

Algeria may get \$ 1.5 b credit

PARIS, Feb 25: Western banks could "imminently" grant a 1.5 billion dollar "financial facility" to Algeria, which has a foreign debt of 25 billion dollars, banking sources said here Monday, reports AFP.

The loan, managed by credit Lyonnais of France, was agreed last year but had stalled on opposition from some European and US banks concerned, led by the Bankers Trust of New York.

Algeria's President Mohammed Hououf, an independence war veteran made head of state last month after returning from exile in Morocco, has said the loan will be used to reprofile the debt, notably regarding short-term loans.

Algeria is due to pay back 16 billion dollar of the debt by January 1993, a moratorium on the principle of the debt, imposed at the end of 1991 until last January 31, has been extended until February 29.

More than 200 banks are involved in the 1.5 billion dollar loan grouped around a pool including the Credit Lyonnais, The Banque Nationale de Paris, Chase Manhattan, the Arab Banking Corporation, the Union Des Banques Arabes et Francaises and three Japanese banks, the Industrial Bank of Japan, the Long Term Credit Bank of Japan and the Mitsuai Tayo Kobe Bank.

Nepal Airlines pilots start full strike

KATHMANDU, Feb 25: In line with an overwhelming decision by the Nepal Airlines Pilots' Association (NAPA), pilots of the Royal Nepal Airlines Corp (RNAC) decided to take full strike action today, an airline official said, reports AFP.

The official added that the strike had seriously affected both domestic and external flights, adding that army pilots, called in Monday because of the industrial action, had flown one domestic flight earlier today.

Arrangements were being made for passengers to fly to overseas destinations on foreign carriers until the strike was over, he said.

The airline's pilots, members of NAPA, have been refusing to fly domestic flights that require an overnight stopover since February 11 and have demanded a 40 per cent rise in food allowances.

According to sources within the company, the dispute has already cost RNAC more than 50 million rupees (1.17 million dollar), while a full-scale strike would lose it five million rupees (117,000 dollar) daily.

Iraqi blame denied

CARTAGENA (Colombia), Feb 25: The United States, France and Britain clashed with Iraq at a United Nations Development Conference on Monday, denying Baghdad's charges that AUN embargo was depriving Iraqis of food and medicine, reports Reuter.

As the debate closed at the UN Conference on Trade and Development (UNCTAD) here, US French and British delegates stood up in turn to reject charges by Iraqi Trade Minister Mohamed Saleh in his speech to the conference 10 days ago.

Saleh had attacked the UN embargo against Iraq, imposed after Iraq invaded Kuwait in August 1990, describing it as "one of the greatest crimes of our time."

A US-led coalition, including British and French forces, ousted Iraq from Kuwait in February last year.

Medicine had never been denied to Iraqis and food imports were allowed by the UN since March 1991, US delegate Melinda Kimble said. "UN economic sanctions remain in force because Iraq has manifestly failed to comply with the obligations placed by UN Security Council (resolutions)," she said.

Tom Muir, British Under Secretary for Trade and Industry, said it was "the brutal policy of the Iraqi regime which has cut off Iraq from the community of nations."

Taiwan, once an outcast, now rules with big money

TAIPEI (Taiwan), Feb 25: After years as an international outcast, Taiwan is making gains in its perennial competition with Communist China — helped by the disintegration of the Soviet Union and a worldwide shortage of capital, reports AP.

France, Britain and other European countries have recently sent high-level officials to Taiwan to win contracts from a 303-billion US dollar development project.

Thomas J Duesterberg, the US Assistant Secretary of Commerce, arrived on a similar visit Feb 18, the highest ranking American official to visit Taiwan since the United States switched diplomatic recognition to Beijing from Taipei in 1979.

British State Minister for Corporate Affairs John Redwood followed five days later. Redwood is the highest ranking British official to visit Taiwan since London recognized Beijing in 1950.

But Taiwan's more significant diplomatic gains have been with former Soviet republics that now maintain diplomatic ties with Beijing.

China and Taiwan have remained technically at war since 1949 when Communist forces drove the Nationalist government from the mainland. On the surface, both maintain that there is only one China and claim they are the sole legitimate rulers of the country.

Taiwan has set up consular ties with Latvia, a level of official relation just below formal diplomatic recognition. It signed an agreement with Ukraine to exchange commercial offices and provide guarantees for investments. Taiwan has promised to donate about 12 million US dollars of medicine to Ukraine and 100,000 tonnes of rice to Russia.

"I was surprised and kind of astonished to see the support from the Ukrainian side... being that strong," said Vice Foreign Minister John Chang at a news conference after signing the accords last month.

The developments are the fruit of the flexible policy pursued by President Lee Teng-hui since he came to power in 1988.

Whereas predecessors demanded that countries deal with Taiwan as the Republic

of China, Lee's government is ready to assume any form as long as ties are formed. Taiwan's economic power — it's the world's 18th largest trading nation and holds foreign reserves of more than 80 billion US dollar — has also made many countries eager to maintain some type of ties.

The flexibility was really forced on the Taiwanese. China's stature as a world power has won it the lion's share of official recognition — 137 countries to 29 — along with a seat on the UN Security Council.

Taiwan, for example, has proposed to enter the General Agreement on Tariffs and Trade not under its official name, the "Republic of China," but as the "Taiwan, Penghu, Kinmen and Matsu Customs Territory." The Bush administration has vowed to support the Taiwan bid.

During the past two years, Taiwan's flag carrier, China Airlines, has established a separate airline to fly to Canada, Austria and Australia.

Taiwan's new policy — called "peaceful coexistence and mutual prosperity" — is seen by many as a recognition of the fact that there are two Chinas.

Trade between the two, conducted indirectly through Hong Kong, is healthy. Last year it totalled 5.8 billion US dollar, up 44 per cent from 1990.

China has pressured Taiwan to allow direct air and shipping links with the mainland. But the Nationalist leaders say this would not be possible until China ends its policy to isolate Taiwan diplomatically.

"We hope to coexist with (China) in the world," said Su Chi, Deputy Director of the government's Institute of International Relations. "We don't want to claim a diplomatic victory by chasing (China) away nor do we want it to do the same against us."

Su Chi and other analysts say China can't afford to adopt too rigid a stance against Taipei because China needs Taiwan's trade and investment.

G-7 works out plan to give CIS \$15b loan

WASHINGTON, Feb 25: The former Soviet republics would be able to borrow more than 15 billion dollar from the International Monetary Fund (IMF) over the next three years under a formula worked out by rich industrial nations, Monetary sources said on Monday, reports Reuter.

The formula, worked out in secret talks by the Group of Seven (G-7) leading industrial nations, would give the states of the former Soviet Union a stake of about 4.25 per cent in the IMF.

US officials said they expect Russia, and the other former Soviet states that qualify, to join the IMF by the middle of this year. They would then be eligible to borrow billions of dollars from the IMF to support economic reform.

The 4.25 per cent voting stake in the IMF is likely to be split among the new states partly on their share of the former Soviet Union's more than 60 billion dollar in foreign debt.

On that basis, Russia would have a stake of about 2.5 per cent in the IMF, roughly equal to China's and the Netherlands' but well behind the nearly 19 per cent share the United States holds.

US resuming crude purchase for reserve

WASHINGTON, Feb 25: The Energy Department said Monday it will resume crude oil purchases on the international market to refill the Strategic Petroleum Reserve, the nation's emergency oil stockpile, reports AP.

Most of the oil to be acquired by the Defense Fuel Supply Center will be sent to the reserve's newest storage area, the Big Hill site 20 miles (32 kilometers) southwest of Beaumont, Texas, the department said in a statement.

The Strategic Petroleum Reserve now holds more than 868 million barrels of crude oil in Salt caverns in Texas and Louisiana, the department said. The stockpile has a capacity of 750 million barrels.

Oil purchases for the reserve were suspended in August 1990 after Iraq's invasion of Kuwait caused prices to rise sharply. Later that year, the Energy Department sold just under 4 million barrels of crude to test the effects of such a sale on the oil market.

After the start of Operation Desert Storm in early 1991, nearly 17 million barrels of crude were sold in the first-ever emergency use of the reserve.

UAE launches unleaded petrol

DUBAI Feb 25: The United Arab Emirates (UAE) has introduced unleaded petrol to cut pollution, becoming the first country in the Middle East to do so, reports AFP.

"We are currently purchasing unleaded fuel on world spot markets," said Rashid Al-Shamsi Marketing Chief at the state-run Emirates General Petroleum Corporation (EGPC).

"But we anticipate being able to buy it locally within the next few years, he told reporters Monday. Adding that refineries in Abu Dhabi — also part of the UAE — would be able to produce unleaded fuel by 1993.

The UAE is the first Arab country to join industrialised nations in introducing unleaded petrol following intensified international environmental concerns.

The Gulf Cooperation Council grouping the UAE, Saudi Arabia, Kuwait, Bahrain, Oman and Qatar has agreed to switch gradually but no joint move has yet been taken.

"With environmental issues to the forefront of world concern, we believe Gulf producers will adapt to market demand and unleaded fuel will become readily available from local refineries by the middle of the decade," Shamsi said.

LDCs spend \$200 billion on military a year!

DORTMUND, Germany, Feb 25: Developing countries spend about 200 billion dollar on their military each year, about a fifth of the world's total of about one trillion (one thousand million) dollar, a United Nations expert said Monday, reports AFP.

Lutz Bachr, Director of the UN Center for Science and Technology unveiled the estimate at the start of a four-day conference here on the problems of converting military research and output to peaceful ends.

The forum gathers 200 experts from 40 countries, including China, the Commonwealth of Independent States (CIS) and Vietnam.

2 Cornell Varsity students paralyse computers in California, Japan

ITHACA (NY), Feb 25: Two Cornell University students were arrested Monday on charges they unleashed a computer virus that paralysed computers in California and Japan, reports AP.

David Blumenthal and Mark Pilgrim, both 19-year-old sophomores, were arraigned in Ithaca City Court on one count of second-degree computer tampering, a misdemeanor. Additional charges are pending, said Cornell spokeswoman Linda G Kobas.

The students were being held in Tompkins County Jail on 10,000 dollar bail, Kobas said.

The virus was launched Feb 14 in three Macintosh computer games, Obnoxious Tetris, Tetriscycle and Ten Tile Puzzle, Kobas said. It affected the computers of people who used Cornell's public computer archive to play the games, she said.

The virus affected Macintosh computers in Osaka, Japan, and at Stanford University in Palo Alto Co, among others, Kobas said. The virus was traced to Cornell on Thursday, she said.

Pak rupee devalued

KARACHI, Feb 25: The State Bank of Pakistan devalued the rupee to 24.6800/24.8034 to the dollar from 24.6500/24.7733 fixed on January 25, reports Reuter.

The Bank gave no reason for the change, but Maqsood Ahmad of the Muslim Commercial Bank said further falls were needed to make Pakistani exports more competitive.

In forward trading, the rupee was quoted at 25.72 to the dollar for up to six months and at 26.65 for up to one year, Ahmad said.

Capital flight from Kuwait baffles central bank chief

KUWAIT, Feb 25: Residents of Kuwait are buying foreign currency and transferring it to safer havens abroad in unusually large and increasing quantities, the Governor of the central bank said, reports Reuter.

Governor Sheikh Salem Abdul-Aziz Al-Sabah told a meeting on Sunday evening the outflow of capital started last year and had gathered pace since the beginning on November.

"The capital flight which has begun is affecting us and we feel it is not a normal outflow. Funds have begun moving in a manner which is not pleasing," he said.

Sheikh Salem gave no figures but said "the daily rise in the purchase of foreign currency cash is continuing with amounts that are not small."

He said he was baffled by the outflow, given that economic conditions in Kuwait were favourable and that the country had security pacts

with western countries.

The central bank, which removed all restrictions on foreign currency transfers in August, had intervened in the market to support the dinar, he added. Among possible reasons, Sheikh Salem cited an imminent overhaul of the banking system and government plans to 20 billion dollar worth of domestic bad debts from the country's commercial banks.

"There could be a desire on the part of investors to go abroad to exploit investment opportunities," Sheikh Salem said.

But the governor added that the large foreign currency cash withdrawals raised some doubts about investors' intentions.

Some could be depositors moving cash to avoid meeting their obligations to the indebted commercial banks, bankers said.

The cabinet approved the debt-buying plan in December

but the partially elected National Council and economists have criticised the scheme on the grounds that it puts too much strain on the treasury.

The critics argue that the estimated 6,000 debtors have hidden assets outside Kuwait and would pay if taken to court.

The central bank says writing off the bad debts is vital to saving the commercial banks and stimulating the economy, which is still recovering from seven months of Iraqi occupation.

Last month Sheikh Salem said "if this problem is not solved Kuwait will truly face an economic catastrophe... many depositors would face bankruptcy as a result of the bankruptcy of the banks."

The government intends to merge the commercial banks once the bad debt issue has been settled, enabling the banks to write off debts on their 1991 balance sheets and start afresh.

People's Daily, echoing Deng, calls for bolder reforms

BEIJING, FEB 25: The Communist Party newspaper, normally a bastion of conservatism, called Monday for bolder economic reforms in a sign that the new reform drive of senior leader Deng Xiaoping is gathering strength, reports AP.

"We should increase our boldness in reform and opening up to the outside world and step up our pace," the People's Daily (Renmin Ribao) said in a front-page editorial. "Reform and opening up... is our only choice. There is no other road we can take."

The editorial's message echoed Deng's comments last month during an unusual public tour of southern cities that have gone the farthest in introducing free markets and other capitalist principles.

Deng said China can avoid the political turmoil that has topped other communist parties only by maintaining economic growth. He said that means China will have to borrow more economic tech-

niques from capitalist countries.

Although officially retired, the 87-year-old Deng still carries tremendous clout.

On Sunday, the People's Daily carried a front-page article which said China can use capitalist methods even though its goal is socialism because "capital and technology in themselves don't have a class nature."

The People's Daily and other major newspapers still had not mentioned Deng's trip south, although a few local papers have quoted foreign news reports of it.

Chinese and foreign analysts have speculated that is due to the backstay power struggle between Deng and hard-line conservatives.

The conservatives, who have controlled the People's Daily since the failed 1989 democracy movement, regard the reforms Deng began in 1978 as the opening wedge of capitalism. They took advantage of the anti-liberal backlash

that followed the 1989 movement to halt most reforms and purge reformers.

Over the past year, however, it has become increasingly clear that major changes are needed to turn around the huge, inefficient state sector. Forty per cent of all state factories lost money last year, forcing the government into deficit to bail them out.

Economists recommend shutting down the worst factories, laying off inefficient workers and freeing factory managers from government interference—all moves that conservatives fear would endanger Communist Party rule.

Deng's message was that failing to reform is more dangerous. It is still not clear whether his policies will prevail in the power struggle, which Chinese sources have described as fierce.

The People's Daily editorial, however, is a positive sign.

"We need less empty talk and more practical action," it urged.

Japanese ex-minister denies the money he took was bribe

TOKYO, Feb 25: A former Japanese cabinet minister admitted to parliament on Tuesday that he received money from Kyowa Co, a company at the heart of a political pay-off scandal but denied he had been bribed, reports Reuter.

Jun Shiozaki, former State Minister of the Management and Coordinating Agency, became only the fourth politician to appear as a sworn witness in parliament.

Like his predecessors — all colleagues from the ruling Liberal Democratic Party (LDP) — his testimony to the lower house budget committee did little to clear up suspicion of wrong-doing.

Shiozaki said that in June 1989 he asked the chairman of trading firm Marubeni Corp (8002.T), to consider Kyowa, a now-defunct property developer as a favourable business partner. No specific project was mentioned.

A month later he received 20 million yen from Kyowa, he said, adding that he returned the money to Kyowa in November last year, after the scandal came to light.

"I received 20 million yen from Kyowa about one month after I called on Marubeni Corp Chairman Kazuo Haruna, in June of 1989, I believe," he said.

"I wasn't sure if the money was intended as a political do-

nation or if it was gratitude money (in exchange for the Marubeni visit)... That's why I delayed declaring the funds."

As legislators snickered, Shiozaki said he finally declared the funds last week as personal income for the 1989 tax year.

"Even though I have returned the money, I visited the tax office to declare the money as income for 1989, he said.

Shiozaki's political ally Fumio Abe, a former Regional Planning Minister, is charged with demanding and accepting bribes from Kyowa, until late 1991 Abe was chief fund-raiser for Prime Minister Kiichi Miyazawa's LDP faction.

Japanese are preparing for a battle with tuna savers

TOKYO, Feb 25: Japan is fighting to defend the interests of its raw fish eaters, reports Reuter.

Sushi aficionados, prepared to pay up to 10,000 yen (78 dollar) for two small slices of raw Bluefin tuna on a mouthful of rice, fear this delicacy may disappear from their dining tables if environmentalists have their way.

The battle will be waged at an international conference in the ancient capital of Kyoto, where delegates vote next month on a proposal to ban commercial Bluefin tuna fishing. Tokyo hopes to convince the delegates to the CITES (Convention on International Trade in Endangered Species) from March 2 to 13 that the Bluefin is not in danger of extinction and a commercial ban is unnecessary, officials said on Monday. Sweden has proposed putting Western Atlantic

Bluefin tuna on Appendix-I of the Convention which bans commercial trade, and listing Eastern Atlantic Bluefin on Appendix-II which allows limited trade.

Japanese officials and fishermen fear that if passed it may mean a complete ban on Bluefin tuna fishing eventually. "Japan will insist firmly at the conference in Kyoto that Bluefin tuna is not an endangered species," Minoru Tanba, Director-General of the United Nations Bureau at the Foreign Ministry, was quoted by a spokesman as saying.

The Federation of Japan Tuna Fisheries Co-operative Associations last week handed in a petition at the Swedish embassy in Tokyo signed by about 40,000 Japanese consumers protesting against Sweden's proposal. Japan is the world's biggest consumer of Bluefin tuna, accounting for about 40 per

cent of the global market. "It is ridiculous to think of the Bluefin tuna in any region like the Coelacanth," said Michio Ito, an official of the Tuna Federation.

Coelacanth, once considered extinct for 60 million years, are listed in Appendix-I as an endangered species.

The threat to Japan's culinary pleasure began when a US environmental group, the National Audubon Society, said last year stocks of Bluefin in the Western Atlantic had dropped by between 73 and 88 per cent over the last 20 years and that they should be put on the list of endangered species.

The society and Sweden say their claims are based on scientific data of the International Convention for the Conservation of Atlantic Tuna (ICCAT), which is made up of 21 na-

tions, including Japan, the United States and Canada.

ICCAT has been monitoring tuna for more than 20 years. Japan does not contest these figures but says a ban is unnecessary as scientists and representatives from member countries of ICCAT, at its last conference in November 1991, concluded that Atlantic tuna were not in danger of extinction.

The stocks of Bluefin tuna in the Atlantic ocean are effectively controlled under the management of ICCAT, since it has restricted the catch in the area since 1982," said an official at the Agriculture and Fishery Ministry.

"How could Sweden, which is not even a member of ICCAT, disrupt ICCAT proceedings and undermine all our efforts in the ICCAT?" he asked.

Business briefs

Pak-Kazakh cooperation pact signed:

Pakistan and the Central Asian state of Kazakhstan signed in Islamabad Monday four cooperation agreements to be implemented under the supervision of a joint commission, reports AFP from Islamabad.

An official statement said the two countries had agreed to accord each other "Most Favoured Nation" broad framework for wide-ranging cooperation covering economic, trade, commerce, scientific, technological and cultural spheres, officials said.

Iran's gas exports may double: Iran's annual exports of natural gas are expected to double to six billion cubic meters (212 billion cubic feet) beginning next month, the Islamic Republic News Agency reported Monday, says a from Nicolas.

Meanwhile, an Iranian official on Monday admitted there were shortages of kerosene and other refined oil products on the home market, which reportedly was hit by month-long strikes by oil workers.