Japan to lift tariffs on 1000 items to help GATT talks

TOKYO, Feb 26 : Japan will propose to unilaterally lift tariffs on 1,000 manufactured items as part of efforts to facilitate stalled trade talks, the International Trade and Industry Minister Kozo Watanabe said Tuesday, reports AFP.

Watanabe told reporters that Japan would remove custom duties on such items as industrial machinery, transport equipment, films, glasses and furnitures.

"The Ministry drew up this new proposal to activate the negotiations," Watanabe said, referring to the talks on market access under the Uruguay Round Multilateral Trade Talks aimed at liberalising world trade.

The proposal will be included in a report Japan, along with other countries, is to submit to the talks by March 1 on possible measures they can take to reduce trade protection, a ministry officials said.

The measure will raise the average tariff cut on 6,500 manufactured items from 34 per cent, originally proposed by the ministry in 1990, to 50 per cent, he said. Japan's average tariffs on the 6,500 goods will thus be reduced from 3.6 per cent to 1.8 per cent, he said.

US complaint

An USIA message adds: The Department of Commerce has made a final determination that Japan is dumping aspheric ophthalmoscopy lenses on the US market.

The lenses are used in medical devices for examining the eye's retina. In 1990, US imports from Japan of these lenses were valued at $13.8 million.

As a result of the finding, the US Customs Service will now require US importers of the product to post a cash deposit or bond equal to the dumping margin, calculated by the department at 158 percent.

The US International Trade Commission now has 45 days to determine whether the imports are injurious or threaten injury to the US industry.

If that determination is positive, the cash deposits or bonds are forfeited and duties are imposed until the dumping is terminated.

Dumping is the export of goods at less than the price in the home market or a third market or less than the cost of production. A dumping margin is the difference between the dumped price and the fair-value market price.

'Economic sovereignty surrendered, budget influenced'

Opposition blasts Delhi for consulting WB

NEW DELHI, Feb 26 : India's opposition, mounting pressure on the minority government ahead of the 1992/93 (April/May) budget due on Saturday, accused Finance Minister Manmohan Singh of leaking his plans to the World Bank, reports Reuter.

Singh said the charges were "wild", but told parliament he wrote to the World Bank in November 1991.

This was the normal practice by all member countries wanting a structural adjustment loan".

India's minority government began economic reforms last year to ease a crisis over its 71 billion dollar debt and won loans from both the International Monetary Fund (IMF) and the bank.

The letter concerned a further World Bank loan.

The opposition took up a report in the Indian Express newspaper which accused Singh of surrendering India's economic sovereignty, alleging that letters between Singh and the Bank had influenced the budget.

Most of the points detailed in the report are World Bank recommendations for Indian policies already reported by agencies.

Parliament had discussed some of the points, but Singh fuelled opposition protest by saying "the letter... will be laid in the parliamentary library immediately after the budget... it is not proper for me to say what is or is not in the budget."

Both India's main opposition groups—right-wing Hindu nationalists and left-leaning parties—have dubbed Singh's reforms "anti-people".

If they united against the budget, the ruling Congress party would have to muster 25 votes from small regional parties and independent to push its proposals though.

The Express said the World Bank had told Singh he should disinvest 49 per cent of equity in profitable state-run industries within three years, cut tariffs in the budget, plan the closure of loss-making state-run companies, deregulate the steel industry and ease imports and export licensing.

Campaign against multinationals

AFP reports from New Delhi: Hindu revivalists have launched a nation-wide campaign against multinational corporation (MNC) and to promote indigenous products, which if successful would threaten India's bid to woo foreign investment.

Some half-a-dozen leading Hindu groups are spearheading the campaign, borrowing arguments that "Mahatma" Gandhi advance when he urged Indians to boycott British goods during the country's independence struggle.

Economists and businessmen are surprised as the Hindu groups, including the powerful Bharatiya Janata Party (BJP) have normally been right-wing and constantly pleaded for an open economy.

But now its members are going around with printed lists, asking Indians to boycott such well-known brands like Colgate, Pepsi, Bata, Milk Maid, Cabdury's, Lux, Eveready and Erasmic blades.

Also on the "hit list" are Old Spice, Wilman, Nivea, 7 O' Clock and Nespro. Coke has also been included, although it is still in the process of attempting a comeback into the Indian market.

In each case consumers have been offered local alternatives, some of which are hardly popular.

"What we want is an indigenous development model for the country," BJP General Secretary Govind Acharya said in an interview — "we do not want India to emulate either America, Europe or China".

"MNC's need not enter the field of consumer sector," he added.

The campaign, called "swadeshi" (indigenous), was launched last month in some parts of the country. In New Delhi, it got off the ground Monday, five days before the federal government is to unveil its budget for fiscal 1992-93.

The move threatens to jeopardise the minority government's eight-month-old bid to woo much needed foreign capital as a part of the liberalisation drive aimed at opening up India's regimented domestic economy.

Acharya said the campaign would involve door-to-door canvassing against foreign goods, distribution of booklets, public meetings and, at a later stage, possible picketing of shops selling multinationals' consumer products.

A document distributed by the BJP says: "There was a time when (Indian) people showed great enthusiasm in making bonfires of foreign (British) goods. But now there is an appalling craze for imported goods."

"India must be saved from this enveloping mental slavery through a vibrant message of "Swadeshi".

Critics allege that the BJP, whose influence has expanded rapidly in recent years among the middle classes, was only trying to keep its traditional support base among the trader community intact with its "Swadeshi" programme.

"Initially, it (the campaign) would tend to promote Indian capitalists versus foreign capitalists", Acharya said. "In the long run, we will branch off to giving emphasis on cottage, village and small-scale industries."

The economic times said Sunday that the steep inflation caused by the new economic measures was responsible for the "Swadeshi" campaign, although the BJP had strongly backed the structural reforms last year.

Communist leader Muqumuddin Farooqi agreed.

"They have realised the fall-out of Rao's economic policies, and that the people are not liking all this," he said.

"So they have launched this campaign to get support from the public."

"But they are playing a double game," he added. "Heart of heart they are for laissez faire."

Singh gets a tip to make budget tough

From Rahat Fahmida

CALCUTTA, Feb 26: As the Indian budget for fiscal 1992-93 is knocking at the door, the Director of Delhi School of Economics DSE, Prof. Mrinal Datta Chaudhury has a simple piece of pre-budget advice for the Union Finance Minister, Dr. Manmohan Singh: Present a harsh and austere budget."

The Finance Minister will have to make compromises, but let there be an honest political debate about these compromises, he suggests. At least one compromise he should not make, that is to give tax exemptions to certain classes", warns Prof. Chaud-hury, who regards the Finance Minister as a "good economist and man of integrity".

In a pre-budget interview with a journalist of The Economic Times, the DSE Director said that he was totally against any exemptions to certain classes because such exemptions breed corruption and mal-administration. The next year's budget must be used to restructure the economy and there is no scope for such exemption in such an exercise.

The budget, according to him, must try to bring down the deficit to achieve macro-economic stability. How much he can do on this front depends largely on his own political party. But he should reduce the Budget deficit in such a manner that it does not hurt the future health of the economy and the poorer people of the country.

For instance, maintenance of the infrastructure sector should not suffer. "These are the soft targets for expenditure cut, as these have no powerful lobbies", says Prof. Chaudhuri.

If Dr. Manmohan Singh resorts to such soft options, he will seriously undermine the future health of the economy. On the other hand, there is an urgent need for restructuring the organised sector of the economy to make it cost and quality conscious.

There is a need for subjecting the industrial sector to competition from foreign manufacturers. This will require rationalisation of customs tariff. "But brining down tariff rates might mean loss of revenue. Dr. Singh may be tempted not to reduce tariff but that would not be good for the economy," warns the economist.

Prof Chaudhury admits that there is scope for improvement of anti-poverty programmes by redefining the target groups. For instance, a large part of the public distribution system is used by the rich and the scope of such schemes should be reframed. But nonetheless, there should be no reduction in effective expenditure on various anti-poverty programmes.

According to him, the Finance Minister should attempt at cutting expenditure on defence, fertiliser subsidies and general administration. He is of the firm view that defence expenditure cuts would not weaken the national security system.

The administrative cost of running the government should also be reduced. If the existing strength of employees can not be reduced, at least fresh recruitments should be stopped. "This in turn will require giving up the system of automatic promotion of government officers. And this should be started with the cadre-based services like the Indian Administrative Service (IAS), Indian Foreign Service (IFS) and Indian Police Service (IPS), so that the government can tell teachers and others not to demand time bound automatic promotion", he says.

On the revenue sides, Prof Chaudhuri views that the crux of the problem lies in the administration of the tax system. "It is absolutely useless to talk about tax reforms, unless we can bring in more efficiency in tax collection and effective monitoring of the tax system," he says.

Although he has nothing against raids against tax evaders, he points out that a better tax administration does not necessarily mean few well publicised raids. What one needs is a total overhaul of the revenue administration of the country. Unless that is done, Dr. Singh is not going to get support from the revenue side to bring down the deficit.

Also, as long as black money grows as a result of tax evasion, all the austerity programmes which he might introduce will not acquire social or moral legitimacy, he says.

Prof. Chaudhuri does not have any objection even to involving foreign agency to undertake tax administration, if it means improvement in collection and an end to tax evasion. According to him, the tax laws should be as simple and transparent, as possible, so that there will be no scope for tax evasion or black money.

India's rail budget aims at $525m more income

NEW DELHI, Feb 26 : The government spared the Indian poor, but hiked railway freight rates and fares for the travelling middle-class Tuesday to earn an additional 525 million dollar in fiscal 1992-1993, reports AFP.

The 2.19 billion dollar budget for the world's largest railway system unveiled Tuesday gave 15 new trains to India's 11 million daily train-users and cut funds for improvements such as in catering or conveying to uniform tracks, saying it was inline with the global winds of change.

But the budget, presented in parliament, put a hefty additional burden of freight charges and upper class tariffs on established industries and the middle class so that the poor could be spared the hikes.

The time has come when the organised sector realise they cannot clamour for and appropriate to themselves the entire fruits of development instead of sharing the benefits with the people, Railways Minister Jaffer sharif said.

Sharif's budget hiked freight charges of all commodities by 7.5 per cent but kept that of coal, which amounts for a massive 40 per cent of all freight, to four per cent in an attempt to curb inflation.

In exempted 15 essential items including foodgrains, sugar, livestock and fodder to avoid hitting the poor.

However, he hiked upper clas travel costs by up to 20 per cent effective April 1, and ordered a minimal hike for the second class coaches for the second class coaches used by more than 90 per cent of India's train users.

India's trade gap narrows

NEW DELHI, Feb 26: India's trade deficit for the first nine months (April-December) of the 1991/92 fiscal year narrowed by 66 per cent to 1.62 billion dollar from 4.83 billion a year earlier, Commerce Minister P Chidembaram said.

In rupee terms that deficit sharank by 54 per cent to 39 billion rupee from 85.3 billion.

The decline was largely due to severe restrictions on import credit imposed by the Reserve Bank of India in April, economists said. The Bank recently lifted the constraints, which required importers to place on deposit a hefty percentage of the value of their imports in order to get foreign exchange.

Childbaram said exports to hard currency markets increased by a modest 6.3 per cent in the April-December period.

But exports to the rupee-trading area of the former Soviet Bloc declined by more than half, he said.

CNN plans bureau in Delhi

NEW DELHI, Feb 26: Cable News Network plans to open a bureau in New Delhi to cover South Asia, said Eason Jordan, Vice President for international news gathering Tuesday, reports AP.

"We believe this (India) is a very, very important region of the world and it needs to be covered comprehensively," Jordan said at a press conference.

The New Delhi bureau will be CNN's 18th bureau outside North America. It will join the network's bureaus in Beijing, Tokyo, Manila and Seoul in covering the region. A Bureau in Bangkok is scheduled to open in the second quarter of this year.

"It is not our intention to become competitors to the local media, said Peter Vesey, who is responsible for the Atlanta-based network's editorial content, programming and development."

166-nation conference concludes

UNCTAD calls for stronger producer-consumer harmony

CARTAGENA, (Colombia), Feb 26 : The main United Nations development body called for better functioning commodities markets and said producers and consumers should seek ways of strengthening cooperation to solve problems in the commodities sector, reports Reuter.

In a draft final statement after a two-week meeting there, the UN conference on Trade and Development (UNCTAD) said the 1980s had been a period of very low and declining real prices for most commodities, resulting in a substantia contraction in commodity export earnings for many producing countries.

The document said countries should try to achieve the following:

Improve the functioning of the commodities markets by reducing distortions affecting supply and deamand,"

Increase the contribution of the commodities sector to development."

Gradually reduce excessive dependence on the export of primary commodities through diversification.

Improve market access for commodity products through a progressive removal of trade barriers'.

Improve market transparency, and

Ensure proper managment of natural resources with the aim of achieving sustainable development.

Another report adds: UNCTAD Ended a conference on Tuesday with a call for worldwide military spending cuts, more aid to poor nations and the creations of a new partnership for development.

The 166-nation UN conference on Trade and Development (UNCTAD) also areed on far-reaching reforms to the institution to counter criticism from industriallised countries that it was becoming an irrelevant talking shop.

Delegates said that unlike many previous conferences, developing and industrial countries reached consensus on every point of the final document.

The document, approved at a final session of the conference on Tuesday, said the ned of the Cold War had brought a marked easing in international political relations.

The broad tide of economic reform, the democratisation processes and respect for human rights havegahered pace, it said. However, it noted there wre risks to stability from economic, social and ecological problems.

The document urges all countries to consider the possibilities for reducing military spending and channelling the savings to socially productive uses.

It urges governments to countinue easing the debt burden of poor countries and says developed countries should put into parctice a pledge to spend 0.7 per cent of their Gross National Product on development aid.

WB economist slates US for poor aid to CIS

WASHINGTON, Feb 26 : A senior World Bank official urged the United States and its rich allies on Tuesday to launch a big aid programme for the former Soviet Union similar to the Marshall Plan that rebuilt Europe after World War Two, reports Reuter.

But World Bank Chief Economist Lawrence Summers sharply criticised the US-led military airlift of emergency supplies to the former Soviet Union this month, saying it humiliated the people without encouraging them to stand on their own.

"The case for spending... money is compelling... be it 10 billion dollar, be it 20 billion, be it 25 billion," Summers told the National Economists Club.

He said such sums pale in comparison to the 10 trillion dollar the West spent over the last 10 years protecting itself against the Soviet Union and the potential benefits to be gained.

"What the Marshall Plan did do was to provide political leverage in supporting the good guys," Summers said. "The Marshall Plan provided transitional assistance so that... prices didn't rise too high, so that people didn't starve."

AP from Kiev reports : High-level representatives of 13 former Soviet republics on Tuesday proposed measures to loosen Russia's control over their finances and to move the former Soviet trade bank from Moscow to Minsk.

Russia and Georgia were the only two former republics absent from the one-day meeting, hosted by the Ukrainian government.

MOSCOW : A pensioner wrapping some scraps of meat Monday she was given by the counterwoman as she was unable to afford the private market price of 120 rouble per kilo. — AFP photo

Ghali will help aid poor women in LDCs

GENEVA, Feb 26: First Ladies from 70 countries began Tuesday a two-day summit here on ways to make a better future for rural women in the Third World, reports AFP.

A total of 550 million of these women live in poverty. Their number is expected to increase to almost 800 million by the year 2000.

First Ladies, that is the wives of heads of state or government, from the world's leading industrial countries were not attending the summit. Among those present were Queen Fabiola of Belgium, who is presiding the meeting, and Queens Sofia of Spain and Noor of Jordan. Safya Kadhafi came from Libya.

The organising committee for the summit included the First Ladies from Colombia, Egypt, Malaysia, Nigeria, Senegal and Turkey.

UN Secretary General Boutros Boutros-Ghali told the opening session he would work "with determination, perseverance and imagination for women, especially rural women of the Third World" to play a greater role in the development of their countries.

Digital launches super chip

NEW YORK, Feb 26: Digital Equipment Corp on Tuesday unveiled a super-powered computer chip it hopes will propel the company back to technological and financial leadership in the computer industry,reports AP.

Digital officially announced its Alpha chip, a microprocessor it says will plow through calculations faster than any chip ever made. Computers based on the chip will be available by year-end, Digital said.

"This is a proud day at Digital," said Kenneth H Olsen, Digital's president.

In recent years, Digital's pre-eminence has been challenged by rivals such as Sun Microsystems Inc and Hewlett-Packard Co. They have stolen the technological lead with their versions of powerful desktop computers called workstations.

Some industry analysts say the fingernail-size chip, discussed in industry journals for months, could restore Digital's computers to the front rank.

"DEC is right on the leading edge with the chip", said analyst Wes Nelling of the technology consulting firm Gartner Group Inc.

But others say the financial benefit could take time. Digital reported its first-ever operating loss in its last fiscal quarter.

"It's a great chip, but it's not going to help in the near term," said analyst Stephen Smith of PaineWebber Inc financial firm.

Tokyo yet to decide claim in BCCI deal

TOKYO, Feb 26 : Industrial Bank of Japan Ltd (IBJ) denied a report by the Nihon Keizai Shimbun newspaper that it will set aside reserves for losses worth four billion yen stemming from currency transactions with the scandal-hit Bank of Credit and Commerce International (BCCI) in 1991/92 ending March 31.

"We are making efforts to call our claim in a deal with BCCI as much as possible," said an IBJ spokesman. "We have not decided how to deal with the issue," he added.

IBJ has said it lost about four billion yen in a currency deal with BCCI as a result of the shutdown of BCCI in Japan and other countries last July after allegations of massive fraud.

Business briefs

Baghdad raises rations of essentials: Saddam Hussein on Tuesday ordered an increase in government rations of cooking oil, tea and sugar to mark the Muslim holy month of Ramadan in March, reports Reuter from Baghdad.

State radio said the amounts of the commodities Iraqis can buy at subsidised prices would be increased from between 25 and 50 per cent.

Algeria plans economic thinktank: Algeria is to set up an economic thinktank to advise the government on strategy and provide an objective evaluation of the economic and social situation, Prime Minister Sid Ahmed Ghozali said, reports Reuter from Algiers.

He told a news conference the group would consist of independent Algerian experts. He also said that he did not oppose privatisation of parts of the economy. But he would not make this a matter of principle at the cost of the public sector.

Tax exemption for N-power in EC sought: The European nuclear industry Tuesday called on the European Community to exempt nuclear power from a proposed tax meant to curb carbon dioxide emissions, reports AP from Brussels.

Asia becoming new job market for North Americans!

HONG KOMG, Feb 26 : Kinney Hargrove quit his job at American Express in 1990 when tough times at the company scuttled his dream of working for it abroad, reports AP. He packed his bags and headed for Hong Kong.

After sleeping on "a lot of friends' couches and a lot of friends' floors," the 32-year-old Princeton graduate found what he calls the best job of his life covering banking for a business newsletter.

Hargrove lives by the beach and takes business trips to Taiwan, Singapore and South Korea. He recently got a 30 per cent raise.

He found an added benefit in that the racial problems of New York City appear to be rare in this British colony.

"People may be curious" about him, said Hargrove, who is 1.90 meters tall and black, "but they don't feel threatened. Anyway, I never expected to be treated like the girl next door."

The native of Long Beach, Calif, is one of thousands of North Americans who have flocked to Hong Kong and other cities in Asia to take advantage of a strong economy and escape bad times at home.

While the United States remains mired in a recession, with unemployment at its highest since the early 1980s, Hong Kong anticipates six per cent growth in 1992. Unemployment hovers around two per cent, English is the language and work visas are easily obtained.

Taiwan, expecting seven per cent growth in 1992, is another magnet, but Americans there need to speak Chinese. Japan maintains its allure even though the yen's strength against the dollar can turn a job hunt into a financial nightmare.

Immigration officials in Hong Kong say it is difficult to establish a reverse "brain drain" from North America to Hong Kong, but statistics hint at a trend.

Since 1985, north Americans have replaced Britons as the largest Western presence in the territory. More than 35,000 Canadians and 20,000 Americans now live in the territory, compared to fewer than 14,000 Britons. The gap in expected to widen with the approach of 1997, the year Britain hands the colony back to China.

Americans dominate the new Hong Kong University of Science and Technology, which opened last year. Its president, Chia-Wei Woo, formerly head of San Francisco State, says more than 80 per cent of senior faculty members are from the United States and only three are British.

Americans and Canadians also have muscled into the booming financial industry.

Jardine Flaming Ltd, the merchant bank, used to be the sole purview of British graduates from Oxford and Cambridge. Now, North American men and women outnumber Britons in several divisions.

"When the British think Hong Kong, they think sunset," said Woo, 54. "Americans are more adventurous."

Chinese culture joins good pay in luring people to Hong Kong. More than 70 per cent of the new university's American faculty members are of Chinese descent.

"Hong Kong presents an opportunity to come back to the motherland," Woo said. "It appeals to the heart."

The securities industry is Hong Kong's biggest employer of North Americans. Starting pay ranges from 2,500 dollar to 3,000 dollar a month, the climb up the ladder often is faster and there have been none of Wall Street's mass firings.

"In New York, you don't become a senior analyst until 10 years, but here you can do it in two," said Scott Hall, president of Burns Hall Ltd, a headhunting firm.

He and others caution that skills are necessary to land a good job, despite Hong Kong's reputation as a bargain counter for people seeking experience.

Stories abound of people taking a chance. Michael Lee, a 31-year-old Chinese-Canadian accountant from Vancouver, closed his business late last hear because of hard times and arrived in Hong Kong in January. "I picked up the classified ads and I couldn't believe how much work there was," he said. "Guess I'm going to have to learn Chinese."