

Move to form 'Asian G-7' for better role in economic decisions

Washington opposes raising ADB capital

HONG KONG, May 5: The United States said Tuesday it strongly opposed raising talks on boosting the capital of the Asian Development Bank (ADB) without formulating the regional lending agency's future policy direction, reports AFP.

Olin Wethington, Assistant Secretary for International Affairs at the United States Treasury, said a capital increase "should await the formulation of a clear and effective strategy for encouraging private-sector development."

"In addition, the Bank should resolve policies relating to co-financing."

Moreover, before soliciting additional resources the Bank must consider its medium-term lending strategy," he told the Bank's annual meeting in Hong Kong.

The Manila-based Bank, whose two biggest shareholders are the United States and Japan, will reach a limit on new lending in 1994 given its current capital resources of 24 billion dollars.

ADB President Kimimasa Tarumizu, who like all past presidents is Japanese, wants to boost the resources of the 52-member regional development bank by between 25 billion dollar and 30 billion dollar over the next five years.

But Wethington, referring to these times of constrained budgets, said it was essential that the Bank assess its strengths and target its lending on those areas where it can do the most good.

"The Bank must carefully analyse how it maximises the use of its current resources by assessing the essential priorities and projects on a country by country basis," he told the

assembled delegates. Wethington later told a news conference that Washington was "not convinced there is a case to proceed immediately on negotiation for capital resources."

Reuter adds "Asian Finance Ministers are to discuss a possible new grouping modelled on the West's Group of Seven to strengthen the region's

voice in world economic decisions, senior officials said.

The ministers, here for the Asian Development Bank annual meeting, would raise the issue at a lunch given by Japanese Finance Minister Tsutomu Hata, they said.

Malaysian Finance Minister Anwar Ibrahim said officials had already tackled the idea and planned to discuss it with

Hata here but stressed that it was at a very early stage.

"There has been a concern expressed on this and Malaysia would be very supportive of such a (plan)," Anwar told Reuter. But he added: "There are no real concrete proposals as yet."

This idea may be the starting point of the grouping but formal discussion have not taken place yet," said Panas Simasathien, who heads Thailand's delegation.

It was not clear if or how often Asian Finance Ministers would meet. No firm decisions are likely to emerge.

East Asia is home for most of the world's fastest growing economies, but so far it carries relatively little weight in economic decision-making, analysts say.

One Japanese government official said that some Asian ministers had become frustrated by the lack of a concerted voice like the G-7, under which Finance Ministers and heads of government meet regularly to hammer out economic issues.

While Japan is a member of the G-7, which also includes the US, Canada, Germany, France, Britain and Italy, the rest of the region has no voice. The official said ministers' informal talks would cover the possibility of a body modelled on the G-7.

Anwar indicated that any grouping might formulate stands on the General Agreement on Tariffs and Trade (GATT) and other powerful trade blocs.

These would include the European Community and NAFTA — the North American Free Trade Area comprising

the United States, Canada and Mexico.

"Some officials have talked of the need for a position vis-a-vis GATT and reaction to the EC and NAFTA," he said. "This is very much consistent with the EAEC proposal initiative of our."

Malaysia has for some years wanted an East Asian Economic Caucus (EAEC), although the idea has made little practical progress due to opposition from the United States, which would have been left out of the group along with Australia.

Another AFP despatch says: Discreet talks here between monetary officials from Japan, Australia, Hong Kong and Singapore highlight the growing economic and financial links being forged between countries in the Asia-Pacific region.

The meeting, chaired by Hong Kong Secretary for Monetary Affairs David Nendick at the request of Japan, was held in the British colony Monday on the sidelines of the annual meeting of the Asian Development Bank (ADB).

Participants said the talks were informal with no specific agenda. But more meetings are expected to be held as part of regular consultations between the four, which have the region's most developed financial markets, they said.

Among those who attended the meeting were Japanese Finance Minister Tsutomu Hata, Australian Deputy Treasury Secretary Ewen Waterman.

"The main topic was financial markets including foreign

exchange and interest rates," Ezawa told AFP, adding that the talks were prompted by the "growing interdependence of financial markets and economies in our region."

Participants said the timing of the next meeting had not yet been fixed. "We agreed to put it on a regular basis, more or less," Ezawa said. "I don't think there's any opposition."

Waterman said the talks were not linked to a proposal for regular talks between a wider group of Asian Finance Ministers, made by Australian Treasurer John Dawkins to Japan's Finance Minister Tsutomu Hata in Tokyo last month.

But the Hong Kong meeting "was the first time representatives from the major financial centres have got together to have a meeting of this nature," he said.

Japan, alarmed at the growing influence Japanese stock index futures traded in Singapore are exerting on its own ailing stockmarket, has sought to avoid being seen as the major force behind the meeting, sources said.

A senior official from one of the countries which took part in the talks noted that invitations were sent out by the Hong Kong government in its capacity as host of this year's ADB meeting.

Asia-Pacific ministers in charge of foreign affairs and trade already consulted each other once a year within the Asia-Pacific Economic Cooperation (APEC) forum. APEC met in Canberra for the first time in 1989, grouping 12 countries — 10 from the region plus the United States and Canada.



HONG KONG: ADB President Kimimasa Tarumizu giving the opening address Monday to the delegates of 25th annual meeting.

— AFP photo

EC may send 8 lakh tonnes more food to Africa

BRUSSELS, May 5: The 12 European Community states said Monday they were ready to give another 800,000 tonnes in food aid to Sub-Saharan Africa, after hearing 60 million people there are threatened by famine, a European Commission spokesman said, reports AFP.

EC cooperation and development aid ministers meeting in Brussels agreed in principle to accord the aid, valued at 220 million ECUs (265 million dollar), but this has still to be approved by the Community budget authorities, the spokesman said.

European Commissioner Manuel Marin, addressing the ministers, painted a gloomy picture of the food supply situation in Africa, and estimated 1992 needs at the equivalent of six million tonnes of grain. The community has already agreed to supply 1.4 million tonnes this year.

At the same time the 12 were divided as to the proposed "de-linking" of their bilateral aid to developing countries.

Most EC member states link their aid to the purchase of goods and services from the same state. The proposed de-linking would allow a beneficiary country to choose among different EC supplier states.

Marcos-owned Mercedes on auction

HONOLULU, May 5: The Bank of Honolulu has repossessed an armor-plated Mercedes Benz belonging to ousted Philippines President Ferdinand Marcos and plans to auction it to cover an unpaid loan, a newspaper said here, reports AFP.

The car was given to Marcos by his wife Imelda for his 71st birthday in September 1988, the newspaper said Saturday.

But Imelda gave the 150,000 dollar to buy the vehicle to Aresnio Cobarrubias to avoid publicity.

India doubts GATT plan fairness

NEW DELHI, May 5: India accused the developed world Monday of practising "retaliatory instruments of unilateralism," and expressed doubts if the Uruguay Round of trade negotiations could help the poor countries, reports AFP.

Commerce Minister Palanippan Chidambaram told a meeting of South Asian countries in New Delhi that the richer countries had their own yardstick to judge what was fair and unfair in global trade.

"I am very sceptical that the Uruguay Round will conclude this year, and even if it veers

to a conclusion I am sceptical (if) it will keep the interests of the developing countries in mind," he said.

Chidambaram, one of the prime movers of India's drive towards an open economy, was addressing the inaugural inter-governmental group meeting on trade liberalisation of a seven-nation grouping.

The grouping, known as the South Asian Association for Regional Cooperation (SAARC), has India, Pakistan, Sri Lanka, Bhutan, Maldives, Bangladesh and Nepal as members.

Chidambaram's comments

came five days after the United States suspended duty benefits for some Indian imports, in an attempt to pressure New Delhi into giving protection for US pharmaceuticals.

The move was denounced by New Delhi as "unjustified and unwarranted." But US officials warned of further retaliatory action if Indo-US disputes over patents and intellectual property were not resolved.

Chidambaram, in an obvious hint at the United States, said that "larger nations" seemed to be more concerned about the developed rather than devel-

oping countries and had not abandoned "retaliatory instruments of unilateralism."

He urged SAARC nations to step up trade within the region after dismantling their trade barriers. "India will do everything possible" in this direction, he added.

Also Monday, Jagdish Desai, an MP from India's ruling Congress (I) party, urged parliament to condemn the US trade action against India, and urged the government not to yield to US pressure.

'Japan's recovery to begin from autumn'

HONG KONG, May 5: Japan's economy will recover starting from this autumn, Finance Minister Tsutomu Hata said, reports Reuter.

"We believe the Japanese economy will recover from this autumn," he told reporters.

Hata said the Japanese economy was in a readjustment phase, but if this phase continues the economy could cool.

This would make it hard for Japan to carry out its responsibilities for the world economy in terms of providing funds for developing countries, Hata said.

Because of these concerns, Japan has increased its public works spending in the first

half of this year and has cut the discount rate to 3.75 per cent to stimulate the economy, he said.

Another despatch adds: Japan's current economic downturn is unlikely to affect the growth rate of its Asian neighbours, the Asian Development Bank's top economist told here.

Malcolm Dowling, Director of the ADB Economics and Development Resource Centre, said there is enough Japanese investment in the pipeline to see the rest of Asia through what he expects will be a relatively brief slowdown in Japan.

"The impact is not going to be that profound," he said. "It doesn't mean that much."

According to ADB forecasts, Japan's economy is expected to grow at a 2.5 per cent rate in calendar 1992, against more than 4.5 per cent in the hey days of the late 1980's.

Dowling said many Asian nations were in fact having trouble coping with the high volume of Japanese investment in recent years, and projects already decided on would continue to supply ample funds to ensure healthy Asian growth.

ADB forecasts show Asia growing at 6.5 per cent this year and 6.7 per cent in 1993. Asian economic growth was 5.8 per cent in 1991, he said.

Although Japan's domestic demand has slowed sharply over the last year and a half,

imports of Asian goods into Japan were never very strong to begin with, he added.

Dowling said Asian countries do not have much to fear from Tokyo's willingness to strike bilateral trade deals to quieten criticism of its bungling trade surplus.

In January, during a visit by US President George Bush to Tokyo, Japanese auto makers said they would greatly expand their buying of American auto-parts in the years ahead.

Australian officials have since expressed concern the deal could make Japan a tougher market to crack for other nations.

"That was a pressure deal and won't likely be repeated," said Dowling.

Taiwan's trade surplus soars 427 pc

TAIPEI, May 5: Taiwan's trade surplus soared 427 per cent from a year earlier to 1.46 billion US dollar in April, driven by booming exports to China, the Finance Ministry said on Tuesday, reports Reuter.

Overall exports jumped 29 per cent to a monthly record 7.25 billion dollar, while imports gained eight per cent to

5.79 billion dollar, the ministry said in a statement.

For the first four months of this year, the surplus climbed 109 per cent from a year earlier to 4.03 billion dollar.

Officials said economists attributed the surge in exports mainly to rapid growth in shipments to Hong Kong, the main conduit for Taiwan's

trade with China. Direct trade with China is banned due to political tensions between Taipei and Beijing.

"Shipments to Hong Kong and the Chinese mainland, particularly in areas such as chemicals and industrial parts, are showing great strength," a senior ministry official said by

telephone. Exports to Hong Kong soared 65 per cent from a year earlier to 1.58 billion dollar in April. Taiwan's trade surplus with Hong Kong climbed 83 per cent to 1.45 billion dollar.

The trade surplus with the United States jumped 136 per cent to 700 million dollar because of a mild recovery in the US economy, officials said.

Meet to end strike today

Frankfurt's air port at standstill

FRANKFURT, May 5: West Germany's public workers stepped up their nine-day-old strike Monday, bringing Frankfurt's busy international airport to a standstill, reports Reuter.

A spokesman for the German airline Lufthansa said Frankfurt Airport—continental Europe's busiest—had been declared closed from midnight Monday (2200 GMT Monday) until midnight Tuesday (2200 GMT).

"Nothing has left or arrived in Frankfurt this morning," he said. All of the airline's 29 intercontinental flights due in early this morning had been diverted.

The largest public employees' union, OETV, said it was calling 240,000 workers out on strike Tuesday. They will be joined by tens of thousands from other public service unions.

The unions intensified their strike — Germany's biggest in the public sector since World War Two — despite an offer of new pay talks from the Bonn government.

The interior ministry said in a statement on Monday evening the two sides would meet in Stuttgart on Wednesday to discuss a new pay offer made by the employers in a bid to end the strike.

There were no details of the new offer, although employers said they would improve on their previous offer of a 4.8 per cent pay rise. The OETV union is seeking 9.5 per cent.

Stoppages on other services continued on Tuesday, paralysing local transport systems in most major west German cities. Postal services were further disrupted as planes carrying air mail were grounded.

Strikes in hospitals, government offices and waste-disposal depots continued.

Strange retribution

SYDNEY, May 5: The US firm JJ Heinz began on Tuesday removing millions of jars of baby food from Western Australian supermarkets after police were sent a cyanide-laced jar and a threat to kill babies as retribution for the verdict that sparked riots in Los Angeles, reports Reuter.

The reusable jar of Heinz Roschup Baby Gel was sent this week to police in the Western Australian capital Perth, along with a letter claiming that five other jars had been poisoned, police said.

The letter said five babies should die as a result of last week's acquittal of four Los Angeles policemen on charges of brutally beating black motorist Rodney King. The verdict touched off rioting which killed more than 50 people.

The Pittsburgh-based Heinz, Australia's largest baby food manufacturer, promptly ordered the removal of all its baby food in glass jars from its Western Australian supermarket shelves.

"This (the removal) has been confined to Western Australia at the moment," a Heinz spokeswoman told Reuters.

Perth police said the threat was being taken "very, very seriously."

"We have out there an idiot, possibly a person who is mentally deranged," Assistant Police Commissioner Bruce Scott told reporters in Perth late on Monday.

"They say they have put five jars for distribution and while the mind boggles how they could do that, it could be done," Scott added.

Police also warned Western Australians to avoid using baby food of any brand in glass jars bought since last Wednesday's verdict in the King case.

"There is nothing in the letter to say the other jars are Heinz," said company spokeswoman Dee Hendy.

"But as a responsible company we are acting responsibly and having all our glass jars removed as a matter of urgency," she added.

Western Australian health authorities told hospitals to stop feeding with prepared baby foods until further notice.

Police declined to say whether the letter contained any demands or from where the contaminated jar had been sent.

California faces economic pitfalls

AP from Sacramento (California) adds: The rioting touched off by the acquittal of four police officers in the Rodney King beating could hurt California's shaky finances long after the damage is cleaned up, state officials said Monday.

One state senator on Monday proposed a sales-tax increase to raise 750 million dollar help victims of rioting and recent earthquakes.

The state, which already faces a nine billion dollar budget shortfall, will lose tax revenues and see more demand for social services in ravaged neighborhoods, said Cynthia Katz, a spokeswoman for the State Department of Finance.

"The job loss is going to be incredible. Nothing's good. It's really a tragedy," Katz said.

Direct costs to the state included about two million dollar in damage to 17 government buildings, and an undetermined share of the five million dollar a-day bill for police, fire and other emergency services, said Nancy Hardaker, spokeswoman for the State Office of Emergency Services.

Officials may not know for another year how much the state will lose in income, corporate, sales and property tax revenues. Overall damage is estimated at 700 million dollar.

China to deregulate state firms by 2000

HONG KONG, May 5: China's central government is to proclaim a new law aimed at making all state-run enterprises truly autonomous and market-driven by the year 2000, a Beijing-controlled newspaper said, reports Reuter.

The Hong Kong-based Ta Kung Pao said the new law would change the present management system of state-owned companies in China so they would be responsible for their profits and losses.

The government is determined to separate politics from commerce as well as ownership from management in order to create fair competition among enterprises, the daily said.

The development of many state-run firms, especially

large conglomerates, is often hampered by complex bureaucratic procedures. Most state-owned firms are subject to numerous administrative restrictions although some companies, particularly those in the booming south, enjoy more autonomy.

The newspaper said some inefficient state-run firms would be transformed through mergers, acquisitions, auctions and even bankruptcies.

Large- and medium-sized firms will play a major role in the development of China's foreign trade and will be granted autonomy to deal with foreign trade partners, the daily said.

Chinese authorities will also speed up the shareholding system nationwide and the drafting of company law.

Business briefs

UAE central bank assets rise 15pc: The United Arab Emirates (UAE) central bank recorded a 15 per cent increase in its assets in 1991, the official news agency was reported Monday, says AFP from Abu Dhabi.

It quoted a central bank report as saying assets stood at 20.1 billion dirham (5.74 billion dollar) in the same month of 1990.

Squibb opens plant in Russia: The Bristol-Myers Squibb Co reached out to Ailing Russian hearts Monday and opened its first pharmaceutical plant in the former Soviet Union, reports AP from Mupavna, Russia.

The world's third largest pharmaceutical firm and the Russian-owned Akrikhin factory are to manufacture two of Bristol-Myers Squibb's top cardiovascular medicines — Capoten and Corgard — at the plant 36 kilometres west of Moscow.

The US-based firm invested five million dollar in its Akrikhin facility, where it hopes to produce more than 100 million tablets a year.

High tax angers westerners in Russia: Westerners working in Russia are howling in protest over a new income tax law laying claim to 60 per cent of their earnings. Some are threatening to go home, reports AP from Moscow.

The new Law on Taxation of Individuals' Income applies to all foreigners who live in Russia more than six months of the year, and whose worldwide income is over 420,000 rubles (3,500 dollar at the current exchange rate).

Lebanese strike against price hike: A wave of strikes swept southern Lebanon Tuesday to protest high prices and the worst economic crisis to grip the nation in 48 years of independence, reports AP from Sidon, Lebanon.

Police said people took to the streets shouting anti-government slogans shortly after local radio stations reported that the Lebanese pound had dropped to an all-time low of 2,100 to the dollar in the Beirut money market.

S Africa's gold output up: South Africa's gold output increased 3.03 per cent in March to 51,410 kilograms from 49,894 kg in February, the Chamber of Mines, representing the major mining houses, said Monday, reports AFP from Johannesburg.

The March total, including non-members of the chamber, was 0.82 per cent down on the 51,731 kg produced in March last year. The cumulative total for the year was 149,937 kg, up 1.86 per cent on the 147,145 produced by the end of March last year.

Somalis receiving wheat: Somalis on Monday began delivering 5,000 metric tons of whole wheat from a UN boat docked at Mogadishu's newly reopened port, a UN official said, reports AP from Nairobi.

Before 11,650 tons of food from the International Committee of the Red Cross arrived last week, the seaside city of an estimated 1.2 million had not had any major food imports since clan warfare erupted Nov. 17.

Racial discrimination high in US newspaper industry

NEW YORK, May 5: Despite widespread recognition of the problem, American newspapers have not done enough to recruit minorities, an industry official said Monday, reports AP.

Diversity is right. It's good business. And it's long overdue in our business," Cathleen Black, president and chief executive of the American Newspaper Publishers Association, told the organization's annual convention.

Addressing the three-day meeting's opening session, Black said the need for increased recognition of minorities and women by the print media extends to

news coverage, community relations, readership and advertising.

"Diversity is more than gender and race... It's a celebration of the infinite richness and variety of human experience," she said. "It's about embracing our differences not stifling them."

Later, Members of a panel discussing the issue generally agreed that it is up to top management to show leadership in dealing with discrimination in American newsrooms, and that only about half the nation's newspapers have made an effort to hire more women and minorities.

"Nobody's running in the

newsroom calling people names any more, but it's still there," said Betty Winston Baye, editorial writer and columnist for The Courier-Journal of Louisville, Ky.

Jay T. Harris, Vice President of operations for Knight-Ridder Inc, said he found it "striking that so much of the progress has occurred in a few newspapers and for most there's been none at all."

In those few, he said, "The only thing in common is strong leadership... the bottom line is that in those places where there is power to insist on change as a matter of business pri-

ority, change will occur." The ANPA, which represents about 1,280 dailies and more than 7,000 weeklies in the United States and Canada, will merge June 1 with seven other newspaper marketing, circulation and research organizations into a new group, the Newspaper Association of America, or NAA.

The organization's "diversity action plan" calls for members to achieve minority and female "work force parity" with the demographic makeup of their market areas by the year 2000 or sooner. The objective covers all levels of management, with a doubling of

minority management by 1995.

The panelists also said they felt news coverage of last week's riots in Los Angeles and other cities was weakened by the lack of diversity in newsrooms. Gilliam said the image conveyed by the media was of "blacks out of control, when the fact is it was a fairly diverse uprising."

"If we don't have the diversity of decision-making positions, if that doesn't happen in newsrooms, and in TV newsrooms, then we have the image of African-Americans out of control and that is a distortion," she said.

Black, in her report to the

ANPA's opening session, said too many newspapers still rely on pre-1980s "conventional wisdom" outmoded by demographic shifts, competition from specialized media and the lagging economy.

"If a newspaper expects to thrive and grow in the next decade, and decades after that, we must inject vision, imagination and energy into our newspapers and into the way we promote them to our readers and advertisers," she said.

Black also urged that newspapers "speak with a strong and unified voice" on public policy issues affecting the industry, including protecting the First Amendment.