

National Front-Left front vow to resist 'WB- dictated' plan

Budget seen as a 'make or break' act for Rao

BOMBAY, Feb 28: India's budget to be unveiled is seen as a 'make or break' exercise for premier PV Narasimha Rao's government which is trying to restructure the country's moribund quasi-socialist economy, reports AP.

On February 29 Finance Minister Manmohan Singh, the Cambridge-educated economist brought in by the Rao Government in June last year to revive a tottering economy, will present what most expect to be a balancing act.

According to industry circles, if he had his way, Singh would like to make the Indian rupee convertible, privatise India's loss-making public sector, and drastically reduce import tariff barriers.

He wants to substantially cut government expenditure, do away with large subsidies and make it easier for foreign companies to invest in India.

He has been the target of bitter attacks both from the Left and the Right, accused of selling national sovereignty to the International Monetary Fund and the World Bank, and held responsible for 13 per cent inflation.

He is under attack for contributing to unemployment by making it easier for companies to retrench, and now being charged with breach of privilege in the Indian Parliament.

MPs accuse him of having promised to make changes in the 1992-93 budget proposals in return for a Structural Adjustment loan of 500 million dollar before informing the Parliament.

Even without these attacks, Singh's task was not easy.

The Indian economy, in the words of respected Bombay banker Narayan Vaghul is

still in 'intensive care'. The fiscal deficit is running at a high 8.2 per cent of GDP, which Singh had promised to bring down to 6.5 per cent.

For example, he tried to bring down the government's huge fertiliser bill by 153 million dollar last year by raising prices 30 per cent.

As SL Rao, Director of the National Council of Applied Economic Research says: 'The government and its deficits are actually the cause of inflation, not industry.'

India's foreign exchange reserves now stand at a comfortable figure of around four billion dollar, but mid-May last year the figure was less than a billion, which forced drastic import curbs.

Further aggravating the fiscal deficit problem, to rein inflation late last year, the Reserve Bank of India put tight controls on credit which led to both industrial growth and exports achieving negative figures this year.

GDP, which grew at five per cent last year, is expected to record a less than three per cent increase this year.

Singh has very few options open to him, economists say. If he relaxes credit curbs for industry, in every likelihood inflation will go up. If he liberalises imports to raise customs revenue, he again could endanger foreign reserves.

But indications are that some major changes are on the anvil including a cut in expenditure on government bureaucracy and the winding up of some ministries in Delhi.

Also possible are reduction in customs tariffs, increase in the administered prices of fertiliser and petroleum, and most significantly further selling of government holdings in 50 public sector undertakings raised nearly 1.1 billion dollar this year.

The stock market and industry is very bullish on this year's budget," says Harshad Mehta, of Bombay's top stock broking firm grow more financial services, referring to the pre-budget 25-per cent surge in prices on the exchanges.

PTI from Delhi adds: The government has lost the trust of the people for compromising the sovereignty of the nation and the National Front-Left Front combine would oppose the budget 'prepared at the dictate of the World Bank', the former Prime Minister, VP Singh, said here Thursday.

'We are not going to take it lying low and will oppose the budget tooth and nail,' the Janata Dal leader told newsmen here.

Singh said the government has made major structural changes in its policy without taking parliament and people into confidence, and added the NF-LF combine would go to the masses to expose the government.

'The country would be prepared for anything when the sovereignty of the nation is in question', he said when asked whether people would be prepared to face another general election now.

Singh said the Janata Dal had been expressing its apprehension for quite some time now about the conditionalities attached to the World Bank-IMF loans and were demanding that they made public.

A Reuter despatch adds: Reduction in subsidies to industries to make them competitive and stabilisation of food prices through buffer stocks are vital to curb inflation, the government's annual pre-budget economic survey said.

The survey released ahead of the fiscal budget 1992/93 (April/ March) suggested lower tariffs on imports by industries, higher

savings to meet growing demand for investment in the economy as other steps to curb inflation.

Industries were more concerned about subsidies than earning profits from sales and this should change, the survey said.

The survey said inflation started building up in October 1990 and reached a peak of 16.7 per cent in August 1991, compared to seven per cent in the same month in the previous year. It fell to 11.8 per cent in January 1992 following corrective steps, it said.

Excess demand for agricultural commodities during a year of poor crops pushed up prices, the survey said. The Gulf War made oil products dear, further fuelling inflation, it said.

A foreign exchange crunch ruled out imports to ease prices, while the government in a bid to reduce its fiscal deficit, had to borrow from the Reserve Bank of India, adding to money supply and inflation, the survey said.

The survey said the immediate aim must be to improve fiscal balance and stop accumulation of public debt.

Trade reforms must continue. And their result must be a tariff system which, while providing reasonable protection to Indian industry, does not distort relative prices, it said.

Steady and continues competitive pressures must be created by dismantling restraint on internal competition and by having stable moderately protective tariff structure, the survey said.

The survey said there would be financial reforms in the coming year (1992/93) aimed at improving the financial strength of the banks, directed credit, and ensuring stock market growth.

Bush's campaign official served BCCI owners

WASHINGTON, Feb 28: President Bush's new deputy campaign manager has earned more than 2,000,000 dollar for his firm by providing public relations services for the principal owners of the scandal-ridden Bank of Credit and Commerce International, reports AP.

The Center for Public Integrity said Thursday that James Lake's work simultaneously for the campaign and the main owner of a bank prosecuted by the Bush administration was a conflict of interest, though legal.

'For a president who claims he's concerned with ethics and who says he's going to get to the bottom of the BCCI scandal, it is preposterous for him to have a top level campaign adviser representing a majority investor in the bank,' said Chuck Lewis, the center's executive director. 'There's simply no good explanation for it.'

Lake and the Bush campaign, however, denied that any conflict existed, saying they have consulted with the White House and taken all steps to avoid even the appearance of a conflict.

Japan's current account surplus jumps to \$3.1b

TOKYO, Feb 28: Japan's current account surplus jumped from 45 million dollar a year earlier to 3.1 billion dollar in January, but was down from the record 10.1 billion dollar to December, the finance ministry said Friday, reports AP.

Greenspan gets the job for another term

WASHINGTON, Feb 28: The Senate on Wednesday confirmed President Bush's nomination of Alan Greenspan for a second four-year term as Chairman of the Federal Reserve Board, reports AP.

Greenspan's initial term as head of the nation's central bank expired last August, but Bush made a recess appointment while Congress was on its summer break that permitted Greenspan to stay on the job through the end of this year.

The confirmation of the new term was by unanimous consent and without debate.

Similarly, the Senate approved Bush's nomination of Adm. David Jeremiah to become vice chairman of the Joint Chiefs of Staff.

US Ex-Im Bank set to finance trade with Russia

WASHINGTON, Feb 28: The US government's Export-Import Bank announced Thursday it is opening up its programmes to support financing of US exports to Russia, superseding a programme of financing for the Soviet Union, reports AP.

John D. Macomber, Chairman of the bank said the trade financing for Russia, 'will help US suppliers take advantage of the enormous market which will be created by the reconstruction and development of its economy.'

The Ex-Im Bank support will include loans, insurance and guarantees for US exports which are cleared at the other end by the foreign trade bank of Russia, Rosvneshtorbank.

Ann Frey, a spokeswoman for the bank said 'We will be looking at the other (former Soviet) republics in the future.'

Drug summit ends: Bush pledges no money for combat

SAN ANTONIO (Texas), Feb 28: President Bush and six Latin American leaders concluded a drug summit with renewed pledges to combat narcotics, but no new financial promises from Bush to help his neighbors fight the battle, reports AP.

Instead Bush and the Latin leaders called on European and Asian countries, singling out Japan in particular, to share in both the financial burden of the war on drugs and to join in cooperative interdiction efforts.

The summit nations will send a delegation, with one member from each country, to visit Europe and Japan and seek bilateral and multilateral agreements on aid and cooperation.

In a Declaration of San Antonio, the participants agreed to a series of steps that for the most part expand upon existing efforts to combat coca production and money laundering, increase training of law enforcement agents and improve the sharing of intelligence.

They also agreed to hold annual high-level followup meetings to assess progress in the war on drugs.



German company makes new wide-body airbus

HAMBURG (INP): The Airbus Industrie has scored a great success with the construction of wide-body aircraft to compete with the American Jumbo on long-haul routes. The first model of the new Airbus A340 was recently completed at the French production plant in Toulouse.

Deutsche Lufthansa — one of the first airlines to do so — intend to put 14 planes of this type into regular service on international routes by 1993. The A340 has already won more than 100 firm orders.

The seating can be totally changed within a few hours. The A340 has additional facilities for handicapped persons, a rest-room behind the cockpit for the pilots and a similar one below deck for the crew which can be reached via a spiral staircase.

Two versions of the wide-body airplane will be on offer: the A340-300 and the A340-200 with a shorter body and greater range. With the typical three-class seating arrangements, the A340-300 can carry 295 passengers over a distance of 13,200 km.

US group presses for loan to Israel

WASHINGTON, Feb 28: Arguing that greater support for Israel is in the national interests of the United States, the newly created committee on U.S. interests in the Middle East called for the unconditional extension of loan guarantees to Israel, reports USIS.

The committee announced its formation at a February 26 news conference featuring its coordinator Frank Gaffney, former Congressman Jim Courter, and Douglas Feith, former Deputy Assistant Secretary of Defense.

The bipartisan group, composed mainly of former ad-

ministration officials and former Congressmen, released a statement advocating greater U.S. support for Israel, 'as a matter of analysis and foreign policy conviction' and as a matter of U.S. national security.

Feith called for granting Israel, without conditions, the full amount of the 10,000 million dollars in loan guarantees. Emphasizing Israel's default-free credit record and willingness to put up the required collateral, he said: 'There would be no cost to the American taxpayer at all.'

Indian rupee devalued again

BOMBAY, Feb 28: The Reserve Bank of India (RBI) here Friday announced a further downward revision of the rupee by 0.59 per cent in relation to the pound sterling making the British unit costlier by 27 paise, reports PTI.

The new middle rate now works out to Rs. 45.60 per sterling as against Rs. 45.33 previously.

The new selling and buying rates for spot delivery are 2.1879 and 2.1989 sterling per Rs. 100, corresponding to Rs. 45.71 and Rs. 45.48 per sterling respectively.

The rupee was upvalued by 0.66 per cent Thursday.

Monks in short supply in Hong Kong

HONG KONG, Feb 28: When the Hong Kong government relaxed it rules last year for the import of foreign workers to bridge the colony's labour shortage, it received applications from an unlikely quarter. The 10 thousand Buddhas monastery put in a bid to import overseas monks to fill a shortage of local Buddhist masters, reports IPS.

NG Pak Wah of the 10 thousand Buddhist monastery said monks were in short supply as many local masters had joined the 'brain drain' in advance of the Chinese handover in 1997.

More and more monks are being hired by foreign monasteries, particularly in Canada and the United States where Buddhism is becoming increasingly popular among disillusioned yuppies, or to serve the growing Hong Kong immigrant Buddhist communities there.

'Key posts here have been vacant for several years and it is very difficult to recruit monks in Hong Kong. So I think it is necessary to import them,' said NG.

While Buddhist monks are leaving Hong Kong for fear of religious persecution after 1997, it is becoming increasingly difficult to recruit young monks locally.

The rigours of monastery life appear to hold little attraction for young Hong Kong people.

Govt may start the year without budget! Japanese opposition boycotts budget talks demanding bribery testimony

TOKYO, Feb 28: Opposition lawmakers boycotted budget talks Friday, demanding that an ally of Prime Minister Kijichi Miyazawa testify on his involvement in a bribery scandal, reports AP.

The move stalled talks on the fiscal year that begins April 1, leaving open the possibility that the government could start the year without a budget.

Opposition leaders, however, were embarrassed Friday by their own links to scandal. Two members of the opposition socialist party acknowledged taking donations from a firm implicated in a separate affair involving a mob-lined trucking firm.

Up to now, mostly politicians from the Miyazawa's con-

servative Liberal Democrats have been allegedly implicated in that affair.

The two scandals have embarrassed Miyazawa's administration and renewed pressure for reforms to reduce legislators' dependence on corporate donations.

Opposition leaders boycotted budget talks to demand that former Cabinet Minister Fumio Abe testify in Parliament on charges that he took bribes.

Abe has been charged with taking 7.03,000 dollar in bribes from the now bankrupt steel-frame maker Kyowa Co. The bribes were allegedly given in return for favours while Abe headed local development agencies in 1990.

In an effort to break an

earlier two-week opposition boycott, former Prime Minister Zenko Suzuki and another former Cabinet Minister have already testified in Parliament on their alleged links to Kyowa.

Both said they took and then returned money in connection with Kyowa but denied any wrongdoing.

Aides confirmed reports, meanwhile, that two freshmen Socialist lawmakers had taken donations from companies linked to the scandal-tainted trucking firm Tokyo Sagawa Kyubin.

Nobutaka Tsutsui admitted receiving one million yen 7,700 dollar from two firms linked to Sagawa although he denied any wrong doing.

Kazuko Yoshida acknowl-

edged receiving five million yen 39,000 from Hitoyasu Watanabe, the firm's former president, who along with several other executives is facing breach of trust charges.

'To the public that put their trust in me, I deeply apologize,' Yoshida told reporters after she resigned from her party's central executive committee.

It was unclear if the payment violated a 1.5 million yen (11,000 dollar) annual legal limit on individual donations.

But Yoshida and Tsutsui were among dozens of opposition candidates who won office in February 1990 on an anti-corruption platform after a major influence buying scandal forced two prime ministers to resign in 1989.

EC official sees GATT deal by Apr

LONDON, Feb 28: European Community (EC) Farm Commissioner Ray MacSharry said a deal on global trade talks was still possible by April or certainly this year, so long as all sides were prepared to make concessions, reports Reuter.

It is possible by April, it is possible this year, provided people take into account each others interests he said at the annual Agra Europe Agricultural Outlook conference in answer to questions on prospects for concluding the General Agreement on Tariff and Trade (GATT) negotiations.

GATT Director-General Arthur Dunkel has set a mid-April deadline for talks now over a year behind schedules.

But the US and the EC still look far from agreement on the key issue of winding down trade-distorting farm subsidies.

MacSharry said he was not deterred by Japan's decision not to propose a tariff system to replace its rice import ban. That will not be finalised until the last stages of negotiations.

He thought the idea that the US presidential election might throw GATT talks off track was exaggerated. Britain and France were in pre-election

phases and no one was suggesting those would delay a settlement.

The consequences of failure in GATT would be to stoke a farm trade war between the US and the EC, he said.

Both sides would resort to cutting their export prices, bolstered by subsidies as stocks grew and markets shrank.

MacSharry predicted, adding, 'the consequences would be very serious, very costly.'

Blaming the EC alone for its export subsidy policy was unfair, he said.

The US also bolstered its exports through subsidies but its method via deficiency pay-

ments and over export subsidies, was less obvious than the EC's.

'We're both sinners, we both have to repent, he said.

In his speech to the conference, MacSharry said the failure of past efforts to control EC production through so-called stabilisers had been made apparent this week by the extent to which this year's cereals harvest had overshot its target.

The Commission declared the 1991/92 harvest at 168.9 million tonnes excluding former East Germany. The target is 160 million.

US agrees to curb CO2 emissions

UNITED NATIONS, Feb 28: The United States said Thursday it will reduce its carbon dioxide emissions and donate 75 million dollar to help developing countries do the same, raising hopes for an international agreement to help forestall global warming, reports AP.

Negotiations for such a pact, which resumed Feb 18 at the United Nations, was to conclude Friday without resolving a European demand that industrial nations reduce emissions to 1990 levels by the year 2000.

But the steps the United States is taking to curb its

carbon dioxide emissions could bring it into compliance with that demand, environmental groups said.

If so, the United States would be in a position to sign an international agreement that negotiators hope to announce in June at the UN Conference on Environment and Development in Rio de Janeiro.

The United States has refused to agree to specific limits on greenhouse gas emissions, arguing that such limits could impose unreasonable costs on industry.

Among the measures announced by the United States

to curb its own carbon dioxide emissions were the following:

- Improve energy efficiency by strengthening standards for buildings and appliances and by encouraging public-private partnerships to improve the efficiency of lighting, computer systems, refrigerators and industrial motors.

- Improve transportation efficiency with measures to encourage use of vehicles using alternative fuels such as ethanol, increase the use of public transit and accelerate research on electric cars.

- Encourage research on more efficient aircraft and trains, support research on

new methods of energy generation, and promote industrial waste reduction and recycling.

Accord proposal

Earlier Reuter report adds: Industrialised nations formally proposed on Wednesday that a global accord on lowering so-called greenhouse gases should permit countries to trade among themselves the right to pollute.

Under language drafted by the Paris-based Organisation for Economic Cooperation and Development, countries agreeing to emit specific levels of greenhouse gases would be able to work together to reach an overall goal.

Brazil sees itself a natural leader of S America

RIO DE JANEIRO (Brazil) Feb 28: While their Latin neighbours rush to improve relations with the United States, Brazilians are reluctant, writes AP.

Brazil has slightly more than half the people and economic output in South America and sees itself as the natural leader in a region that has been in the North American shadow for generations.

'In South America' Brazil is an undeniable pole of economic and political attraction,' Lutz Souto Maior, a prominent diplomat, wrote recently. He said an increase of U.S. strength in the area 'will tend to dilute our regional influence.'

American power has often been resented in Latin America, but the trend in recent years has been toward closer relations with Washington.

Mexico, which specialised in anti-American rhetoric for years, has committed itself to a free-trade agreement with the United States and Canada. President Carlos Salinas Gortari has lowered trade barriers and opened the economy to foreign investment.

Argentina has reduced state intervention in

the economy and supports U.S. foreign policy. President Carlos Menem sent two warships to support the American-led allies in the Gulf War, and voted for a U.N investigation of human rights in Cuba.

Carlos Andres Perez, President of Venezuela, supported the Sandinista revolution in Nicaragua during an earlier term, but now is a U.S. ally. He and President Bush have met seven times since Perez took office in 1989.

Brazil also has improved relations with Washington.

President Fernando Collor de Mello slowed the nuclear research programme and agreed to monitor arms sales to foreign nations more closely. He has resisted Washington's lead in many areas, however, and frictions have developed, particularly on trade issues.

Collor has agreed to phase out protection for the domestic computer industry, but Brazilian experts say Washington has not reciprocated his measures to open the economy. They cite stiff U.S. tariffs on such Brazilian products as frozen orange juice, paper, ceramics, shoes and glass.

'So far, trade liberalization has been a one-way street,' said Jose Marcio Camargo, a prominent economist in Rio.

Some officials see Bush's proposed initiative for the Americans, which envisions free trade throughout the hemisphere, as a potentially bad deal for Brazil.

Because the U.S. economy is far more dynamic and sophisticated than those of Latin countries, economists say, 'free trade' could mean that those of Latin countries, economists say, 'free trade' could make the region a dumping ground for outdated American products.

'There's need to see that the U.S. is defending its own interests and not necessarily ours', said Joao Paulo dos Reis Velloso, a Planning Minister under military regimes that governed Brazil in 1964-85.

In foreign policy, the Collor administration has opposed U.S. attempts to isolate Cuba. The Brazilian state oil monopoly Petrobras, for instance, is negotiating an agreement to drill off Fidel Castro's Caribbean island.

Collor says the gap between rich and poor nations, the economic North and South, has widened.

'The end of the world's ideological division has not signified an era of peace and prosperity, but has led to the emergence of the Empire of the North, absolutely rich, which controls the most advanced forces of knowledge,' he told a meeting of 21 Latin leaders last year in Mexico.

Some Brazilians also say the United States has restricted the transfer of technology needed to modernize Brazil's industrial base, on grounds that Brazil sold weapons in the past to countries such as Iran and Iraq.

David Fleischer, a political science professor at the University of Brasilia, noted that the United States and many of its European allies had armed the two Middle Eastern nations.

He claimed the transfer of technology would only be made possible if Brazil agreed to closer economic and political alignment with the United States, which Fleischer described as detrimental to Brazilian interests.

'Adhering to the American agenda means a return to technological dependence,' he said. 'The bottom line is: who is going to control decisions on local industrial development, Brazilian companies or multinationals?'

Business briefs

Kuwait to invest \$300 m in E Europe: Kuwait plans to invest 300 million dollar in Eastern Europe in the long term, mainly in the energy sector, its Ambassador to Austria said Thursday reports Reuter from Vienna.

The Emirate will buy companies or stakes under privatisation programmes with which reforming countries are seeking to modernise their oil industries, update refineries and run service stations, Abdul Hamid Abdullah al-Awadhi told Reuters.

US jobless claims climb: Jobless claims climbed in mid-February for a second straight week as 459,000 Americans made first-time trips to the unemployment office, the government said Thursday, reports AP from Washington.

ICRC begins food delivery to Somalia: The International Committee of the Red Cross has started delivering 6,000 tons of food and other relief supplies to an estimated 700,000 people in five coastal towns of Somalia, the ICRC said Thursday, reports AFP from Nairobi.

The targeted population in Kismayo, Brava, Marka, Eregh and Obbis is either suffering from direct effects of war or has been displaced by the conflict. Food delivery to the capital, Mogadishu, is still not possible.