

Kohl cuts govt salaries to offset union demands

BONN, Apr 24: German Chancellor Helmut Kohl, seeking to combat trade union demands for double-digit pay rises, on Thursday announced plans to cut the salaries of his entire government, including his own, by five per cent, reports AFP.

"The aim is to send a message," Kohl said, adding that the measure would be submitted to a cabinet meeting on Wednesday.

Most German trade unions are currently demanding rises of around 10 per cent, at a time when the country is suffering heightened inflationary pressure, in part due to the huge costs of reunification.

Observers said Kohl appeared to have taken a cue from his Social Democratic predecessor Helmut Schmidt, who early this month suggested that politicians should vote themselves 20-per cent pay cuts.

Kohl said his five-per cent proposal would include himself, his ministers and secretaries of state.

He also intended to propose that political parties accept a five-per cent cut in the subsidies they receive from the state, he said.

A German minister gets a basic monthly salary of 30,000 marks (18,750 dollar).

Kohl said his Finance Minister, Theo Waigel, was in full agreement on the plan. On Sunday, Waigel announced economic "shock therapy" to try and cut government outlays.

Per capita income in US falls

WASHINGTON, Apr 24: Per capita in the United States shrank last year after being adjusted for inflation in the first such decline in nine years, the commerce department said Wednesday, reports AFP.

The government said personal income per person in 1991 was 19,082 dollar, up 2.1 per cent over the previous year but more than offset by last year's 4.1 per cent inflation rate based on the department's personal expenditures index.

Income growth has declined for the past three years — 7.1 per cent in 1988, 6.9 per cent in 1989 and 5.4 per cent in 1990 — but this was the first time since 1982 that personal income growth contracted in real terms.

Toothpaste to fight senility!

BEIJING, Apr 24: China's consumers are being urged to brush away senility with a new toothpaste called "SOD", reports Reuter.

"SOD" (Superoxide Dismutase) toothpastes are believed to be able to resist senility in the human body," the New China news agency said in introducing the latest gimmick from the Shanghai toothpaste factory Friday.

"A mouthful of youth" blared an advertisement for the new SOD Maxam toothpaste in Shanghai's Weighubao newspaper on Thursday.

China's official press periodically makes elaborate claims for new products based on traditional medicines.

A Beijing company makes a SOD-based anti-wrinkle cream. A factory in northern Harbin makes cigarettes which are said to cure haemorrhoids, while a manufacturer in Yunnan province has come up with cigarettes it claims can help ward off cancer.

GATT talks failure to prompt protectionism : Camdessus Free trade a must to integrate former Communist Bloc into global economy

WASHINGTON, Apr 24: The former Communist Bloc has taken a heroic step in seeking to join the world economy and the industrialized countries must help by opening their markets, IMF Managing Director Michel Camdessus said here Thursday, reports AFP.

Integrating Eastern Europe and the former Soviet Union into the world economy was "the most important challenge

for international cooperation since the end of the war," Camdessus told a press conference ahead of the IMF-World Bank spring meetings on the world economic situation.

But he warned that if the current Round of international trade talks under the General Agreement on Tariffs and Trade (GATT) failed it would not only have severe effects on world trade, but also mean that "We will not meet the needs

of the former Soviet Union and Eastern Europe.

"This is a challenge for strong countries," Camdessus said, pointing to the need for the current fragile economic recovery to develop into strong growth.

But the richer countries would not be able to do what was needed to help the former Communist Bloc "if we are allowing protectionist forces to be reinforced."

"We cannot deny to these (former communist) countries which have taken the heroic risk of joining the market economy 'the basic tenets of the system, notably access to markets," Camdessus said.

They needed financial assistance, but "what is needed first and above all is open markets."

He singled out industrialized Europe as having "not an exclusive but a particularly responsibility in this field," saying that the former Communist Bloc could not succeed in its efforts to make the transition to a market economy if these markets were closed to it.

"These countries cannot succeed if Europe is not open to their products, whatever the sensitive aspects of these products," he said, referring to resistance in such sectors as agriculture, textiles and steel.

But the challenge was not exclusively to Europe, Camdessus said, stressing that what was good for the former Soviet Union would also be good for the rest of the world.

There has been concern in developing countries that the focus of aid efforts on the former Communist Bloc would mean less help for them, and some countries, such as India, have been hit hard by a steep fall in trade with the former Soviet Union.

"In fighting to help Russia to recover, we are recreating markets for India and for countries in the area," Camdessus said. Camdessus urged the need for agreement in the Uruguay Round of GATT multilateral trade talks, which has been blocked by a dispute between the European Community and the United States over agricultural subsidies.

He warned that if the GATT talks did not reach agreement, the results would be disastrous for world trade, with rising protectionist and a return to manage trade which would damage confidence in the whole trading system and could affect financial markets.

He also confirmed that a standby credit arrangement could be in place for Russia by the summer, with Russia and the other former Soviet republics expected to be admitted shortly to the IMF.

Camdessus was speaking ahead of the IMF-world bank spring meetings on the world economy on Monday and Tuesday which will gather Finance Ministers and experts from more than 150 countries.

The main items on the agenda apart from the former Communist Bloc and the GATT talks are the prospects for recovery and growth in the industrialized countries after they failed to recover as well as expected late last year, and the debt situation in the developing world.

The meetings will be preceded by a meeting Saturday of ministers from the developing countries and on Sunday of the Finance Ministers of the Group of Seven major industrialized nations: Britain, Canada, France, Germany, Italy, Japan and the United States.

Russian recovery to revive market for India, others

WASHINGTON, Apr 24: Economic recovery in Russia will revive markets for India and other Third World countries that enjoyed substantial trade with the former Soviet Union, says the head of the International Monetary Fund, reports AP.

"In fighting for helping Russia to recover, we are recreating markets for India and all countries in the area," IMF Managing Director Michel Camdessus told reporters.

Camdessus was addressing questions raised by Asian journalists, Wednesday whether IMF efforts to foster economic and monetary stability in Russia and other former Soviet republics meant subordinating the Fund's extensive operations with India.

"We are not forgetting India, and when we are working with the Russian authorities and the authorities of the 14 other republics to help them recover from the formidable decline of their output, we are also working for India and the other developing countries," he replied.

India was "severely victimized by this dramatic fall of output in the Soviet Union" when it collapsed, causing bilateral trade to decline more than 80 per cent, Camdessus recalled. "This is a formidable shock."

Camdessus assessed as "very positive" India's compliance with IMF conditions on its own fiscal adjustment programme.

20 firms account for India's 80 pc software export

CALCUTTA, Apr 24: India has a great potential in the field of computer software export though her contribution is only Rs 350 crore out of a total global market of 175 billion US dollar, reports PTI.

According to Electronics and Computer Software Export Promotion Council sources, the world market is expected to cross 300 billion US dollar by the year 2000.

Analysing the past exports from India in computer software, the sources said that 80 per cent of the total exports was contributed by the top 20 companies and the balance 20 per cent contribution came from the remaining 200 odd small and medium companies, engaged in software development work.

There was tremendous prospect to grow for 30 small and 50 medium size companies from these set of enterprises to come up to the level of contributions made by the present top 20 companies.

Sir Leon spoke a day after President Bush and senior EC officials failed to break the deadlock over subsidies in talks in Washington.

Sir Leon offered no suggestions on how to end the deadlock, but warned of dire consequences if the trade talks, held within the General Agreement on Tariffs and Trade, fail.

He said this would only "add to the recessionary elements of the world economy."

Sony opens plant in France

BAYONNE (France), Apr 24: Akio Morita, the founder and president of Japan's Sony Corp, on Thursday opened one of the world's most highly automated production complexes in this southeastern French town, reports AFP.

The new facility consists of two factories, one producing multi-layer electronic components for consumer devices, and the other laser recording heads.

A Sony official said that the second facility would be the most highly automated of its kind anywhere in the world.

Morita praised the "excellence" of the Basque country staff, who have already been producing Sony audio cassettes here since 1980, and who will make up 95 per cent of the new unit's 220 employees.



WASHINGTON: Michael Mussa (R), Economic Counselor and Director of the International Monetary Fund's (IMF) Research Department, speaking at a news conference Wednesday on the 1992 World Economic Outlook published by the IMF Assistant Director of the IMF Research Department, Fleming Larson (L) looking on.

GATT talks : Fresh proposals made and the ball is now in US camp, says Delors

OTTAWA, Apr 24: European Commission President Jacques Delors said on Thursday it was up to the United States to end an impasse over agricultural subsidies and restart stalled world trade talks, reports Reuter.

"We have made proposals — the ball is in the US camp and we wait," Delors told a news conference during a visit to Canada accompanied by Portuguese Prime Minister Anibal Cavaco Silva.

Delors said he and Cavaco Silva had "confidentially" put new proposals to President George Bush in Washington on Wednesday to end the deadlock over subsidies. He gave no details of the proposals.

The subsidies dispute is the major stumbling block in the

108-nation effort to modernise the General Agreement on Tariffs and Trade (GATT). The talks began in Uruguay in 1986.

"President Bush thinks there is again a possibility of finally having a breakthrough and closing the trade discussions after five years," Delors said.

He said progress in other sectors of the GATT talks was impossible unless an informal and bilateral agreement was reached between the United States and the EC on agricultural subsidies.

"We have special responsibility because we are two giants on the world agricultural markets and we fight against each other with subsidies," he said.

"It is our duty to reduce subsidies on the American side and on the European side and find the good balance," he said.

An AP despatch earlier said: A senior EC official said Thursday failure to conclude talks for a global trade accord will aggravate worldwide recession and result in a "profitless" transatlantic trade war.

"I simply cannot believe that disagreement over agriculture can be allowed to jeopardize a trade accord, European Community competition commissioner Sir Leon Brittan said.

A copy of his speech, prepared for delivery to the California council on International Trade in San Francisco, was released by his

Latin America poised for higher growth.

WASHINGTON, Apr 24: Latin America's economies, which began growing in 1991 after a decade of stagnation, will double their growth rate to 4.2 per cent by 1993, the International Monetary Fund reported Wednesday, according to AFP.

The region's "lost decade" of the 1980s ended in 1990 with -0.1 per cent drop in Gross Domestic Product (GDP), and it should profit from a worldwide economic recovery. The world's GDP shrank by 0.3 per cent in 1991, but is expected to grow by 1.4 per cent in 1992 and 3.6 per cent in 1993, according to IMF figures.

Chile, Argentina, Mexico and Venezuela showed the best

growth rates for 1991, with economic expansion ranging from 3.5 per cent to nine per cent. Growth was weaker in Brazil, Peru and Nicaragua, which the IMF said needed to beef up efforts to fight inflation.

The report said Latin America's GDP grew by 2.8 per cent in 1991 — a year in which many countries imposed strict economic reforms — and would grow by 2.7 per cent in 1992 before shooting up to 4.2 per cent in 1993.

World Bank and IMF specialists, who begin their spring meetings in Washington on Saturday, said Latin America would begin to see the results of reforms adopted between

1988 and 1991 in the coming year.

The authors of the report emphasized that the developing world's debt increased by less than five per cent in 1991 and predicted the increase for the next two years would be small.

The report predicted the Western Hemisphere countries would see their external debt services fall from 260 per cent of exports in 1991, to 247 per cent in 1992 and 230 per cent in 1993.

But Latin American nations still face high debt payment obligations and inflationary problems, although price increases have slowed.

"The IMF said inflation would fall from 140 per cent

in 1992 to just 25 per cent in 1993, after hitting an alarming 648.3 per cent in 1990.

Most Latin American nations that imposed tough anti-inflationary measures began to show some progress in 1991 — when inflation for the region was 162.5 per cent — along with a major increase in exports, consumption and investment, which reflect the recovery of foreign confidence lost during nearly two decades of military rule.

And, for the first time in 10 years, Latin America saw a net influx of foreign capital, although not all countries benefited equally because of differing focuses and success of their reforms.

Gap between rich-poor countries has doubled since 1960

WASHINGTON, Apr 24: The huge gap between rich and poor countries has doubled since 1960, according to a UN report released Thursday, reports BSS.

"It's a very sobering view," said William H. Draper, Administrator of the UN Development Programme at a news conference presenting the 1992 Human Development Report.

"In a world of five billion people, we discovered that the top billion people, the top 20 per cent, hold 83 per cent of the world's wealth, while the bottom billion have only 1.4 per cent of the income of the world," he said.

The report said that in 1960, the richest 20 per cent of the world's population had incomes 30 times greater than the poorest 20 per cent.

By 1990, the richest 20 per cent were getting 60 times more. That comparison was based on the distribution of wealth among rich and poor countries.

sometimes strikingly so. In Brazil, for instance, the top 20 per cent get 26 times the income of the bottom 20 per cent.

The UN Development Programme blamed developing countries own policies for the disparities in wealth, including:

Restrictions on their exports and labour movements;

Inadequate and mis-allocated foreign aid;

The debt burden and failure of the World Bank and International Monetary Fund to ease it.

The report was prepared under the auspices of the UN Development Programme by an independent team of economists led by Mahbub ul Haq, former Finance Minister of the Pakistan.

have 25 per cent of the people, yet consume 70 per cent of the energy, 75 per cent of the metals, 85 per cent of the wood and 60 per cent of the food.

It called for a "global compact on human development" to be adopted at a summit meeting. The compact would be aimed at reducing poverty and malnutrition, and increasing access to primary health care, drinking water and education.

All countries would reduce military spending by at least three per cent per year, under the report's recommendations. Aid would be increased and reallocated. Debts would be restructured, markets liberalized, the World Bank and International Monetary Fund reformed.

The report admits that "the dustbin of history is full of grand global designs that were never implemented."

But it urges that the failures of the past "should be a source of inspiration, not of political paralysis."

Poor countries find development blocked not only by their own policies, which may be misguided, but also by obstacles in world markets to their goods and workers, the reports said.

It estimated the developing countries were losing 500 billion dollar a year in income from exports of goods or labour because of the restrictions imposed by other countries.

"Tariff and non-tariff barriers keep out many manufacturers from developing countries, and immigration restrictions prevent workers from migrating in search of higher returns for their labour... Twenty of 24 industrial countries are now more protectionist than they were 10 years ago," it said.

Some 700 million people are unemployed or underemployed in the developing countries but "the international market for labour is one of the most restricted of all."

countries lose highly-skilled scientists and professionals "in whose education they have invested many billions of dollars."

The report said the Philippines lost 12 per cent of its professionals to the United States in the 1970s.

It said foreign aid has not helped produce a fairer distribution of income. Only one-quarter of aid goes to the countries with three-quarters of the poor people in the developing world.

India gets less than two dollar per capita in aid a year while Egypt, rewarded for signing a peace treaty with Israel, gets more than 100 dollar.

The annual total now is 54 billion dollar. The United States is the largest aid giver, with 10.2 billion dollar in 1990.

But US aid as a per cent of gross national income is only 0.19 per cent, compared with 1.17 per cent for the highest proportional giver, Norway. The United Nations encourages countries to give 0.70

Whole Singapore to go electronic by 2005!

SINGAPORE, Apr 24: By the year 2005, Singaporean shoppers might not need to try on new clothes before buying them, writes Reuter.

Instead, when a customer chooses the cloth and cut of a suit, he will see, on a large wallscreen, a computer-generated image of himself wearing the finished product.

Then if he decides to buy, the price will be automatically deducted from his bank account.

It might sound like a futuristic fantasy, but government officials say that under a plan to turn Singapore into a world leader in information and communications technology, such screens could soon become as common in the city-state as the telephone.

"Within 15 years, Singapore will be an intelligent island," said Tan Chin Nam, Chairman of the State National Computer Board and Managing Director of the Economic Development Board.

The Singapore government recently announced a plan to lay down a communications network linking all households with grids of fibre-optic cables that enable high-speed exchange of text, sound, video, and other media forms.

It will be among the first countries in the world with an advanced National Information Infrastructure (NII), Tan said as he unveiled the plan.

In addition to the cables, a wireless communications network will cover the whole country, giving users of mobile computers access to information services, too.

The NII project is part of Singapore's drive to develop an economy based on Information Technology (IT).

Government officials say that just as roads and railways were essential for industrialisation in the past, so electronic grids will become the backbone of 21st century economies.

Not all Singaporeans support the government's electronic city plan, however, some have doubts springing from images of the "Thought Police" in George Orwell's 1984.

The government will be able to track every move of citizens if they want to, complained one office worker.

"Privacy will be invaded if electronic big brothers keep tabs on people."

Singapore has already issued all citizens aged 18 and older with an identity card that makes it possible for information about them to

be cross-indexed between ministries and government bodies.

Under the NII plan, various state bodies, such as the police, the registry of vehicles and the income tax and immigration departments, will not only be linked to each other, but also to business organisations and households. These will file tax returns and apply for licences and permits electronically.

"I think some investors will pull their money out of Singapore if secrecy is not guaranteed for their financial transactions," said a manager at key Hian James Capel.

"Information is the currency of the new age," said the official IT 2000 report.

"Just as gold, silver and other precious metals are regarded as valuable commodities, so now is information," it said.

As an example of how the network could be useful, it gave as an example a researcher writing a paper on local history.

He would be able to incorporate texts, images and sound recordings from the national archives as well as photographs from newspaper publishers and video footage from broadcasting firms—all without moving from his study.

"Artists and authors would also be more fairly compensated as the system will be able to automatically credit royalties every time their materials are copied," the report added.

The ground work for making the country an electronic island has already been laid, helped by the country's small size, a highly centralised bureaucracy, and the government's determination to speed computerisation.

Singapore's port and tradenet data exchange systems allow vessels, shippers and companies to discard paperwork and submit documents electronically to port and trade authorities.

A spokeswoman for the Trade Development Board said many freight forwarders reported productivity gains of up to 30 per cent, from electronic networking, because it slashed the average time to process documents from two days to around 15 minutes.

An audit carried out in 1988 should that the civil service computerisation programme gave the government a return of Singapore 2.15 dollar (1.30 US dollar) for every one dollar (0.60 US dollar) spent on information technology.

Business briefs

Reporting on deforestation brings threat: Journalists who try to report on the destruction of the Philippine rain forest often face threats from politically connected loggers responsible for cutting the trees, a human rights activist says, reports AP from New York.

Kerry Kennedy Cuomo, describing a recent visit to the island of Palawan for a TV documentary on the environment, said she and her crew were surrounded at dinner one night by a group of armed men who followed them.

But when Ramon Mitra, Palawan's top political figure and a leading presidential candidate, was told about the incident, his reply was "complete denial that didn't happen, that couldn't happen, on my island," she recalled.

ASEAN Transport Ministers to meet: Six Transport Ministers of the Association of the South East Asian Nations (ASEAN) will meet in Kuala Lumpur for the first time late next month to promote rapport and ties among them as well as the group members, reports Xinhua from Kuala Lumpur.

The Malaysian Transport Minister Dr Ling Liong Sik said Wednesday that the first meeting would be an informal one with a "free agenda".

Deal on largest oil field falling thru: A deal between Chevron Corp and the republic of Kazakhstan to develop one of the world's largest untouched oil fields is reportedly falling through after three years of negotiations, reports AP from Boston (USA).

The deal was to be signed during a visit to the US next month by Kazakhstan President Nursultan Nazarbayev.

Oil prices retreat slightly: Oil prices retreated slightly on Thursday in reaction to a decline in New York futures values, reports Reuter from London.

The market seemed to ignore a meeting of Oil Ministers from the Organisation of Petroleum Exporting Countries to review the state of world demand and prices starting in Vienna on Friday.

Libya intends to maintain oil supply: Despite international sanctions, Libya intends to continue providing crude oil to its clients, its Oil Minister said Thursday, reports AP from Vienna (Austria).

The UN Security Council last week imposed sanctions on the North African nation to force it to surrender two suspects in the bombing of Pan Am Flight 103. The bombing killed 270 people.

Unemployment falls in US: Applications for unemployment benefits fell to a six-month low this month, the government said Thursday. Factory orders for durable goods advanced moderately in March, reports AP from Washington.

The fruits of the recovery are now reaching American workers and their families," Labour Secretary Lynn Martin said. Economists cautioned that growth so far has been strong enough only to stem layoffs, not to put the unemployed back to work.

US-Japan accord on paper trade: President George Bush on Thursday signed an agreement with Japan that is designed to encourage the Japanese to import foreign paper products, reports Reuter from Washington.