

Sagawa Kyubin case: Four charged with embezzling \$ 500m

TOKYO, Mar 6: Japanese prosecutors today charged four businessmen with breach of trust for embezzling 64.5 billion yen (\$500 million dollar) from the transport company at the center of Japan's latest scandal, reports AFP.

The amount involved was more than five times that suspected at the time of last month's arrest of the men, who include Hiroyasu Watanabe, the former President of the company, Tokyo Sagawa Kyubin Co. Ltd.

Prosecutors said the sum was also the second-biggest amount ever recorded in an embezzlement case in Japan, ranking only behind the 73.3 billion yen (\$644 million dollar) misappropriated from trading company Itohan Corp.

Tokyo Sagawa has reportedly extended to various parties 630 billion yen (four billion dollar) in loans and guarantees, of which one fifth is said to have ended up in the pockets of an estimated 200 Members of Parliament.

Prosecutors and police are now investigating Tokyo Sagawa for 100 billion yen (770 million dollar) extended to companies linked to

Inagawa-Kai, the second-biggest organised crime syndicate in Japan.

Also charged Friday were Tokyo Sagawa's former Managing Director Jun Saotome, who together with Watanabe allegedly extended illegal loans and guarantees to real estate company Heiwado Co. Ltd. and Ichihara Resort Development Co. Ltd.

The other two charged were Heiwado President Yasuo Matsuzawa and Ichihara accountant Michio Ouchi.

Transport Minister Takakazu Okuda meanwhile said Friday that unidentified officials in his ministry tipped the Sagawa Kyubin group off in 1986 and 1989 about a probe of the group's excessive work hours and transport law violations Okuda denied this was a favour, saying the advance notice of the investigation into 13 group companies was given to make sure the person in charge and documents were in the office on the day investigators arrived.

Following the tip-off, the Mainichi Shimbun reported Friday, Tokyo Sagawa managed to get off with only a mild warning from the ministry.

GATT talks may slip into 1993

GENEVA, Mar 6: Completion of stalled world trade talks aimed at boosting the ailing international economy could slip into next year, diplomats involved in the negotiations said, reports Reuter.

But both the diplomats and GATT officials warned that further delay in finalising an accord could put at risk the entire package of agreements liberalising world commerce.

"I am coming more and more to the conclusion that it will have to be held over to 1993," said one envoy to the Uruguay Round held under the auspices of the world trade body GATT.

"With the differences over agriculture subsidies and the political and economic problems some of the key governments are facing at home, I can't see it really being finished before next year," said another trade diplomat.

The diplomats were speaking amid a mood of pessimism among the 108 delegations to the talks, launched in Montevideo, Uruguay in 1986, that an April date set by GATT chief Arthur Dunkel for negotiations to be wrapped up could be met.

Drastic cut in defence costs to save money for jobs House approves Democratic budget

WASHINGTON, Mar 6: The House of Representatives approved a Democratic budget for 1993 on Thursday that doubles the multi-billion-dollar defense cut President Bush wants and shifts most of the money to social and job-creating programs, reports AP.

The largely party-line 215-201 vote came as White House Chief of Staff Samuel Skinner tried to take the offensive in the administration's other economic battle with Congress—tax-cut legislation.

In an interview, Skinner lashed out at Senate Majority Leader George Mitchell, whom he said "would rather see the country suffer than have it recover." Mitchell replied that the White House attack was an effort to distract attention from its "inaction on the economy."

In the House's first confrontation this year over the so-called peace dividend, majority Democrats loaded their election-year budget with billions more than Bush would spend for job training, road-building and education programs, Senate Democrats hope to write a similar bill in two weeks.

Democrats want to use their

1.5 trillion dollar budget to show that they, not Bush, are best shifting the government's focus away from the defunct Soviet Union and toward economic growth and protecting the recession's victims, lawmakers rejected the president's spending plan on Thursday by a 370-42 vote.

"We do want a productive society... but we also want a society that reaches out with compassion to those who can't make it," said House Budget Committee Chairman Leon Panetta. "There are hungry children in our society... There are the homeless."

But Republicans complained

that by carving about twice the 44 billion dollar Bush would trim from the defense budget over the next five years, Democrats were risking making US defenses too weak.

Bush proposed pairing defense spending next year to 291.4 billion dollar 4.8 billion dollar less than the President

planned a year ago. He would use the savings to shrink the budget shortfall.

But Democrats would hold military spending to 287.2 billion dollar. Of the 9 billion dollar they would save from Bush's year-old plans, they would spend 6.4 billion dollar on domestic programs and 2.6 billion dollar to reduce the deficit.

By a 342-77 vote, the House rejected a proposal by the House's 24 black Democrats for an even deeper 21 billion dollar defense cut.

Bush was voted to kill legislation that shifts defense dollar to domestic programs.

So Democrats took the unusual step of including a second option in their budget, which was approved by a 224-191 margin. It would also reduce military spending to 287.2 billion dollar but use all 9 billion dollar in savings for deficit reduction.

Either way, neither Bush's nor the Democrats' plans would take much of a bite out of the government's red ink. Both 1.5 trillion dollar spending plans would leave shortfalls of about 330 billion dollar exceeded only by this year's anticipated 400 billion dollar gap.

Democrats wake up against Japan

WASHINGTON, Mar 6: Democrats in the House of Representatives have found an election issue in the tens of thousands of layoffs in the US auto industry. They began moving a bill Thursday to retaliate against Japan if it does not reduce its surplus of exports to the United States, reports AP.

A subcommittee held its first and possibly only hearing before acting on a bill by Majority Leader Richard Gephardt to impose quotas on imports of Japanese autos. It would reduce them by 250,000 every year if Japan does not lower its barriers to US cars and parts.

"For years we have negotiated with Japan to open their markets; unfortunately, it's only the threat of sanctions that results in offers of change," Gephardt told the competitiveness subcommittee of the Committee on Energy and Commerce.

"It's time to strengthen the barrier-busting aspects of American trade law."

Thirty-two members — virtually all from districts with auto or auto parts plants — introduced the bill a month after General Motors

announced it would close 21 US plants and lay off 74,000 workers.

Gephardt spoke of a "wake-up call" to Americans that they could lose most of their auto industry and its one million jobs in this decade to Japan's "dumping" its products in the US market at below-cost.

Republicans called Gephardt's measure "political grandstanding" that would raise the price of both US and Japanese cars to American consumers while inviting Japanese retaliation against US exports of cigarettes, timber and agriculture products.

Supporters of the bill acknowledged that it faces an uphill fight, with opposition expected from both key Democrats and Republicans on the House Ways and Means Committee as well Democratic trade specialists in the Senate.

But one, speaking on condition of anonymity, said bringing it to a house vote next fall just before the election. When many layoffs will be taking place, could turn the vote results in several Midwestern states.

Indian public sector profit dips

NEW DELHI, 6: India's public sector profits dipped in the last financial year in the combined fallout of the Gulf crisis, low domestic production of crude oil and increased wages, a government report said Thursday, according to AFP.

Overall net profits of the gigantic state sector were down to 23.67 billion rupee (910.3 million dollars) in fiscal 1990-91, from 37.8 billion rupee (1.45 billion dollar) in the previous financial year, the report said.

The public enterprises survey said both the production and service units in the government stable were responsible for the decline, naming the petroleum, steel, coal and lignite, transport and telecom sectors which all earned less.

The survey said losses of sick units also increased.

The drop in profits came despite increased public sector sales, which rose from 1,060 billion rupees (40.7 billion dollars), the survey said.

It blamed the Gulf crisis sparked by Iraq's invasion of Kuwait in August 1990, "generally poor economic conditions," prevalent in that financial year a fall in crude production and an increased wage bill for the drop in profits.

The report said the government was trying to restructure the public sector, which has more than 2.2 million employees, to improve its efficiency and profitability.

Greenpeace opposes WB as manager of funds for environment

UNITED NATIONS, Mar 6: The environmental group Greenpeace Thursday lashed out at the World Bank, saying it should not be entrusted to handle a proposed multi-billion dollar international environment fund, reports Reuter.

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LIFE MEANS HOPE: Raisa Gorbachev, wife of former Soviet President, is surrounded by customers of a book shop in Cologne Mar 5, as she signs issues of her latest book 'Life Means Hope.' — AFP photo

Delhi expects \$ 4b foreign capital soon

EC rejects Indian demand for special trade favour

NEW DELHI, Mar 6: The European Community (EC) has rejected India's demands for special trade favours saying they should be unnecessary in light of New Delhi's moves towards, an open economy, the EC Commissioner said Thursday, reports AFP.

"India is asking for a review of the (Generalised System of Preferences, or GSP) scheme. It will not be implemented," EC commissioner Abel Matutes told a press conference here.

The Community had expanded the GSP, which provides for zero tax on exports of industrial goods by developing countries, by 10 per cent for India during the past decade, he said, adding that presently 60 per cent of Indian goods went untaxed.

Matutes, whose visit here coincided with a two-day trip by three leaders of the EC's revolving presidency, said other trade favours were meant for very poor nations fighting drugs and diseases and could not be extended to India.

"We have decided not to give such facilities to anybody other than very poor countries," the Commissioner said, adding that India could "progress on its own."

British Parliamentary Under Secretary of State for Foreign and Commonwealth Affairs Mark Lennox-Boyd, Portuguese

Minister of External Affairs Joao de Deus Pinheiro and Dutch Minister of Foreign Affairs Hans Van de Broek arrived here Wednesday for talks aimed at boosting bilateral trade.

Lennox-Boyd has been named to succeed Pinheiro as EC President, and Broek is a past leader of the European body.

The three held wide-ranging talks with India's External Affairs Minister Mahdvasinh Solanki, Commerce Minister Palankappan Chidambaram and Finance Minister Mahdvasinh Singh. Pinheiro told the news conference.

During the talks the EC leaders welcomed Delhi's economic liberalisation measures, Pinheiro said, adding that the "recent changes would stimulate the European market."

He said the EC would leave it up to European entrepreneurs to select sectors in India for investment and added that the EC could "explore special fields for specific activities."

"We are very impressed... We find room for enhanced cooperation and dialogue in various fields," Pinheiro said, adding that India had also achieved a greater degree of economic and political stability.

The EC is impressed by

the courageous reorientation in the new (Indian) budget," Broek said, referring to the 43.9 billion dollar 1992-93 budget which has made the local currency, the rupee, partially convertible and introduced further reforms to open India's economy to foreign investments.

Lennox-Boyd called upon India and Pakistan to resolve bilaterally a territorial dispute over Kashmir, where Muslim militants are battling for the region's secession from India, and said New Delhi had right to deal with "terrorist acts."

Reuter adds: Up to four billion dollar in foreign capital could flow back into India as a result of liberal policies introduced in last Saturday's fiscal budget, Finance Minister Manmohan Singh said.

In an interview with the Economic Times, a financial daily, Singh said anything between two and four billion dollar could flow in by way of portfolio investment in the capital market in the coming months.

"If India's fiscal system is well-managed, if the tax rates are moderate... you would see a lot of capital which was flowed out of India in the last 40 years, coming back," Singh said.

33 pc Russian farm land to be privatised by year-end

MOSCOW, Mar 6: A Russian official said Thursday that at least one-third of the country's cultivated lands will be privatised by the end of this year, news reports said, reports AP.

Nikolai Komov, chairman of the government's committee on land reform, said that 6.5 million hectares (16.5 million acres) of Russia's 215 million hectares (531 million acres) of cultivated lands have been privatised so far by 14 million families, including 12 million urban families, the ITAR-Tass and Interfax news agencies reported.

Komov also said Russia now has 75,000 private farms, and their number is expected to increase to 150,000 by the end of 1992, Interfax reported.

Tokyo tells WB govt role also important

TOKYO, Mar 6: Japan has provoked a far reaching policy debate within the World Bank by pressing its own brand of economic development, reports Reuter.

Japanese officials say the leading aid organisation puts too much emphasis on forcing developing nations to institute free market reforms, underestimating the positive role that government can play in promoting economic development.

"There is some disagreement between the World Bank and Japan on how quickly countries should liberalise," Isao Kubota, Managing Director at the government's overseas Economic Cooperation Fund (OECF), told Reuters.

"In the past Japan only contributed money. We now

have room to make an intellectual contribution," he and others said that Japan's hefty financial stake in the Bank and the clear success of its economy are impressing some World Bank policymakers.

Japan, whose role at the World Bank was once limited to writing checks, is the second largest shareholder now after the United States. It is running nip-and-tuck with Washington for the highest overall and disbursement.

"The Japanese are coming to the point where they think Anglo-American approach has been dominant too long," Robert Orr, Director of the Stanford Japan Centre, an educational and research institute, told Reuters on Thursday.

W Bengal jute workers turn down proposal, continue strike

CALCUTTA, Mar 6: The trade unions in jute industry decided to continue the current strike in 58 jute mills in the state, as the workers had rejected the proposals offered to them by the Indian Jute Mills Association (IJMA), the strike entered the 37th-day Thursday, reports PTI.

The representatives of 18 trade unions of the jute industry who held a prolonged meeting with the state's Chief Secretary, N Krishnamurthy, told newsmen here that the IJMA's proposals were not acceptable to the workers.

The trade union leaders said that the management offered only Rs 40 to each worker as an ad hoc pay increase which was not accepted by the worker.

The management did not give any positive assurance regarding payment of provident fund dues to the workers.

The demand for higher bonus was also not considered by the IJMA, the trade union leaders said.

However, a further bilateral meeting would be held here on Saturday.

Polish MPs rebuff bid to soften reforms

WARSAW (Poland), Mar 6: In a serious blow to Prime Minister Jan Olszewski, lawmakers rejected his attempt Thursday to soften two-year-old market reforms that Olszewski blamed for unemployment and economic decline, reports AP.

The powerful Sejm or lower chamber voted 171 to 138, with 38 abstentions, to reject

the governments controversial economic plan after an eight-hour debate.

Olszewski, who was present in the Sejm during the vote, left the chamber without talking to reporters.

Government spokesman Marek Gugulski said the Cabinet would discuss the situation Friday.

Sri Lankan tea export dipped in 1991

COLOMBO, Mar 6: Sri Lanka would up 1991 with low tea exports despite an all-time production high. The onset of a severe drought has dimmed prospects of a better year, a tea broker said Thursday, reports AP.

Tea exports dipped to 216.4 million kilos (476 million pounds) last year, four million kilos (8.8 million pounds) less than the previous year's figure, said brokerage house Forbes and Walkers in its weekly tea report.

Iran and Jordan emerged as two of the largest buyers of Sri Lankan tea. Political uncertainties forced out Iraq and the former Soviet Union from their positions as leading buyers. Prices, too, fell 7.65 rupee (18 cent) to 84.12 rupee (two dollar) last year, it said.

The drought cut tea production in January by 2 million kilos (4.4 million pounds) compared to the same period last year. Meteorologists say the drought will continue until May.

About 90 per cent of the tea grown in 200,000 hectares (494,000 acres) in central and southern Sri Lanka is exported.

It fetches the island nation 500 million dollar every year and is the largest foreign exchange earner.

China exported 180,000 tonnes tea in 1991

HONG KONG, Mar 6: China exported more than 180,000 tonnes of tea last year, one third of the total it produced, a semi-official reports said here Friday, reports AFP.

China's tea production reached 510,000 tonnes last year, and one third of it was exported to more than 80 countries and regions, the Hong Kong China News Service said.

It did not give the figure for export value.

The agency, quoting sources at the Ministry of Foreign Economic Relations and Trade, said China would raise by 20 per cent the price of the famous pure tea brand produced in the southwestern province of Yunnan.

Rich are getting richer while poor poorer in USA

NEW YORK, Mar 6: Some people have believed it for years, but now it is official — the rich are getting richer in the United States and the poor are getting poorer. And the middle class is doing neither, writes Reuter.

According to figures developed by the US Congressional Budget Office, Congress's non-partisan research arm, the richest one per cent of Americans — an estimated 2.5 million people — reaped 60 per cent of the income gain in the country from 1977 to 1989.

The CBO's figures also showed that the number of people below the poverty line grew from 11.7 per cent of the population in 1979 to 12.8 per cent in 1989, after hitting a high of 15.2 per cent in 1983.

The news — based on an analysis of CBO December figures — was spread across the top of page one of The New York Times on Thursday.

The long article immediately became the talk of Washington due to the intense political debate now raging among Democrats and Republicans over whether the middle class should receive a tax cut while the rich get slapped with a tax increase.

Democrat Bill Clinton, campaigning on a platform of giving the middle class a tax cut, held up The New York Times page one in

campaign stops across Florida on Thursday. Republican political analyst Kevin Phillips, whose book "The politics of rich and poor" slammed the tax breaks delivered to the rich during the Reagan years, said he thought publication of the story now was interesting because "it comes at a moment of great political decision-making."

"What you get is intellectual grist for Clinton's campaign and a wake up call to the republicans... you already have President (George) Bush apologising for agreeing to a tax increase in 1990. Next he'll be apologising for the redistribution of income in the Reagan-Bush years."

Clinton and Congressional Democratic leaders are arguing for a middle class tax cut while Bush opposes one and instead is pressing for more tax breaks for the wealthy to stimulate an economy mired in recession.

The CBO's data was released in December and since then examined by economists who determined that the average income of a family of four in the richest one per cent of the nation grew in a dozen years from 310,000 dollar a year to 560,000 dollar, or a 77 per cent gain.

At the same time, the average middle class family saw its income rise by only about four per cent to 36,000 dollars per year, while

families in the lower 40 per cent of the income range saw their real incomes actually drop.

The poor were especially hard hit in the Reagan years by the failure of the minimum wage to rise from 1981 to 1989.

According to the CBO figures, total income for America's 66 million families grew by about 740 billion dollar in real dollar from 1977 to 1989, and the slice going to the top one per cent rose from nine to 13 per cent of the total, meaning that the rich got 60 per cent of the income gain of the go-go 1980s.

While some economists debate whether this has affected the economy, all agree that its psychological effects could be enormous, especially in the midst of recession where hard-pressed taxpayers are demanding fairness.

There is already a huge public outcry over the enormous salaries and stock plans accorded top corporate executives, some of whom earn millions of dollar a year while their firms report losses and lay off thousands of workers.

Said one economist on the CBO figures, "It changes the dynamic of how people view their position in the economic structure. The effect will be people asking, 'Why should the rich get richer?'"

AP writes from Washington: Driven by the recession, a record 4.7 million families are getting welfare to pay for life's necessities — food, clothing and a place to live.

Federal figures obtained by The Associated Press show the number of Americans participating in the Aid to Families With Dependent Children program has risen steadily since the recession began. It rose from 11.6 million in July 1990 to 13.4 million in December 1991, the most recent month for which statistics are available.

The cost to the Federal government has risen as well, from 13.5 billion dollar in 1991, to an estimated 15.1 billion dollar for 1992.

Twenty-five states responding to a questionnaire by the American Public Welfare Association said the sour economy was the main reason for the bigger caseloads. Nine others put the economy second or third.

In Maryland and Arizona, studies found a majority of new AFDC applicants had held jobs — many within recent months.

David Boomer, a spokesman for the federal agency that oversees welfare, acknowledged that the recession is having a big impact on the number of people seeking aid, especially in the Northeast. But he said there are other factors.

Business briefs

Iranian food for Turkmen: An Iranian foundation will export 211 tons of food to Turkmenistan in exchange for 100 tons of cotton under an agreement reached between the two countries Thursday in Iran, the Islamic Republic News Agency reported, says AP from Nicotia.

The agreement was signed in the city of Mashhad, not far from the Turkmenistan border, by an official of the Foundation for the Oppressed and the War Disabled and the head of Turkmenistan's foreign trade committee, the agency said in a report monitored in Nicotia.

Lebanese protest inflation: Leaders of Lebanon's Labour Union Federation held a sit-in to protest against the high rate of inflation and falling standards of living, reports Reuter from Beirut.

More than 100 officials and members of the union gathered in front of the office of Prime Minister Omar Karami in Beirut for two hours carrying banners attacking the economic policy of his Syrian-backed government.

Russian bid to lure big oil firms: Russian energy officials, eager to lure big oil companies to their rich but dwindling oil fields, said Thursday they are working on ways to make the idea more attractive to Western capitalists, reports AP from Philadelphia.

Although both sides agree this is a good idea, it was obvious in an all-day meeting here that vast differences remain.