around 8.54 million BPD, including its split of output from the neutral zone territory shared with Kuwait, for the past three months.

India moves to boost tea output, export

NEW DELHI, Feb 8 : The Indian government has undertaken four-pronged measures to arrest the sharp decline in exports of Tea, Commerce Ministry sources told the Press Trust of India here, reports Xinhua.

The measures are enhancing production and productivity to increase availability for exports, devaluation of the Indian rupee which has made tea more competitive, providing export-import scrips against exports to encourage export of tea and promotion of Indian tea through the foreign offices and participation in the trade fairs.

The country exported tea valued at 6,113.8 million rupee (239.75 million US dollar) during the first seven months of 1991-92 (April to October) compared to 6,449.5 million rupee (252.9 million US dollar) in the same period of the previous year, a decrease of 5.2 per cent.

The sources attributed the decline to the rising domestic demand.

Indian tea production had risen to 735 million kilograms in 1991 from 686 million kilograms in 1988.

Smallest phone

TOKYO, Feb 8: Japan's NEC Corp said Friday it would start selling the world's smallest portable telephone in the United States later this month followed by 30 other markets including Britain, Italy and Hong Kong, reports AFP.

The company said the new phone, measuring 150 cubic centimeters and weighing 220 grams,would carry a suggested retail price of 1,800 dollar. Sales are targeted at 60,000 units a month.

NEC said it had 26 per cent share of the global market for portable phones which, in turn, accounts for the half the market for cellular phones, expected to grow from 3.8 million units to 4.4 million units this year.

Tehran plans massive gas sale to Ukraine

NICOSIA, Feb 8: Iran plans to sell crude oil and natural gas to Ukraine and set up a joint venture with Azerbaijan and Ukraine to build pipelines for exporting gas to Europe Oil Minister Gholam Reza Aqazadeh said Friday, reports Reuter.

Briefing reporters on his visits to Azerbaijan and Ukraine last month , Aqazadeh said Iran will export a minimum of three billion cubic metres of gas to Ukraine in 1992-93 through Astra, on Iran's border with Azerbaijan, Iran's IRNA news agency reported.

Iran will export four million tonnes of crude to Ukraine this year, Aqazadeh said, and talks were being held to export 50-70 million tonnes of Iranian crude to Europe annually through Ukraine.

Iran built a gas pipeline from its southern fields to Astara for export to the former Soviet Union in the 1960s. Last month Tehran said the pipeline would be used only for exports to Azerbaijan .

Aqazadeh said Iran would buy 300,000 tonnes of billet and the same amount of scrap Iran and other goods from Ukraine in return for the oil and gas shipments.

GATT to consider China's membership next week

GENEVA, Feb 8 : A GATT committee will meet next week for the first time in more than a year to consider China's request to rejoin the world trade body, a GATT spokesman said on Friday, reports Reuter.

The working party has not met since September 1990 when it was not clear whether the 103 members of the General Agreement on Tariffs and Trade would be ready to let low-cost economic giant return to the organisation.

China, under communist rule, left the GATT in 1949.

The GATT committee will meet behind closed doors on February 13 and 14.

Dunkel Plan offers little for Third World nations

By Chakravarthi Raghavan

Special to the Daily Star

GENEVA: Developing countries appear likely to gain little or nothing in terms of market openings and export opportunities in primary or manufactured products from the 'global package' of Uruguay Round results proposed in December by General Agreement on Tariffs and Trade (GATT) Director-General Arthur Dunkel.

And in the medium to long-term, Third World countries will find themselves facing greater obstacles and handicaps in their development efforts due to the new rules proposed in the package in the areas of intellectual property and investment.

The 441-page draft Final Act embodies the results of the five years of negotiations in the Uruguay Round and has been termed a 'complete and consolidated' package of draft agreements.

On 21 December, European Community (EC) officials rejected the Dunkel proposals, following the failure of the US-EC farm talks in Brussels on the 20-21 December and the US-EC meeting of foreign ministers.

In Washington too, both lobbyists and administration officials were taking pot-shots at the package, with US Trade Representative, Carla Hills wanting " refinements", a euphemism for reopening of negotiations so that the US can get what it wants and prevent any changes that Third World countries might seek.

The fate of the package in US will depend not on its merits but on how it is judged to affect President George Bush's re-election campaign, and whether Congress will accept the proposed Multilateral Trade Organisation (MTO) which would oversee compliance to the new GATT regime.

For Congress accepting the MTO would mean giving up a certain degree of sovereignty in trade issues. Most notably, the Congress would have to abandon the unilateralism of the widely - utilised Special 301 legislation. At the same time, the legislative body would be forced to accept some provisions similar in effect to those in the Havana Charter of the 1940s, which the Truman Administration was forced against its will to put before Congress for ratification.

Addressing the GATT delegates before the document became available, Dunkel described the package in these terms:' It offers us, for the first time ,a concrete idea of the scope and scale of the benefits of broad-based liberalisation and strengthened rules which are within our grasp. In short a promise given, a promise kept.'

But despite these claims, the Dunkel proposal in fact is likely to ensure 'managed' trade in agriculture and textiles and clothing for the rest of the century, to make the emerging new trading system more neo-mercantilist, and to tighten the grip of transnational enterprises over Third World economies.

A preliminary assessment of the text showed that Third World countries gain little or nothing, and at best will be able to draw some satisfaction only from damage limitation.'

In Agriculture, the South might make some marginal gains through minimum access levels, but their exports would continue to face high levels of border protection and domestic support in importing countries.

Particularly worrying given the medium to long-term forecasts of supply constraints and the needs of Third World countries to feed burgeoning populations and develop agriculture, are the proposed constraints on their ability to provide domestic support to agriculture. Furthermore, support limits would be fixed to a border price which would be determined by subsidised exports of the North.

In Textiles and Clothing, meanwhile, the discriminatory multifibre Agreement regime (ending December 1992) will continue, in a different form and under a different name, until 2003.

Importing countries would be able to retain current restrictions on 49 per cent of their imports, covering most of what they consider 'sensitive' and 'very sensitive' products, till 2000.

Straining all credibility, the draft provides that from then to 2003 ,in just three years.The US and EC will remove all these restrictions and end the 43 years of managed trade protection that their domestic industries will have enjoyed by then.

The only beneficiaries in the Third World will be the Far East established suppliers (South Korea, Hong Kong) who would be able to preserve their quotas and rentier income benefits.

A major beneficiary of the proposed accord will be the GATT and its officials, and aspirants for jobs in the new MTO, which will have an expanded bureaucracy to service the agreements.

The accord probably will not spur trade or economic growth; but despite its very detailed rules, or perhaps because of them , it will spawn even more disputes and provide fruitful employment for panelists, trade lawyers to prepare and argue the cases, generally making the trading community and trade policy officials more litigation-minded.

But in the medium and long-term, the new GATT and the international trading system it spawns, working in tandem with the IMF and the World Bank, would arrest and reverse many of the Third World gains in the post-colonial era.

In some areas however — notably safeguards, subsidies and anti-dumping and countervailing measures, and dispute settlement — the rules might improve the position of Third World countries in the system, although the assertion of their rights and protection of their interests still depends on the jungle law of retaliation which they cannot exercise.

Third World negotiators could perhaps comfort themselves on their success in terms of damage limitation,notably turning back some of the more extravagant demands made on them by the US, Japan and EC other industrial countries on behalf of their trans-national corporations (TNCs).

One such area is in respect of the MTO, with its integrated dispute settlement understanding and its provision for cross-retaliation. In the area of cross retaliation in particular, the ability of powerful countries to use this weapon has been somewhat blunted,notably by the requirement for 'arbitration' if retaliation across the different agreements is sought.

Though Dunkel stopped short of characterising the package as a take -it-or leave-it text, unless either or both of the two majors, the US and EC, find the package difficult to accept, few Third World delegates expect any of their countries being able to propose and get any significant changes of substance to be made.

Several of the Third World countries, viewing the exercise as a damage limiting one, want to wind up the negotiations rather than let them drag on. They hope thus to be able to avail themselves of the limited security of multilateral disciplines in the new system, and thus ward off further bilateral pressures on them from the US.

Even the US,EC and other major industrialised countries with their new priorities and preoccupations, may in fact be in favour of winding up the round and the embarrassment its prolongation is causing them, though they will still run into difficulties in dealing with domestic lobbies.

Meanwhile, with the US in the grip of a recession and Europe possibly slipping into one, and with rising unemployment in both places, few Third World delegates expect any significant market opening concessions, tariff or non-tariff, in areas of trade in goods.

Delegates from both the North and the South agreed that the proposals in the Dunkel package are very modest in terms of the objectives set out in the Punta del Este Declaration of September 1986, representing a considerable scaling down of the ambitions, demands and proposals of the majors on behalf of their trading enterprises and goods and service industries.

And in terms of the current ongoing multilateral negotiations on bio diversity, climate change and environment and sustainable development issues, the Dunkel package is not governed by the 'precautionary principle'; the Dunkel package would 'pre-empt' these negotiations in key areas of technology or use of some economic instruments to protect the environment and promote sustainable development and eradication of poverty.

(Chakravarthi Raghavan is Chief Editor of SUNS (South-North Development Monitor),a daily bulletin; and the Geneva representative of the Third World Network)

Business briefs

Ukraine plans own currency in May : Ukraine plans to introduce its own currency in May, making it the first member of the Commonwealth of Independent States to abandon the rouble, Ukrainian Prime Minister Vitold Fokin was quoted on Thursday as saying, reports Reuter from Moscow.

Fokin said Ukraine would be the first Commonwealth State to accomplish a "civilised switch" to its own currency, the Grivna, the Interfax News agency reported.

EC to release aid for CIS soon : The European Community will release a delayed credit to the Commonwealth of Independent States (CIS) soon to help it buy urgently needed food, Deutsche Bank said on Thursday, reports Reuter from Frankfurt.

The German commercial bank is arranging the 500 million European currency unit (650 million dollar) credit, held up because of western uncertainty after the collapse of the Soviet union.

Man linked to BCCI fraud in custody: A businessman charged in the closure of the Bank of Credit and Commerce International (BCCI) was refused bail on Wednesday and kept in custody, reports from London.

Mohammed Abdul Baqi, 66, is accused of conspiring to falsely inform BCCI's auditors, Price Waterhouse, that a company owed BCCI more than 76 million dollar.

US consumer credit plunges : US consumer credit plunged at an annual rate of 2.8 per cent in December, contributing to the first annual decline in installment debt in 33 years, the government said Friday, reports AP from Washington.

It was the latest sign that consumers were unloading mountains of debt, blamed in part for the recession, faster than they were taking on new loans.

The Federal Reserve said consumer credit dropped a seasonally adjusted 1.7 billion dollar to 728.4 billion dollar as the year ended. That was down 1.0 per cent from 1990 and the first decrease since a 0.5 per cent decline in 1958.

Medicare to be tougher for US poor: Poor and elderly Americans may have more trouble obtaining medical care because of limits proposed by President Bush, according to health industry experts, reports AP from Washington.

The president's health care reform programme would provide tax cuts for many lower-income workers and families to buy private health insurance. To make up for the estimated 100 billion dollar cost, Bush would hold down increases in payments for Medicare, for people over 65, and Medicaid for the poor.