

BRIEFS

Unemployment in EC increases

BRUSSELS, Feb 12: Unemployment in the European Community rose 0.1 per cent from November to December, representing 9.9 per cent of the workforce, the EC statistical service reported Wednesday. The year-end figure of 14 million jobs was the highest since 1987, according to Eurostat. Unemployment was up 0.9 per cent on December 1991. December's highest monthly increases, at 0.3 per cent, were in Spain and Britain. Italy recorded a 0.2 per cent fall in the number of unemployed, says AP.

Middle class worst hit in Russia in '92

MOSCOW, Feb 12: The gap between the best-paid and worst-paid Russians quadrupled last year while the middle class almost vanished, Russia's Labour Minister said Wednesday. "In all countries the middle class is the backbone of society's stability. In this country, the middle class has been melting," Labour Minister Gennady Melikyan said, according to AP.

US corn exports to hit 50 bushels in '93

WASHINGTON, Feb 12: Sometime this year, US farmers will wave goodbye to their 50-billion bushel (1,760 billion liter) of corn exports, enough to fill a line of rail cars that would circle the Earth seven times — 175,000 miles (281,000 kms). The US Feed Grains Council came up with those figures, citing Agriculture Department records that have tracked corn exports going back to the Civil War, reports AP.

Germany forecasts '0' growth in nine yrs

BONN, Feb 12: In a grim forecast for 1993, the government predicted Wednesday that Germany's economy will have zero growth for the first time in nine years and that joblessness will spiral higher. "We have entered a downturn. And the end of this downturn is not yet in view," Economics Minister Guenter Rexrodt told reporters. German economic troubles are partly fueled by the mammoth costs of unification and partly by worldwide economic stagnation, says AP.

Ford loses \$7.4b in 1992

DETROIT, Feb 12: Ford Motor Co said Wednesday that it lost an unprecedented 7.4 billion dollars in 1992 as accounting changes and one-time charges muddled an otherwise improving financial picture. The 7.4 billion dollar loss amounted to 15.61 dollar per common share, but included a one-time accounting charge-of 7.5 billion dollar to reflect a bookkeeping change for retiree health benefits, reports AP.

Bad weather disrupts India's tea output

NEW DELHI, Feb 12: Bad weather felled India's tea production by 37.7 million kilograms (82.94 million pounds) to 703.9 million kilograms (1,54 billion pounds) last year. Tea sources were quoted as saying in Calcutta that "adverse weather conditions" in southern India were the main reason. Production in the region dropped by 26 million kilograms (57.2 million pounds) in 1992. The Indian government said last month it had drafted a long-term plan to raise falling tea output to one billion kilograms (2.2 billion pounds) by the end of the century, says an AFP report.

Tokyo pledges \$9.6m aid for Somalia

TOKYO, Feb 12: Tokyo pledged 9.6 million dollars in humanitarian aid to Somalia Friday to aid the millions of victims of drought and war in that African nation. The new humanitarian aid to Somalia includes five million dollars to the UN High Commissioner for Refugees and 1.3 million dollars to the UN Children's Fund, says AP.

LDCs reserves stand \$43.2b

WASHINGTON, Feb 12: Reserves of developing countries (gold not included) stood at 295.4 billion special drawing rights (SDRs) (around 434.2 billion dollar) at the end of the last quarter of 1992, which is 47.5 billion dollar more than in 1991, according to latest figures issued by the IMF, reports AP.

Japan against US trade retaliation

WASHINGTON, Feb 12: Japanese Foreign Minister Michio Watanabe told President Clinton on Thursday that Japan opposes action by Congress that would pressure him to retaliate against other countries' exports, a Japanese spokesman said, reports AP.

Watanabe brought the message from Prime Minister Kiichi Miyazawa, said Sadaaki Numata, deputy spokesman of the ministry of foreign affairs.

Numata said that the minister's mention of a matter pending before Congress was a sign of its importance to Japan. Traditionally foreign governments are cautious about taking stands on matters still before Congress because it could appear to be interference in domestic affairs.

The prime minister thought that Super-301 was not a good approach, Numata said.

Super-301, named for a section of US trade law, is a provision that expired two years ago. It encouraged the president to act against com-

petitors, outside international agreements, if he found that they unfairly hurt US trade. Clinton endorsed the idea during his election campaign and many members of Congress support its renewal.

Numata quoted Clinton as saying the provision should be used sparingly.

Other governments oppose it, urging that the United States and other countries should keep within international agreements.

Numata said Watanabe made three other points to Clinton on behalf of Miyazawa:

—The Japanese government is considering how to recycle its funds to other countries, including the Third World. Japan earned 44 billion dollar last year in its trade with the United States alone.

—The Japanese government will continue its effort to increase demand at home and to open its markets to other countries, measures that would reduce its foreign earnings and reduce trade deficits of other

countries.

—Miyazawa intends to make an informal, businesslike meeting of the annual summit of the seven leading industrial powers scheduled for July in Tokyo. Clinton is expected to attend. These annual meetings have been widely criticized as formal photo opportunities, with speeches and a final statement drafted advance and little chance for real discussion.

Clinton and Watanabe discussed rising tensions over trade with no sign of easing economic tension between the two governments.

"This is just the beginning of our relationship," Clinton said, posing for pictures with Watanabe in the Oval Office.

The meeting had been billed as an introductory session, but Clinton said they had "a little talk about trade." Japan's trade surplus with the United States soared last year, creating pressure on Washington to take a tougher stand.

Addressing a reporters,

Clinton said, "Minister Watanabe said he felt that we shouldn't be protectionist in our relationship, and I agreed. And I said I thought we had to bring the trade deficit down and that I would be working with him on it very firmly."

Clinton said Watanabe agreed the deficit should be narrowed. "He discussed some things that he thought would be done," Clinton said without elaboration.

Japanese officials have been saying for weeks that Tokyo will retaliate against any move the new US administration might take to restrict Japan's access to American markets.

Before leaving Tokyo, Watanabe had said his government wanted to make its views known in Washington before US policy decisions on trade with Japan are made.

"So we had a good talk, but it was very preliminary," Clinton said. "You shouldn't attach any burden on it because he came to see me today. I

think we'll be friends and we'll have a few disagreements and a lot of agreements." He said he wanted to meet with Prime Minister Miyazawa.

The president joked to reporters that he was contributing to Japan's trade surplus by allowing American photographers—and their Japanese-made cameras and film—to take pictures of the meeting.

During meetings this week, Watanabe also is to see Vice President Al Gore, Secretary of State Warren Christopher, Secretary of Defence Les Aspin and other officials.

The new administration has raised some eyebrows by not naming an expert on Japan to any senior policymaking position. The omission has drawn a sharp rebuke from Mike Mansfield, a former ambassador to Japan, who says the US-Japan relationship is the most important in the world. This has not been reflected in the administration's appointments thus far, Mansfield has said.

Farmers of ROK, Taiwan Japan protest pressure to open rice market

SEOUL, Feb 12: Farmers from South Korea, Japan and Taiwan on Friday jointly protested international pressures to open their markets to foreign rice, reports AP.

In a joint statement, the heads of the agricultural organizations from the three nations agreed to take united action against the United States and other rice-exporting nations.

"The opening of the rice market will lead to a total collapse of the traditional culture based on rice and the farming communities," said the statement, signed by Han Ho-sun of Korea, Japan's Mitsugu Horiuchi and Ming-chin Wu from Taiwan.

Also Friday, about 1,000 farmers rallied in central Seoul to protest the Uruguay Round of world trade talks that are trying to eliminate barriers in trade.

"We strongly oppose any

moves to open our rice market," shouted the protesters, who jabbed their fists into the air.

Police surrounded the rally site but no clashes occurred.

In a news conference, Han, Horiuchi and Wu said they agreed that the Uruguay Round neglects the interests of such food-importing countries, such as South Korea and Japan.

Han said South Korean farmers will continue to stage protests and launch street campaigns.

About 13 million South Koreans have signed a petition opposing the opening of the rice market. Farmers have also participated in street protests that sometimes ended in violent clashes with police.

About 15 per cent of the 42 million South Korean population are farmers whose major source of income is from growing rice, the staple food of the population.

Clinton admn seeks authority to extend deadline for GATT deal

WASHINGTON, Feb 12: The Clinton administration announced Thursday that it will ask Congress for the authority to extend the deadline for negotiating a sweeping new world trade agreement. The US trade representative said agreement is "not close at all", reports AP.

No length of time was given for the extension, but the top European trade negotiator, Leon Brittan, said he hoped it would be shorter than the two-year extension obtained by the Bush administration.

The decision was announced by US Trade Representative Mickey Kantor following a two-hour meeting with Brittan.

Kantor noted that the Bush administration had said it was close to agreement in the trade talks, but Kantor said, "As far as we're concerned we're not close at all."

A lot was left on the table, Kantor said in a CNN interview, adding, "Frankly, I was surprised." The new trade official has been in office for barely three weeks.

We'd rather have no agreement than a bad agreement," he said, listing market access for US goods as a major concern.

We're sympathetic to the perspective of American workers, American jobs, raising wages, growing our economy. That's what we represent. I work for this president, but I also work for the American people," Kantor said.

The action was the first word from the new administration on how it planned to

deal with what had been the Bush administration's major trade initiative, an effort to rewrite the rules of world trade under the auspices of the GATT, or General Agreement on Tariffs and Trade.

Kantor's announcement signalled that Clinton is not interested in rushing through a trade package that basically had been completed by the Bush administration but instead wants more time to put his own stamp on any final agreement.

Indian rupee crashes to record low

BOMBAY, Feb 12: The Indian currency crashed to a record low against the US dollar of 3.01 dollar per 100 rupee on Wednesday, and dealers said the central bank appeared willing to let it slide further ahead of a crucial national-budget, reports Reuter.

"There's been no Reserve Bank intervention in the market. We could see 2.95 dollar before the week is out," said Ravi Nurey of ANZ Grindlays Bank in Bombay. "If things continue like this I expect a lot more importers to panic."

"There's a feeling that the Reserve Bank of India is happy to see the rupee fall," he added.

Sharat Anand, head of treasury operations at ABN Amro Bank, said he expected the dollar to strengthen further against the rupee.

The rupee was made partially convertible last March, and dealers say a full float is now possible. The budget will be announced on February 27.

The rupee has been falling steadily from 3.25 dollar per 100 rupee at the start of the year on expectations of changes in the currency's two-tier structure in the budget.

Foreign companies want to invest in India despite violence

New Delhi, Feb 12: Foreign companies want to invest in India despite the widespread Hindu-Muslim violence sparked by the razing of the Babri Mosque in Ayodhya, a forum of Indian businessmen asserted Thursday, reports AP.

The foreign investor is willing to take it as an aberration and is willing to do business in India," Subodh Srivastava of the Confederation of India Industry (CII) told a press conference here.

Foreign investment has been going up since the Indian government launched its economic liberalisation in June 1991 and "it will sustain its upward trend" in the months to come, Srivastava said.

Indians, he said, should not be "overconcerned" by the Hindu-Muslim riots following the December 6 mosque destruction. Bombay, India's financial capital, was paralysed for

more than 10 days last month because of the violence.

Export growth drop temporary

Reuter adds: A slowdown in India's export growth in the first six months of the current April-March fiscal year was a "temporary dislocation" and the underlying trend for export growth was good, Commerce Secretary A V Ganesan said.

Exports grew by 5.5 per cent during the first six months of 1992/93, compared with 6.3 per cent in the same period of the previous year.

Ganesan told reporters export growth slowed due to a 45-day strike by Indian airlines pilots in December and January at a time when much of India was convulsed by Hindu-Muslim rioting.

Ramos seeks Singapore investment

SINGAPORE, Feb 12: Philippines President Fidel Ramos arrived on a three-day state visit Thursday designed to forge tighter security links and attract investments from this affluent city-state, says AP.

In typically brisk local style, no time was spent on an elaborate airport welcome. The Ramos party was taken by motorcade directly to the Istana (Palace) for a ceremonial greeting by President Wee Kim Wee.

Ramos later held separate meetings in the Istana complex with Prime Minister Goh Chok Tong and the country's political patriarch, former Prime Minister Lee Kuan Yew.

The Filipino leader, who was accompanied by senior business executives, was due to give a major speech Friday at a luncheon devoted to business and investment opportunities in the Philippines.



ZAGREB: Bianca Jagger (C), former Miss Nicaragua and representative of the American non-governmental humanitarian organisation Equality Now, greets Muslim refugee girls from embattled Bosnia-Herzegovina. The refugees found shelter in camp Resnik, at the immediate vicinity of the Croatian capital.

Russia approves new reforms plan

MOSCOW, Feb 12: Russia approved a new plan to rebuild its shattered economy, slow spiralling inflation and halt the plunge in living standards seen in the first 13 months of economic reforms, reports Reuter.

First Deputy Prime Minister Vladimir Shumeiko told a government meeting that his 97-point plan stressed the need for cooperation, stability and tight monetary control, as well as measures to protect weaker members of society.

"Curbing inflation is the government's priority for 1993," Itar-Tass news agency quoted him as saying.

But he said Russia also had to ensure people were protected from the shock of economic reforms, which have forced millions below the

poverty line.

Russia launched a package of market-oriented reforms at the start of last year and is now battling to cope with annual inflation of 2,600 per cent. Industrial production fell 18.8 per cent in 1992, and gross national product (GNP) fell 20 per cent.

An economics ministry document presented to parliament said Russians were currently eating less meat, milk, fish and eggs.

The population—148.3 million at the start of 1993—was declining due to a falling birth rate and rising death rate.

Shumeiko said it would be impossible to overcome the crisis without structural changes and the bankruptcy of unprofitable firms. If the growth in money supply was

not brought under control, the rouble would plunge and the budget deficit soar.

Shumeiko said money supply growth at the current rate of 25 to 30 per cent a month would drive the rouble down to 4,000 per dollar and the budget deficit up to 15 per cent of GNP.

"This would be the easiest option to enforce, but the consequences would be the most grave," he said.

Keeping money supply down to seven or nine per cent a month would allow Russia to rein in inflation and stabilise the rouble.

The rouble traded at 560 to the dollar today, down from 415 at the start of the year.

The government says the central bank is fuelling inflation by printing money and is-

suing cheap credits to ailing firms.

But the central bank, which reports to the conservative parliament, says most of the loans were issued with government or parliamentary support.

In addition to coping with spiralling inflation and volatile currency rates, Russia needs to modernise ageing industrial plants and bring equipment to world standards.

The Economics Ministry document noted that only 15 per cent of Russian machines met world standards and 41 per cent were more than 10 years old.

Only two per cent of machinery was renewed in 1992, down from six per cent in 1990, Tass said, quoting the document.

UK accused of using aid money to secure trade deal in India

LONDON, Feb 12: Britain has been accused by a leading pressure group on Third World affairs of using aid money to secure commercial contracts in India, reports PTI.

The World Development Movement (WDM) has said mixing aid with commercial considerations makes a travesty of what aid should be about the reduction of poverty.

In a letter to Britain's Overseas Development Minister Lynda Chalker, the WDM expressed concern about the use of aid money to secure British company GEC Alstom's bid to build and electricity plant in Chandrapur.

It said the deal, announced by Prime Minister John Major during his recent visit to India, was hailed as a key achievement of his trip. A 63 million pound aid grant towards the construction of the electricity plant is tied to GEC Alstom's bid in an international tender.

The WDM said the money will come out of the main part of the bilateral aid budget and not from the Aid and Trade Provision (ATP), a separate allocation within the overseas aid programme designed to win contracts for British business.

EC urged to drop limits on banana imports

GUAYADU, Ecuador, Feb 12: Seven presidents of Latin American banana-producing nations Thursday called on the European Community to drop limits and tariffs on banana imports, which they said could upset political stability in the region, reports AP.

In December, the EC set a 2 million ton ceiling and tariffs on banana imports which will come into effect in June, setting off protests in Latin America, which produces most of the world's banana supply.

Presidents Cesar Gaviria of Colombia, Sixto Duran-Ballen of Ecuador, Violeta Chamorro of Nicaragua, Guillermo Endara of Panama, Jorge Serrano of Guatemala, Rafael Calderon of Costa Rica and Rafael Callejes of Honduras met with delegates Frank de Armas of Venezuela and Luis Tellez of Mexico in this river port 170 miles (270 km) southwest of Quito.

Mexico was present as an observer.

The representatives of the

eight banana producing nations issued a joint declaration condemning the EC limits as "protectionist, discriminatory and restrictive."

The EC measures "hurt the rights of hundreds of thousands of Latin American workers... and puts at risk the social and political stability of some of our countries," the declaration said.

"The measure is illegal and discriminatory and constitutes a flagrant violation of the principles of international free trade," said Colombia's president Gaviria earlier Thursday.

Nicaraguan President Violeta Chamorro, who was elected president in 1989 after 10 years of the revolutionary Sandinista regime, said the EC measures "will greatly affect our incipient democracy. I call on our European friends to reconsider the measures taken."

The EC talks on the issue ended in a stalemate Thursday, despite objections to the banana limits by Germany.

'US wasting time on trade embargo against Vietnam'

DALLAS, Feb 12: Vietnam's Vice President says the United States is wasting its time by continuing a trade embargo against her country because other nations are defying the ban, reports AP.

In an interview in Hanoi with Dallas radio station KRLD, Madam Nguyen Thi Binh said Japan, Germany, Australia and many Asian countries are competing for a share of the

Vietnamese market.

"Maintaining the embargo any longer would be a mistake for the US because the international community has become skeptical of the motives behind it," she said. "Lifting it would benefit the US as much as Vietnam by enabling people of both countries to do business with one another and to promote friendship."

Credibility of OPEC will once again be put to the test

PARIS, Feb 12: The Credibility of the Organisation of Petroleum Exporting Countries (OPEC) will once again be put to the test on Saturday when OPEC oil ministers meet in Vienna to plan cut-backs in oil output to head off a threatened new collapse in prices, market analysts said, reports APF.

Western oil industry experts and traders were sceptical about the chances for a deal that all members would be able to abide by.

If OPEC producers do not deliver what they promise, "prices will take a tumble," said Peter Gignous, market analyst with the London-based company Smith Barney.

Venezuela's Energy Minister Alvaro Parra, the current OPEC President, said after touring OPEC capitals that he expects an accord to slash one million barrels a day

from the 24.6 MBD national ceiling agreed by the 12 ministers last November.

That would imply an effective 1.5 MBD cut from OPEC's January output, set at about 25 MBD by industry analysts and the Paris-based International Energy Agency (IEA).

A decision to lower the ceiling by one MBD was advocated last month by Saudi Arabia's Oil Minister Himsham Nazer, who called for a pro rata sharing of cuts in output by all member countries.

Parra said his consultations tour brought a broad consensus on the need for such a cut-back, starting March 1.

News of the Saudi proposal and Parra's talks buoyed up crude oil prices. Brent, the North Sea market crude, which dipped below 17 dollar a barrel around mid-January, was trading at around 18.35

dollar for March delivery in London on Thursday.

But western oil company officials do not rule out a price plunge over the next two months.

This could happen if the Vienna talks only resulted in some "Gentlemen's Agreement", with ministers returning home feeling free to pump "whatever quantities they feel like," a London trader said.

Controversy was brewing ahead of Saturday scheduled opening around, both on the size of the proposed production cutback and over how to share the burden among the 12 members.

Algerian Energy Minister Hacene Mefti told an Algiers newspaper a one MBD lowering of the production limit would not be enough to keep

prices up.

The OPEC partners should realise they would need to force a "significant stockdraw" by consumer countries in order to improve prices, he argued.

Iran has adopted a similar stance, calling for a 1.5 MBD reduction.

The IEA says the world market's call on OPEC crudes and inventories is set to drop sharply, from 25.9 MBD in January-March to 23.6 MBD in the second quarter.

The OPEC secretariat, taking an even dimmer view of the near-term outlook, sees a figure as low as 23 MBD, implicitly supporting those in favour of withdrawing more substantial quantities of crude from markets.

Kuwait's Oil Minister Ali Al-Baghlil meanwhile said on Wednesday that the emirat,

which was allocated a national quota of 1.5 MBD last November, had pumped 1.988 MBD so far this month, more than before the Gulf War.

Analysts said Kuwait would certainly reject using the quota as a basis for a cutback, and might have inflated its latest production figure to use it as a bargaining chip.

Most non-Gulf OPEC countries meanwhile appeared set to argue that Saudi Arabia, Iran, the United Arab Emirates and Venezuela, which accounted for nine-tenths of the production increase since the Gulf War, should now also make the biggest cutbacks.

Algeria's former Energy Minister Nordine At Laoussine told Agence France-Presse a pro rata reduction would be "unfair, unfeasible and have a doubtful effect on the market,"

WB to introduce single currency loan system

WASHINGTON, Feb 12: The World Bank Wednesday announced that it will introduce a single currency loan product as an addition to its existing targeted currency pool loans, says PTI.

This initiative, approved by the Bank's board of executive directors Wednesday, will be on a pilot basis limited to three billion dollars in new commitments and subject to review within two years.

The new loan product will be offered in US dollar, Japanese yen, Deutsche mark, French franc and pound sterling. Its interest rate will be tied to six month LIBOR (London Interbank Offered Rate) in each loan currency (or PIBOR, in the case of French franc).

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