

### 20 major US oil firms' income dips

WASHINGTON, Mar 11: The net income of 20 major US oil companies plummeted by almost 21 per cent in 1991 from the previous year, a trade group reported Monday, reports Xinhua.

For all of 1991, the earnings of the 20 firms amounted to 13.2 billion dollar, down from 16.6 billion dollar in 1990, the American Petroleum Institute (API) said.

Analysts said the oil and gas industry's declining earnings were due primarily to the collapse of natural gas prices in the last three months of 1991, to the lowest level in more than a decade.

# Japan asked to boost aid to be world leader

OSAKA (Japan), Mar 11: Japan needs to boost development aid and sacrifices in agricultural trade to become a true world leader. International Monetary Fund (IMF) Managing Director Michel Camdessus said Tuesday, reports AFP.

"Japan is no longer just the leader of the Pacific rim countries. Japan is now a world leader and shares with the United States and Europe the responsibility to face the most important global challenges," he said.

The IMF chief, speaking to businessmen in Osaka, urged Japan to contribute to the success of the Uruguay Round of Global trade talks by liberalising the country's "still highly

and expensively protected" agricultural sector.

"The fundamental strength of Japan's economy gives it an excellent opportunity to show leadership in the multilateral efforts against protectionism," he said.

Japan virtually bans imports of rice, which it has refused to include in its response to a compromise proposed for the Uruguay Round by General Agreement on Tariffs and Trade (GATT) Director General Arthur Dunkel.

Camdessus noted the increase in Japan's official development assistance (ODA) had been only "rather modest in recent years" in yen terms while such aid had risen "only slightly" in relation to Gross

National Product (GNP).

"What better indication could there be of Japan's leadership to double Japan's ODA to GNP ratio in line with the United Nations target of 0.7 per cent of GNP," the IMF chief said.

The ratio was about 0.33 per cent in 1990, he noted, less than the average for the Organisation of Economic Cooperation and Development (OECD). "The planned increase in budget allocations for ODA in 1992, while welcome, will only result in a very slight increase in relation to nominal income," he said.

Camdessus nevertheless praised Japan's saving record and its ability to contain inflationary pressures. "This is an

achievement which should not be sacrificed, particularly at a moment when globally the industrial countries see the prospect for a recovery after the recession," he said.

AFP adds: Japan will pledge "as much assistance as possible" to Peru for its economic reconstruction when Peruvian President Alberto Fujimori visits here this month, a government spokesman said Tuesday.

Foreign Ministry Press Secretary Masamichi Hanabusa was commenting on a press report that the Japanese government planned to extend three billion yen (23 million dollar) in grants and several billion yen in official loans. He said the government will

announced its aid to Peru when Fujimori visits here March 15-21. "But as to the exact amount to be provided, it has not been decided," the spokesman said.

"President Fujimori has made significant progress to bring the nation back to better economic reform and inflation has subsided dramatically," Hanabusa said. He added that the Tokyo government intends to "provide as much assistance as possible to their efforts."

The newspaper Sanket reported Tuesday that grants will be used by Peru to buy equipment from abroad to upgrade its agriculture, mining and other key industries. The official loans might be

extended as an addition to the 400 million dollar which Japan provided jointly with the Inter-American Development Bank in December to help strengthen Peru's export capability, Sanket said.

Japan will also offer to train some 500 Peruvians in agriculture and other fields over three years, the newspaper said.

Japan's grants to Peru totalled 20.8 billion yen (160 million dollar) and its official loans 53.8 billion yen (410 million dollar) up to fiscal 1990. In fiscal 1991, ending on March 31, it extended 472 million yen (3.6 million dollar) to help Peru renovate hydro electric power plants in rural areas.

### GCC-EC trade agreement demanded

ABU DHABI, Mar 11: Gulf businessmen are preparing to press for a trade agreement between the Gulf Cooperation Council (GCC) and the European Community (EC) as well as for an EC move to abandon an energy tax, reports AFP.

The appeal will be made at meeting May 25 to 27 in Qatar of government representatives and some 200 businessmen from the two groups.

"We will ask the Europeans to press their governments to reach a trade agreement with our countries and to forget about proposals for an energy tax," a United Arab Emirates (UAE), official told AFP.

## ROK workers ask for wage cuts!

By Bruce Cheesman

South Korean workers, until recently an unruly mob prone to locking up executives and hurling firebombs, are now pleading with their bosses to freeze bonuses and cut wages.

Those bosses, their memories still crammed with pictures of enraged ranks of chanting labourers clashing violently with riot police, are finding it hard to come to terms with staff now begging to come in on Saturdays and Sundays to catch up on order backlogs.

Workers at Namil Metals recently refused their annual wage rises and actually returned US\$70 a month of their salaries to management. Hanguk Tire's employees set up the 'One Heart Movement Committee' to improve relations with management. Workers at Kwangju Bank were inspired, and followed suit.

The good works don't stop there. Militant workers at several container manufacturers,

who were out on strike last July, are now working an extra two hours a day without pay. Employees at the Samsung plant in Changwon, where strikes cost the company millions of dollars in 1987 and 1988, have agreed to a wage freeze in return for the company investing more in housing.

What has happened? Since 1987, when South Korea's wage slaves rose from their workbenches and won pay rises of as much as 60% over two years, there has been much wailing about falling productivity and competitiveness.

This is rather surprising when one considers that, although the Korean work week has been shortened by 5.2 hours since 1987, Koreans still work an average of 48 hours a week — the longest work week in the developed world.

But those 5.2 hours of idleness a week have Koreans worried. Tales of 'workworms' turned hedonists have been well documented in the press over the past three years. The public has been driven to a state of virtual hysteria at projections of a trade deficit of more than US\$10 billion for 1991 and exclamations that Korea may be going the way of a Central American banana republic. To combat the effects of encroaching hedonism, the government last year launched an austerity drive, which it called the 'New Life' campaign, the primary edicts being:

'Don't go on overseas trips' and 'Don't buy luxury goods.'

No one expected much response to an additional throwaway line which suggested that workers put in an extra 30 minutes a day without pay. But the idea seems to have struck a chord. A new fever for work has gripped the nation.

But apart from inadvertently giving the movement its initial push, the government can take little credit. The movement the workers are rushing to join was jump-started by the workers themselves.

The workers' response caught the government off-guard. In a hastily called meeting of top officials from the Economic Planning Board, Labour Affairs Ministry and Trade and Industry Ministry, the government gave official sanction to what has become the employees' own back-to-work movement.

Responding to the 'grassroots movement' the cabinet, usually to be found on the golf course at the weekend (despite a government ban on top officials playing the game) met on a Saturday to figure out how to get itself on the bandwagon.

The great fear is that by getting involved the government might inadvertently derail the campaigns. A multitude of previous government-sponsored crusades met with little success.

For example, an ongoing campaign to root out corruption and big expense account spending in the civil service has so far had little impact apart from hitting nightclub profits. Many of the exorbitantly expensive saloons — once the favourite haunts of civil servants — have gone out of business thanks to the 'purty' campaign. The corruption problem, on the other hand, persists.

Koreans, long accustomed to hearing their politicians and civil servants publicly extolling the merits of some campaign and then obviously disregarding the campaign themselves, are likely to be cynical about the government's efforts.

If anything can plant the kiss of death on the back-to-work campaigns, it will be encouraging words from the government.

Courtesy: Asian Business



### Maldives to start airline soon

COLOMBO, Mar 11: The Maldivian government plans to launch its own airline soon, an official news release reaching here said Wednesday, reports Xinhua.

President Maumoon Abdul Gayoom was quoted by the release as saying that the Maldivian government was working on it.

Extensive discussions are reported to be underway between Male and an unidentified European concern to finalise a joint collaboration.

The release said that the government is making every endeavour to get the possible deal.

### Pak rupee further devalued

KARACHI, Mar 11: The state bank of Pakistan adjusted the rupee down to 24.7800/24.9039 to the dollar from 24.7300/24.8537 fixed last Tuesday, reports Reuters.

The bank gave no reason for the fall, but banker Mumtaz Khan said the rupee was pushed down to encourage remittances from Pakistanis working abroad.

### Sweden rules out new probe into Bofors

STOCKHOLM, Mar 11: Sweden's state prosecutor said Tuesday there will be no new probe into weapons manufacturer Bofors' suspected bribes to high-ranking Indian politicians, reports AP.

India had demanded that the Swedish authorities re-open the case, which was closed in January 1988.

"Something substantial, concrete would have been needed, such as a witness or a written document that clearly showed that someone who could have been bribed had received money, according to Swedish law" state prosecutor Torsten Jonsson told national radio.

### Egypt may drop 'interest' from bank ledgers

CAIRO, Mar 11: Egypt's central bank, in a gesture to placate strict Muslims, may drop the word 'interest' from its account sheets and replace it with a less controversial word — such as return or 'incentive', reports Reuters.

Islamic scholar Gad Al-Haq Ali has suggested the change in a letter to the governor of the bank. Gad Al-Haq is rector of Al-Azhar Cairo's ancient seat of Islamic learning.

The governor is studying the matter but no decision has been taken, a central bank spokeswoman said on Tuesday.

## Lamont announces cautious pre-election budget Britons get massive tax cuts

LONDON, Mar 11: The government on Tuesday announced a cautious pre-election budget that included cuts in income tax, a halving of Britain's car tax and a grab-bag of tax breaks to business, reports AP.

Chancellor of the Exchequer Norman Lamont reduced the basic income tax rate to 20 per cent from 25 per cent for the first 2,000 pounds (3,460 dollar) of taxable income.

The basic rate stays the same above that, but the Treasury chief reiterated the government's pledge to bring the full basic rate to 20 per cent eventually.

He cut the car tax to five per cent from 10 per cent.

"This year's budget is the budget for the recovery," Lamont told the House of Commons.

"My budget will ensure that recovery is not based on a short-term boost from the government but by decisions taken by the private sector," Lamont said.

Neil Kinnock, leader of the opposition Labor Party, attacked the budget as a "panic stricken, pre-election political sweetener."

Focusing on the government's plans for a deficit of 14 billion pounds (24 billion dollar) this year, Kinnock said, "What our country needed today was a budget for strengthening Britain and promoting sustainable recovery out of a recession caused by the Government."

"What we got was a budget to try to bribe voters with borrowed money."

Prime Minister John Major is expected to announce the date for the general election

this week. He can wait no longer than July, but speculation has centered on an April 9 date.

Lamont's presentation sought to win votes by putting money in taxpayers' pockets and spurring economic growth, but without making a mockery of the government's reputation for fiscal prudence.

He called it a budget "that cuts taxes for every taxpayer in the country, a budget which marks another significant step in our constant drive to leave individuals and families with more of what they earn."

The new budget is expected to reduce overall taxation by 1.5 billion pounds (2.6 billion dollar), Lamont said.

Economists had expected the government to give up three billion pounds (5.2 billion dollar) in revenue to win votes.

There had been speculation Lamont would go as far as cutting the full basic income tax rate by one or even two percentage points, or temporarily cut the 17.5 per cent value-added, or sales tax, which he left unchanged.

The basic income tax rate of 25 per cent currently applies to income above 3,295 pounds (5,700 dollar). A higher income tax rate of 40 per cent kicks in when taxpayers earn more than 23,700 pounds (41,000 dollar) a year. The thresholds are to be raised in line with inflation, Lamont said.

Lamont also left the corporate tax rate at its current level of 33 per cent.

But for businesses, he limited rises in businesses' real estate taxes to the rate of inflation for just the coming year.

## India to continue food subsidy

NEW DELHI, Mar 11: The Prime Minister P V Narasimha Rao Tuesday ruled out withdrawal of food subsidy as he urged the opposition to give up its confrontational attitude and "be partners" in running the country through a policy of consensus to tide over the grave economic crisis.

Stoutly defending the government's new economic policies, the Prime Minister made it quite clear in the Rajya Sabha that these were irreversible, though some mid-course corrections could be possible.

He said the government had to go in for the IMF loan to avert an economic disaster and that there was no question of surrendering the country's economic sovereignty.

Replying to discussion on the motion of thanks to the President for his address to the joint session of the two houses, the Prime Minister said the government was following a course what was in the best interest of the country.

He said the IMF wanted India to remove all subsidies "look, stock and barrel." "But we resisted it and we are going to continue with the food sub-

sidy for some time as it is in the interest of our people."

Xinhua adds: India is planning to import one million tons of wheat to increase grain availability the Press Trust of India reported Monday.

PTI quoted Federal Minister of State for Food Tarun Gogoi as saying the decision had been taken by the Indian government. But no import contracts had been concluded thus far, it said.

Gogoi told the lower house of Parliament that price would be an important factor for consideration before any contract was finally concluded.

The government had explored markets in the United States, Canada, Argentina and the European Community, he said.

The reported open market price of wheat was in the range of 130 dollar to 170 dollar per ton, depending on market and grade, he added.

Last week, Members of Parliament criticised the government for importing wheat at a high price but exporting it at a low one.

Several opposition members questioned the need to import wheat.

## Lanka faces serious hardship

COLOMBO, Mar 11: Sri Lanka's cash-strapped economy will be in serious trouble by the middle of the year if tea prices continue to fall and a drought persists, a senior treasury economist said on Tuesday, reports Reuters.

"We will face a severe cash crisis by June," the economist, who declined to be identified, said in an interview.

He said the government would spend between 300 million rupee (7.1 million dollar) and 400 million rupee (7.5 million dollar) more on

drought relief and connected expenses.

A similar amount would be lost because of production losses in tea, rubber and coconut, he said.

Last month, the government said that it would lose an estimated one billion rupee (23.8 million dollar) because of a fall in tea and rubber prices and 700 million rupee (9.5 million dollar) from the removal of a what import tax.

To make up for the losses, the finance ministry increased taxes on liquor, cigarettes,

mineral water, cement, tyres and other items.

The economist said that the price of tea, Colombo's biggest export earner, had fallen from 1.40 dollar per kg last year to the current rates of 1.20, the economist said.

Industry sources said tea prices were low because of poor quality and the absence of key buyers like the former Soviet Union and Iraq.

Meteorological department officials said that rainfall had been below average in November and December and few or no inter-monsoon showers were experienced in January and February affecting rice, tea, rubber and coconut.

A spokesman said that rains were expected by the end of March but were forecast to be below average. "There will be less rain this year," he said.

Tea industry sources said production was expected to fall by 10 million kg in the first quarter of this year.

"We are hoping that we could catch up in the second quarter... but that too depends on the weather," one broker said.

## Business briefs

**Thai trade surplus with US \$2.37b:** Thailand has a 2.37 billion US dollar trade surplus with the United States last year, according to a local press report, says Xinhua from Bangkok.

Trade between the Thailand and United States continued to grow rapidly, reaching almost 10 billion US dollar, said the report.

**Bid to ease ban on ivory trade fails:** An attempt to ease a ban on trade in African elephants failed Tuesday amid bitterness and fears that southern African nations now would ignore the ban and resume ivory sales, reports AP from Kyoto (Japan).

Five countries, which together are home to one-fourth of all African elephants, angrily withdrew offers to continue a voluntary moratorium on trading in ivory in exchange for permission to sell elephant meat and hides.

**US non-farm productivity up in 3 yrs:** America's non-farm productivity grew for the first time in three years in 1991 as businesses tried to maintain output with a smaller work force during the recession, government figures showed Tuesday, reports AP from Washington.

Productivity rose 0.3 per cent last year, helped by an upsurge in the fourth quarter, the Labor Department said, Tuesday's figure was higher than the last government estimate of a 0.2 per cent gain in 1991.

**Russian industrial output to fall 50 pc:** The drop in Russia's industrial production is expected to reach 50 per cent by October, when the economy may begin to turn around, the minister of industry told parliament on Tuesday, reports AP from Moscow.

Alexander Titkin told lawmakers that the military industrial complex had been hardest hit by the country's industrial recession and market-oriented reforms. He said weapons orders have fallen 87.5 per cent.

**Russian bank to control currency:** A draft law on currency regulations gives the Russian central bank tight control over all hard currency operations, reports Reuters from Moscow.

## Pan-European banking dream fading away fast

AMSTERDAM, Mar 11: The lure of a borderless Europe has proved a siren song for bankers, who are abandoning on-oc-tantalising visions of pan-European expansion, reports Reuters.

To prepare for an open Europe, banks sailed into mergers, acquisitions and cross-border alliances but with few exceptions these deals have run aground, analysts said.

1993 was much overplayed. Compared to the expectations of a couple years ago, it is not the grand affair everyone once thought," said Matthew Czepiel-ewicz, banking analyst at Credit Suisse First Boston in London.

Many bankers are now disillusioned and dreams of institutions offering a full range of services throughout the European Community will never become reality, analysts predict.

Europe's heavily regulated and highly fragmented banking sector at first hailed moves to abolish barriers by 1993 in the 12-nation EC as ushering in the era of the pan-European bank.

In unified Europe, a bank will need only a licence from one member country to operate

anywhere in the Community. Keen to capitalise on their new opportunities and fearful of increased competition, banks in the late 1980s sought to position themselves through cross-border deals.

But contrary to expectations, few big takeovers materialised as high price tags and operating difficulties deterred potential acquirers. Mergers and cooperative deals also hit problem.

For example, Dutch Amsterdam-Rotterdam Bank and Belgium's Generale Bank after a year and a half of groundwork cancelled plans to merge in 1989, citing a host of difficulties.

More recently, France's Credit Lyonnais and Commerz Bank of Germany last year ended talks on proposed share swap and cooperation.

People have put their aggressive ideas on the back burner, said analyst William Vincent of Nomura Research. Given this track record, analysts say the EC's banking industry will for the foreseeable future look much the same as it does today.

Few banks now have the huge sums of

money, know-how, understanding of foreign cultures or even desire to become a major force outside of a few selected markets or lines of business, they say.

Europe will remain a market of regional players, said analyst Thomas Albrecht of UBS Phillips Andrew.

Most banks will continue to derive nearly all their consumer business and most of their corporate business from their home bases, analysts say.

Foreign branch networks will largely serve corporate clients needs abroad, other international ventures are likely to be limited to clearly defined businesses like asset management, credit cards or leasing.

No big bank will operate a retail network all over Europe.

They will be strong in their local market and have offices in major cities to do corporate banking, Albrecht predicted.

The ranks of the dominant banks will be comprised of names already familiar to consumers and investors, such as Germany's Deutsche Bank, Barclays of Britain or France's

Banque Nationale de Paris, analysts say. As they scale back ambitions, banks are focusing on the more modest task of defending home markets.

"We've seen the banks that were the forerunner of this (pan-European) concept pulling back, said Kieran Looney, an analyst at Lehman Brothers in London.

Attention is now trained on cutting costs, strengthening management and solidifying domestic position.

Defensive concerns have prompted a growing number of mergers among banks from the same country. The deals are intended to protect the partners from potential acquirers, create cost savings and give them commanding domestic market share.

Burned in its attempt to merge with Generale, Amsterdam-Rotterdam Bank ended up combining with its leading Dutch rival to form Abn Amro holding NV in 1990.

The focus is now to consolidate the domestic market rather than expand abroad, said Looney of Lehman Brothers.



WASHINGTON: President Bush telling reporters Mar 10 before a meeting with Republican Congressional leaders that legislation introduced in Congress by Democrats that would raise taxes on the wealthy "is simply not acceptable." At right is Senate Minority Leader Robert Dole, R-Kansas.

that Bush said would spur economic growth.

These include a capital-gains tax reduction that is not nearly as broad as the one Bush wants; a scaled-down credit of up to 5,000 dollar for some home buyers; an incentive for businesses to buy equipment this year and special tax relief for real estate investors.

AFP Adds: Bill Clinton and Paul Tsongas take their battle for the Democratic presidential nomination to America's industrial heartland next week proposing differing strategies for growth to carry the country beyond recession.

In super Tuesday's primary spurt, Clinton emerged as clear favourite to be the Democrats' champion in the duel with President George Bush in November, but Tsongas fights on with the economy his favoured terrain.

Both candidates promote themselves as being pro-business, but disagree over how to make the economy grow and a mooted tax break for the middle class.

Their differences will be examined in detail as they go head-to-head in the Illinois and Michigan primaries. Tsongas has to win one of these contests to survive.