BRIEFS

WB condition for Indian dam project

WASHINGTON, Oct 24 : The World Bank said continued support of a massive dam project in India will hinge on a review, set for April, of India's steps to remedy flaws in the project. The bank's executive committee, after an all-day meeting, announced that an action plan had been worked out with India and the three states where the project is being built, reports Reuter.

China to earn $3.5b from tourism

BEIJING, Oct 24 : China will earn a record 3.5 billion dollar from tourism this year, "Visit China '92," and is aiming for 10 billion dollar by the end of the decade, the country's top tourism official said. The government recently announced the establishment of several national tourist resorts open to overseas investment and is eager to introduce more foreign capital, technology and management into the industry. China National Tourism Administration Chief Liu Yi said. China has set a target of five billion dollar in tourism earnings in 1995 and double that in 2000, he was quoted Friday as saying by the China daily, reports AFP.

Japan's crude oil imports rise

TOKYO, Oct 24 : Japan's crude oil imports rose 11.9 per cent from a year earlier to 135 million barrels in September, the international trade and industry ministry said Friday. Saudi Arabia was the biggest crude oil supplier to Japan last month, followed by the United Arab Emirates and Indonesia, the ministry said in a report without specifying the volumes. Japan's crude oil imports in the April-September period or the first half of the current fiscal year went up 9.3 per cent from a year earlier to 754 million barrels, the ministry said, reports AFP.

Consensus at cocoa meet

KUALA LUMPUR, Oct 24 : The world's major cocoa producers, after five days of talks here, achieved Friday a consensus on major issues ahead of a meeting next month to draw up afresh agreement with consumers, delegates said. "It is a big breakthrough because this is the first time producers have come to an agreement on all major issues before meeting the consumers, said a delegate after the 55th general assembly of the Cocoa Producers Alliance (CPA). The producer-consumer meeting in Geneva from November 2-13, the third in a series under the auspices of the UN conference on trade and development, will attempt to frame a new pact to replace the International Cocoa Agreement (ICCA) expiring in 1993, reports AFP.

US-UK air talks to reconvene

WASHINGTON, Oct 24 : US and British negotiators will reconvene in Washington next week for another round of talks on easing restrictions on air traffic between the two countries, the Transportation Department said Friday. The talks, which open Tuesday at the State Department, will focus on British Airways' offer to buy a 750 million dollar stake in USAir, the sixth-largest US airline. Transportation Secretary Andrew H Card Jr flew to London last week to confer with his British counterpart, Transport Secretary John MacGregor, in an attempt to speed up the negotiations, reports AP.

Jump in HK luxury car theft

HONG KONG, Oct 24: The number of luxury cars being stolen and smuggled to China doubled from the same period last year despite increased security measures against cross-border crime, Hong Kong police reported Friday. Total violent crime in the territory, however, dropped 11.4 per cent. Armed robberies were down 43 per cent, according to Hong Kong's third quarter crime statistics. Deputy director of crime Tsang Yampui said at a news conference that 1,340 Mercedes, BMWs and other expensive cars were reported missing from January to September this year compared to 667 for the same period last year. The total number of missing vehicles reached 5,018 — and increase of 11.8 per cent, says AP.

ASEAN ministers give go-ahead to free-trade area scheme

MANILA, Oct 24 : ASEAN economic ministers gave the go-ahead here Friday to an accelerated tariff reduction plan that would form the basis of a free-trade area to be established in the region within 15 years, reports AFP.

Expressing concern over the breakdown in global trade talks, the Association of South East Asian Nations agreed to speed up tariff cuts on 15 priority products under the ASEAN Free Trade Area (AFTA) programme starting January.

"We have now got all the basics in place," Malaysian Trade Minister Rafidah Aziz told a news conference after the week-long ASEAN trade talks.

ASEAN — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand — agreed at a summit last January to create AFTA by reducing tariffs of goods traded within the region to no more than five per cent by 2008.

After this week's talks in Manila, they decided to cut tariffs on the 15 key sectors to the desired level within 10 years, although each country will be allowed to temporarily exempt a limited number of items under each sector.

Other products will be added to the list until the 15th year.

Aziz said the Failure of General Agreement on Tariffs and Trade (GATT) negotiations showed that larger countries "can hold to ransom" smaller nations, which must bank together to promote intra-regional trade.

The ASEAN talks were earlier snagged by the new Thai government's reluctance to fully join the accelerated tariff cuts.

But Thai Deputy Prime Minister Supachai Panitchpakdi on Friday pledged his country's full support to the tariff slashing plan.

In a joint statement ending their two-day meeting, the ASEAN ministers expressed "grave disappointment" over the GATT breakdown and attacked recent legislation in Austria to label so-called tropical timber products.

"We find it discriminatory," said Indonesian Trade Minister Arifin Siregar.

The AFTA council, which will oversee the tariff reduction plan, will meet again in December to finalise the terms ahead of the programmes January launch.

The ASEAN ministers also called for closer cooperation between their governments and business chambers on implementing AFTA.

The 15 priority products for accelerated tariff cuts are vegetable oils, cement, chemicals, pharmaceuticals, fertilizers, plastics, rubber products, leather products, pulp, textiles, ceramics and glass products, gems and jewelry, copper cathodes electronics, and wooden and rattan furniture.

The ASEAN economic ministers will meet with Japanese Trade Minister Kozo Watanabe on Saturday to discuss regional and bilateral issues.

Officials said the effects on global trade of the North American Free Trade Area (NAFTA) grouping the United States, Canada and Mexico will be one of the issues to be taken up by Watanabe with his ASEAN counterparts.

A draft of the ASEAN-Japan joint statement set to be issued after Saturday's dialogues states that the ministers "expressed their hope that NAFTA would not turn into a regional economic bloc".

It says the NAFTA should be consistent with the General Agreement of Tariffs and Trade and "should contribute to the economic growth, not only of NAFTA members but the other countries as well."

Japan is ASEAN's biggest trading partner, accounting for 11 per cent of the six nations' total trade and supplying 14 per cent of ASEAN's imports.

MANILA : Japan and ASEAN Trade Ministers posing for photographers before the formal opening of talks October 24. From left— Aritin Siregar, Rafidah Aziz of Malaysia, Rizalino Navarro of Philippines, Kozo Watanabe of Japan, Lee Hsien Loong with senior Trade Minister Lim Boon Heng of Singapore and Thai Deputy Prime Minister Supachai Panitchpakdi. — AFP/UNB photo.

Global recession pushes G-7 leaders in trouble

MURFREESBORO, Oct 24: The worldwide economic slowdown that damaged President Bush's popularity is making life miserable for leaders of other big industrial powers, Treasury Secretary Nicholas F Brady said Friday, reports AP.

"The rest of the world is about to go through what we've done," Brady said during the Economic outlook conference at Middle Tennessee State University.

"Leaders of the G-7 countries are in trouble," Brady said. The G-7 countries are the world's richest industrialised democracies — Britain, France, Germany, Italy, Canada, Japan and the United States.

Brady said Japanese Prime Minister Kiichi Miyazawa and Canadian Prime Minister Brian Mulroney are in trouble politically and French President Francois Mitterand won't run again.

Japan will realise it cannot operate at full employment and dump its products on the world market while demands for its goods and services declines, he said. That will spell trouble for Miyazawa. Brady said afterward.

"There's going to be reaction. They're going to have to put up with a rising employment problem," he said.

Unified Germany's work force is so structured that it will not be able to cope with changing economic needs, he said.

"I say the United States has faced the change. We have faced the pain and we moved on," Brady said.

Brady, a former Chairman of Dillon, Read and Co, investment banking company, said Congress overreacted to the savings and loan crisis by forcing "incredible unnecessary regulations" on banks in the last year.

He urged the gathering to support legislation that would retract those regulations.

The world economy is going through a series of changes, some temporary, some permanent, he noted.

A declining US defence industry is responsible for some growth in unemployment and decline in productivity, somewhat like the 19 per cent drop in the gross national product the first year after World War II ended, Brady said.

Four years later, the economy grew at a 25 per cent annual rate.

"This puts our economy's current growth of over two per cent in perspective," he said.

Brady made little mention of the presidential race. He called a Democratic proposal to generate 45 billion dollar by taxing foreign business operating in the United States "utterly bunk."

Bill Clinton's proposal, Brady said, would generate one billion dollar at best.

Major calls for EC, US compromise to break GATT deadlock

LONDON, Oct 24: British Prime Minister John Major has called on the European Community and the United States to make compromises in order to break the deadlock in suspend world trade talks, reports Reuter.

Major and German Chancellor Helmut Kohl had a 40-minute telephone conversation on Friday during which they agreed a formula to bring Europe and the US back to the negotiating table.

In an interview with the Daily Express newspaper published on Saturday, Major said the General Agreement on Tariffs and Trade (GATT) talks were too important to be allowed to fail.

These talks must not be permitted to break down and they must not be permitted to fail, he said.

I have agreed with Chancellor Kohl that the European Commission negotiators have got to be sent back and continue negotiating. They have got to compromise and so has the United States. They have got to reach a deal if it is achievable. We are telling the Americans they have got to come back and negotiate. Both Chancellor Kohl and I will be saying publicly that we want a settlement, we need a settlement. We believe it can be reached. If these trade talks break down I believe that will be a very great catastrophe."

He added: "If we don't get a GATT deal, and as a result have a trade war, there will be particularly serious and savage difficulties to face right the way across Europe, the Third World and probably the US as well.

The EC Commission said on Friday evening it had resumed contacts with Washington and both sides agreed there should be a swift end to bilateral disputes over oilseeds and farm subsidies holding up an overall GATT agreement.

British officials said Major and Kohl had agreed on a four-point approach to put the GATT talks back on course.

EC Agriculture Commissioner Ray Macsharry must go back to continue negotiations with the US.

Commission to be told it must not allow talks to founder — US told retaliation would be dangerous and damaging" — that a GATT deal can and must be achieved.

Britain has rejected suggestions from France that it is now impossible to do anything about GATT until next month's US presidential elections are well out of the way.

Earlier, British Trade and Industry Secretary Michael Heseltine launched a sharp attack on EC Commission President Jacques Delors, who is French, accusing him of backing the French despite his position in the EC."

Heseltine said Delors must put aside his French sympathies and get on with unblocking disputes over farm aid threatening the GATT talks.

The difficulty is that the president of the commission is of course very close to the French interests on this matter and he has therefore conflicting loyalties, Heseltine told British Broadcasting Corporation radio.

An earlier AFP report says :

Informed EC sources in Brussels spoke of a possible meeting this weekend between EC Agriculture Commissioner Ray Macsharry and US Agriculture Secretary Edward Madigan.

In Tokyo, Japan added to the diplomatic pressure for a solution to the GATT deadlock. Noburu Hatakeyama, Deputy Minister in the Ministry of International Trade and Industry, said Japan wanted to help get the talks restarted.

Delors, the commission and the French government are saying that the EC has made all the concessions it can in the farm subsidy quarrel, and that it is for Washington to make the next move.

The US embassy here said the reverse. Its spokesman said : "we are asking the EC to come back to the talks when it is ready to revert to its position on October 12". Until then, he implied, there could be no progress.

Meanwhile, the EC's executive European Commission was sending out contradictory signals over the deadlocked GATT talks as Washington insisted on more concessions from the EC.

Commission President Jacques Delors said in Paris that the basis for a fair agreement in the negotiations for free trade under the General Agreement on Tariffs and Trade (GATT) had not yet been reached.

Sources in Brussels suggested a split in the commission which is negotiating a GATT deal on behalf of the EC.

They said Delors was backing French resistance to a deal, while most of his colleagues, along with virtually all other EC countries, were willing to support more EC concessions to secure an agreement.

India urges private sector to set up steel plants

NEW DELHI, Oct 24 : India's government urged the private sector Friday to set up steel plants to lift production from 15 million to 25 million tonnes a year, report AFP.

Minister of State for Steel Santosh Mohan Dev said the government had identified 25 sites for locating the plants with infrastructural and technical facilities and access to raw materials.

At a ceremony here where he released guidelines for prospective steel producers, Dev promised "full support" to entrepreneurs.

He said the government's aim was to boost steel production from the current annual level of 15 million to 25 million tonnes, without specifying a target date.

India's steel production is about 1.8 million tonnes short of demand and way behind that of countries such as China, Brazil and South Korea.

Dev said government-owned companies had been unable to raise production because of financial constraints.

Russia needs $22.1b to overcome deficit in '93

LONDON, Oct 24 : Russia's financing needs for 1993 the gap between revenues and minimum expenditure — is expected to be 22.1 billion US dollar, said Konstantin Kagalovsky, Russia's Director at the International Monetary Fund, reports Reuter.

"If we suppose that Russia has 61.5 per cent of the (former) Soviet debt, the gap will be 22.1 billion US dollar", he told a conference at the Adam Smith Institute.

"If we suppose that Russia has 100 per cent (of the debt), the figure will be 30 billion US dollar," he added.

Kagalovsky said that the debt problem was the most urgent facing the countries of the former Soviet Union.

"Russia and the IMF have made an estimate of our ability for debt service in 1993. Probably we will be able to pay roughly 2.5 billion US dollar next year."

Kagalovsky said it was very important that the 70 billion US dollar former Soviet debt should be rescheduled. "Everybody needs a reasonable and visible solution," he said.

Russia has said it is willing to take over the whole of the former Soviet Union's debt.

Russia's offer to take on the whole debt was conditional on its taking over all of the former Soviet Union's assets.

Kagalovsky said that Russia should urgently reach agreement in rescheduling the debt with the Paris Club of official creditors. He said that Russia was asking for a change in the cut-off date affecting any agreement on the debt.

"We think natural and historical logic shows us the cut-off date should be the last date that the Soviet Union existed and that was December 8, 1991."

The cut-off date currently in operation is January 1, 1991.

Kagalovsky said Russia hoped to sign an IMF stand by agreement in the near future.

Deputy Finance Ministers from the Group of Seven industrial nations held talks in Paris Friday with Russian officials on the former Soviet Union's debt.

Although progress was made at the talks, differences remain and a senior monetary official in Paris said that the Paris Club would not be ready to agree on a rescheduling of official debts when it meets next week.

India reviewing disinvestment plan after initial setback

NEW DELHI, Oct 24 : India's government, moving tentatively toward privatising the gigantic public sector, is reviewing its disinvestment programme after the first open auction of shares in state-owned firms flopped, reports AFP.

The ministries of finance and industry are trying to find out why stock in eight state-owned blue chip firms, which were on the block at the auction here, drew such dismal response and how to make the next round of disinvestment a success.

Some observers believe nothing less than a drastic revamp of the state-owned sector, notorious for its sloth, inefficiency and low profitability, is needed if the disinvestment programme is to take off.

"Naturally we are going into all the details," Minister of State for Heavy Industry PK Thungon told AFP here Friday. "Our mind is open. We are ready to consider any improvements for the next tranche of disinvestment."

"We are satisfied to some extent about the result of the latest round because we have just started this process. But it is not the end," Thungon said.

Proposals before the government include allowing government employees to use their provident fund money to buy public sector stocks, a public issue at a reasonable premium and selling shares in stock exchanges.

At the October 14 auction, bids worth 20.09 billion rupee (697 million dollar) were received for the 392.9 million shares up for grabs, the industry ministry said.

The Unit Trust of India, a leading government-owned mutual fund, alone bid for 11.1 billion rupee (381.3 million dollar).

The government, however, accepted only a third of the bids, disinvesting just 128 million shares worth 6.8 billion rupee (227.3 million dollar) because the rest of the bids were ridiculously low.

The disinvestment ranged from five per cent in Bharat Petroleum, Hindustan Petroleum, Hindustan Machine Tools and National Aluminium Corp to just 0.52 per cent in the Steel Authority of India Ltd.

Thungon declined comment on a report by the daily that the next sale be postponed and the IMF told that shares in state firms will be more attractive after they are "restructured and made more profitable."

In an editorial Thursday, the daily noted that bidders had no access to such basic documentation as a statement of accounts of units they were interested in, the value of their assets and corporate plans for growth.

Japan's security firms suffer losses

TOKYO, Oct 24: Three of Japan's four largest brokerages and all 10 "second-tier" firms suffered losses in the first half of the fiscal year because of Tokyo's stagnant stock market, the companies reported Friday, says AP.

Of the "Big Four," only the second largest, Daiwa Securities Co, avoided an after-tax loss during the April-September period. However, it reported no profits.

The others, Nomura Securities Co, Nikko Securities Co and Yamaichi Securities Co, reported unconsolidated after-tax losses ranging from 611 million yen (five million dollar) to 15.8 billion yen (130 million dollar) because of a continuing slump in stock trading.

All of the companies blamed the weak results on sharp plunges in revenues from commissions and underwriting, as Japan's economy continues to falter and corporate profits decline.

Japan helps China with trade, industry

TOKYO, Oct 24 : Japan is helping China form an agency modelled on its powerful Ministry of International Trade and Industry (MITI), which engineering Japan's post-war economic miracle, Vice Minister Noboru Hatakeyama said here, reports AFP.

Hatakeyama, speaking as Emperor Akihito arrived in Beijing on the first visit by a Japanese monarch to China, told reporters his ministry had lent Chinese authorities 16 volumes of achieves on industrial policy after the war.

"They study very carefully what we did after the war," he said, adding that MITI was also considering sending researchers to China "to give some advice."

Hatakeyam noted that the functions of the single Japanese ministry were spread out in China among three separate institutions including the Ministry of International Economic Relations and Trade (MOFERT).

Although Japanese investment in China has been growing steadily in recent years, the Vice Minister said rapid growth was unlikely.

"Japan has to be prudent for the time being," he said. "The Chinese economy is in a boom, to much of a boom. They have to be cautious about inflation to avoid another adjustment phase."

Hatakeyama said the emperor's "symbolic" visit to China was likely to have no impact on Sino-Japanese trade and added it was too early to tell how the economy would be affected by the recent Chinese Communist Party congress. China was Japan's fifth-largest trading partner last year after the United States, South Korea, Germany and Taiwan. Two-way trade is expected to grow from 20.2 billion dollar to a record 24 billion dollar this year.

Lebanese economy sinks into quagmire of corruption, inefficiency

BEIRUT, Oct 24: Two years after the end of fighting, Lebanon's economy has sunk into a quagmire that economists blame on government corruption and inefficiency, reports AFP.

Economic prospects brightened shortly after the 15-year civil war ended in October 1990 — only to turn gloomier than ever later.

Last year Lebanon reaped a one billion dollar surplus in its balance of payment mainly because of the reopening of Beirut's Port, the revival of banking and a surge in property investments.

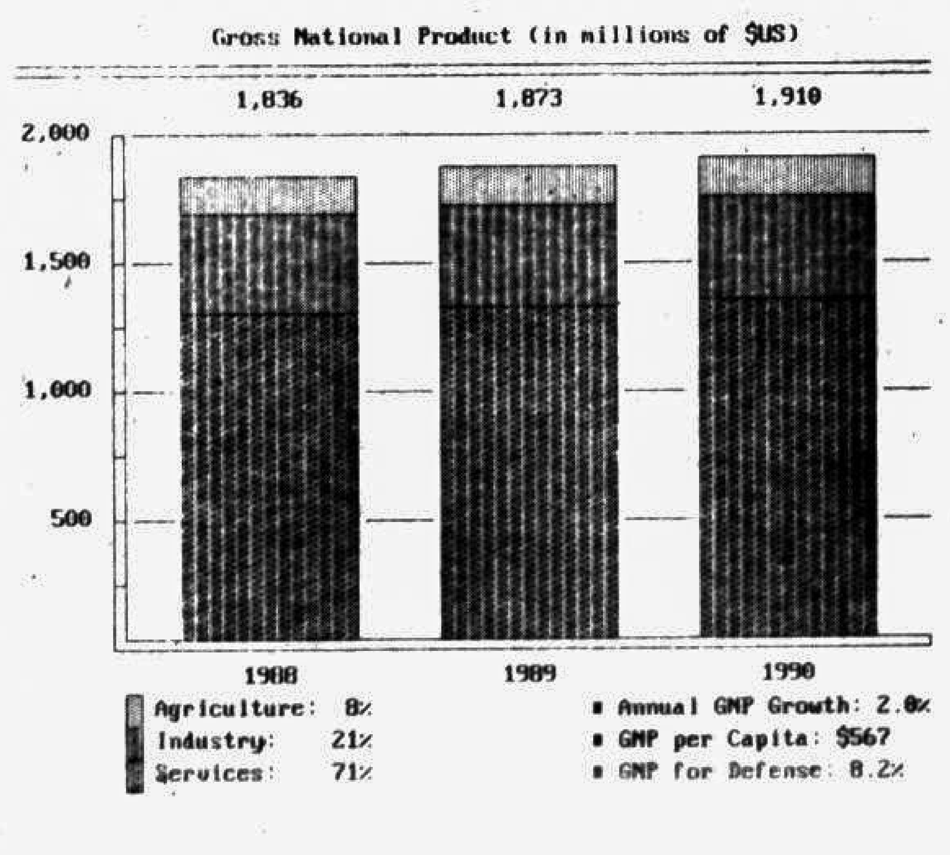
But from the first days of 1992, Lebanon began to witness the worst economic crisis of its history.

"In December 1992, the government made a huge mistake by raising the salaries of public servants by 120 per cent when it should have scrapped 20 per cent of the jobs and sacked corrupt employees," said Marwan Iskandar, a Lebanese economist.

"From then on, Lebanese and foreign businessmen started to have doubts and the more so because none of the public services were being improved," the economic expert added.

The telephone network is in shambles, water and electricity shortages are common, while garbage piles up in the streets for days.

Adnan Kassar, the President of the Chamber of Commerce, said the foundation of the economy was healthy. "But we don't have faith in the government," Kassar added.



"The main problem is that government formed in the past two years were made up of political party chiefs or heads of former militias," he said.

The Chamber of Commerce and the powerful General Confederation of workers (CGTL) have joined voices in demanding the "formation of a government capable of solving the socio-economic problems of the country".

The 200,000 CGTL has organised several strikes this year against hikes in the cost of living. A nationwide work stoppage in May led to the fall of the government of former Prime Minister Omar Karami.

The government of Rashid Solh resigned last week in the wake of parliamentary elections after failing to resolve the problems that had faced its predecessor.

The salaries of public servants, some of whom have failed to report to work for years, have used up more than half of the country's budget while government spending is expected to reach 1.3 billion dollar this year.

Meanwhile, the Lebanese pound has lost 64 per cent of its value against the US dollar following the central bank's decision in February to support the pound.

A senior Finance Ministry official, who declined to be identified, sharply criticised the Lebanese' lack of faith in the government.

"The economy's health is improving," he said, adding that 77 per cent of government spending had been accounted for since the summer —compared to 42 per cent at the start of the year.

"The reorganisation of finances is underway, but mistrust of the government is destroying all that," he added.

Power struggle between the President, Prime Minister and Speaker of parliament and chronic disagreements over policy had also paralysed the launching of public projects.

Loans must be discussed and approved by parliament, but the greenlight is not always forthcoming, said a European economic expert who cited an Italian loan for 460 million dollar that has yet to be endorsed.

According to this expert a billion dollar worth of foreign loans have been pledged to Lebanon.