

BRIEFS

Corruption costs Italy \$20b in 12 yrs

TURIN (Italy), Feb 18: Political corruption over the past 12 years has cost Italy 10 billion dollars to 20 billion dollars and accounts for up to 15 per cent of its huge budget deficit, a study said Tuesday. The Luigi Einaudi private research centre in Turin identified two main ways corruption has worked its way into the public accounts, according to Reuters.

Kohl to promote trade with Asia

BONN, Feb 18: German Chancellor Helmut Kohl will try above all to promote trade links during his tour of Asian states this month, government officials here said. Kohl is due to take in India, Singapore, Indonesia, Japan and South Korea in a sweep through the region from February 18 to March 3. The 62-year-old chancellor, heads a delegation which includes 15 company bosses, says AFP.

86,000 Vietnamese leave country

HANOI, Feb 18: More than 86,000 Vietnamese legally left their country last year, the vast majority for the United States, but the exodus of "boat people" came to a complete halt, according to UN statistics. According to United Nations High Commissioner for Refugees statistics obtained Wednesday, 51,331 of the 64,320 Vietnamese who left under the Orderly Departure Programme (ODP) went to the United States, while another 21,801 migrated to that country under a special bilateral agreement, reports AFP.

Tighten control on ministers expenses

LONDON, Feb 18: A parliamentary inquiry into a 4,700 pound (6,800 dollar) payment to help evict a sex therapist from the treasury chief's home recommended Wednesday tighter controls over the expenses of government ministers. The House of Commons Public Accounts Committee said treasury officials should have highlighted to government auditors the 1991 payment toward the legal expenses of Chancellor of the Exchequer Norman Lamont, says AP.

French firm to reinvest \$2b in UAE

ABU DHABI, Feb 18: French firms will reinvest more than two billion dollars in the United Arab Emirates to offset the purchase of 436 tanks from France's GIAT Industries, company officials said Wednesday. The UAE announced Sunday that it was buying 390 Leclerc main battle tanks modified for desert combat and 46 support and recovery vehicles from GIAT worth up to four billion dollars, says AP.

China's industrial output up by 21 pc

BEIJING, Feb 18: China's daily industrial output in January was up more than 21 per cent from the same month a year earlier as the nation continued its year-long economic boom, the government announced Wednesday. Prices also were up substantially. The cost of living for urban residents was up 14.7 per cent from January 1992 and more than four per cent from December, the state Xinhua News Agency quoted the State Statistical Bureau as reporting, says AP.

Russia cannot fulfil Ukraine's fuel needs

MOSCOW, Feb 18: Russian Prime Minister Viktor Chernomyrdin said Moscow would be unable to meet in full its commitments to supply oil to Ukraine this year due to falling output. Itar-Tass news agency quoted Chernomyrdin on Wednesday as saying Russia would only be able to supply Ukraine with a maximum of 15 million tonnes of oil, rather than a previously agreed level of 25 million tonnes, says Reuters.

China to open Tarim basin to foreigners

BEIJING, Feb 18: China will open one of the world's largest untapped oil fields, the Tarim basin, to foreign companies in an about-face in its long-held policy of self-reliance, officials announced Wednesday. The China National Petroleum Corp (CNPC) will take international bids in March for exploration of a southeastern section of the basin in northwestern China's remote Xinjiang region, reports AFP.

Clinton proposes near-record tax hike

WASHINGTON, Feb 18: Promising to take America in a new direction with a thriving economy, President Bill Clinton on Wednesday proposed near-record tax increases, spending cuts and job growth incentives to spur prosperity and reduce the soaring deficit, reports Reuter. "Our nation needs a new direction... we need to break the old habits of both political parties in Washington," Clinton said in a heavily applauded speech to Congress and the nation laying out the controversial economic recovery package that amounts to the keystone of his presidency. "We must say that there can be no more 'something for nothing' and we are all in this together," he said. Clinton, the first Democrat to occupy the White House since 1981, summed up his programme bluntly: "Spending must be cut and taxes must be raised."



President Clinton unveiling his economic package in the House of Representatives. Behind him are Vice-President Al Gore (L) and Speaker of the House. — Star TV photo by T A Khan

At the end of an hour-long televised speech from the chamber of the House of Representatives, he conceded many of his proposals would infuriate lobbyists and anger some voters as well but said the nation could not continue on the current economic path. "Spending must be cut and taxes must be raised."

World financial hubs react cautiously

Meanwhile, AP reports from Tokyo: As the world began to digest President Clinton's plans for the United States' economic future, the initial reaction Thursday in two major financial centres — Tokyo and London — was muted. Financial traders, officials and editorial writers in Tokyo and London reacted to the President's State of Union Address with guarded hope, but stressed that more details need to be revealed before a final verdict can be rendered. Share prices on the Tokyo Stock Exchange fell back slightly, and the yen, which has been hovering at near record lows against the US currency, closed stronger at 119.97 to the dollar. The speech also elicited little response in markets in Hong Kong and Sydney, Australia. Some traders added that the real boost, if there is to be one, is likely to be long term. In London, Britain's leading business daily, The Financial Times, said in an editorial that the plan may not be enough but "is broadly in the right direction." It noted, however, that the president's proposals — which include one of the largest tax hikes in history — were not necessarily in accord with what voters might have expected from him while he was on the campaign trail. Another report from Wellington adds: New Zealand Finance Minister Ruth Richardson advised President Bill Clinton today not to meddle in the US economy, telling him he was blundering unintelligently. "In an unintelligent way he is going to blunder in and we are going to have a higher taxing president on our hands as well as a protectionist on our hands," Richardson said in a British Broadcasting Corporation interview broadcast in New Zealand.

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Business worried about tax hikes

AP from New York adds: Business executives and economists are generally upbeat about President Clinton's plans to prick the deficit balloon and restore the country to long-term economic health would amount to nothing more than a return to the failed fiscal policies of the 1970s and 80s. Labour- and energy-intensive industries — including retailing, trade, and transportation — would be hardest hit by the Clinton plan, economists said. Health-care and pharmaceuticals would likely also suffer from reforms intended to bring down crushing costs to businesses and individuals, including cuts in federal health programs and drug price controls. Capital goods, industrial materials and construction could benefit from the proposed investment tax credit and government spending on infrastructure. And higher fuel prices and tightening of environmental standards would be a boon to companies that specialise in materials and services for energy conservation and pollution cleanup.

shift the focus of public and private spending from consumption toward investment. But some who viewed Clinton's address voiced concern that a corporate income tax hike would stifle business activity — just recently revived from the recession. They said without specific spending cuts to match the tax hikes, Clinton's programme to

benefits working families with children and incomes of 22,370 dollar or less, would be expanded to cover childless workers. Spending for food stamps and energy assistance for the poor would be increased. — The investment tax credit would be reinstated to encourage companies to purchase new equipment. Large companies would qualify for a seven per cent credit for two years only while smaller firms would enjoy a permanent credit. — The tax on capital gains, profits from the sale of stock and real estate, would be cut in half for purchases of new stock in smaller companies if the investment was held for five years or longer. — Spending Cuts — Trim the cost of government by 35 billion dollar over four years through elimination of unnecessary programmes, cutting work force by 100,000 and reducing federal pay raises. — Cut costs of Medicare health insurance for the elderly and Medicaid for the poor by 38.4 billion dollar over the next four years, in part by placing new limits on the amount that doctors and hospitals can charge under Medicare. — Reduce defense spending by 76 billion dollar more than the Bush administration proposed cutting over the next four years. — A short-term stimulus package of 30 billion dollar over the next two years that would boost spending for public works projects, extend jobless benefits for the long-term unemployed and provide jobs for unemployed youth this summer. — A long-term investment programme to boost spending by 160 billion dollar over four years in such areas as public works, commercial research and development, science, education and worker retraining.

Suharto blames rich nations for polluting the environment

JAKARTA, Feb 18: President Suharto said while the developing countries are suffering from environmental degradation due to abject poverty, the advanced countries are wasting resources and polluting the environment as a result of erroneous lifestyles, reports AP. He accused the rich nations of wasteful, polluting lifestyles, and said abject poverty leads to environmental destruction in the developing countries. "Only if the poor can enjoy a better life will they be able to give their contribution to the solution of global environmental issues," Suharto said Wednesday in opening a global forest conference. "Some 350 delegates from 33 nations and UN and environmental organisations are attending the four-day conference, which now moves to the West Java capital of Bandung. He urged self-restraint in the developed countries, and closer cooperation to enable developing countries to attain adequate economic growth. Suharto noted that a resolution adopted at the summit of non-aligned nations in Jakarta last September called for the rapid deterioration of the environment a threat to the existence of mankind. "Ola Ullsten, Sweden's ambassador to Italy, told the conference that in developing countries, more than seven out of 10 people depend on forests for heating and cooking. Trees provide material for housing construction, furniture, fencing, tools and household implements, said Ullsten, speaking in his capacity as chairman of the organizing committee to establish an independent world commission on forests and sustainable development.

'Tax police' in Russia

MOSCOW, Feb 18: An army of well-armed "tax police" may soon be patrolling Russia to help collect revenues, protect government workers and stop corruption under a law given preliminary approval Wednesday, reports AP. Russia has imposed many new, higher taxes in the year since formally launching its economic reforms. But it has lagged behind in enforcing the laws and its tax collectors have been targets of bribery and threats. The force will try to "identify and prevent crimes and administrative violations in the sphere of tax legislation," the draft law said, according to the Itar-Tass news agency. It will "provide for the security of tax inspectors, and the identification and prevention of corruption by tax organs," the draft said. The draft was approved by one chamber of Russia's Supreme Soviet legislature and still must be approved by the other before becoming law. Lawmakers said the goal of the force will be to create normal working conditions for tax inspectors and "defending them from threats of physical attack by criminal elements," Itar-Tass said.

S'pore convinced of India's commitment to reforms

SINGAPORE, Feb 18: Contrary to earlier views, Singapore was now convinced that New Delhi was committed to the new economic reforms now being undertaken and would advise local businessmen and potential investors to look at India very seriously, reports PTI. This was stated by Singapore's Minister for Information and the Arts, Brigadier General George Yeo, who shortly returned after leading an official economic delegation to India. The team visited six major cities and held discussions with Prime Minister Narasimha Rao, some cabinet ministers, chief ministers, leading industrialists and a host of others. Tourism suffers from Ayodhya incident. AFP from New Delhi adds: The demolition of the Babri Mosque by Hindu fanatics and the rioting that followed turned away 200,000 tourists, ending India's hopes of two million arrivals during 1992, officials said Wednesday. Anil Bhandari, Chairman of the Indian Tourism Development Corp (ITDC) said overseas visitors stayed away from India because of the December 6 razing of the mosque in Ayodhya and riots that erupted later.

China may issue currency in Macao before '97

HONG KONG, Feb 18: Banking authorities in the Portuguese colony of Macao may allow China to issue currency in the enclave before its reversion to Chinese rule in 1997, a report said Thursday, says AP. Portugal's Luisa News Agency quoted Carlos Tavares, chairman of the state-owned Banco Nacional Ultramarino (National Overseas Bank) as saying his bank was "prepared to share the issuing of the Macao pataca with other banks, namely the Bank of China, before 1999." The move would give the Chinese even more financial clout in southern China as they prepare to assume sovereignty over Macao in 1999 and the British colony of Hong Kong in 1997. In January, the Hong Kong government decided to allow the Bank of China to become one of the territory's three note-issuing banks, joining the Hong Kong and Shanghai Banking Corp. and the Standard Chartered Bank. While Hong Kong currency is frequently circulated in Macao, the Banco Nacional Ultramarino has been Macao's sole issuer of patacas since 1905 and acts as the sole agent for the enclave's de facto central bank, the Macao Monetary and Foreign Exchange Authority. But the Chinese have quickly become a major force in a sleepy outpost known for its casinos, garlic-laced cuisine and dog races.

OPEC to face more problems despite recent accord

VIENNA, Feb 18: OPEC's new accord to cut output may stabilise oil prices for now, but the producers' club has set up more problems for itself in the future, industry analysts said here, reports Reuter. Markets reacted cautiously to the deal OPEC ministers wrapped up on Tuesday night designed to chop — at least on paper — around 1.4 million barrels of oil per day (BPD) from current actual production near 25 million, starting on March 1. "Seeing is believing," said Peter Gignoux, head of the London Energy Desk for Smith Barney, Harris Upham, who was watching for concrete evidence OPEC was implementing the deal. "Suspicion remains that words speak louder than deeds." Traders had largely expected a pact of this configuration, so had moved prices for international benchmark Brent North Sea crude up near 18 dollar a barrel from lows under 17 dollar in January. Brent futures contracts for April delivery opened 15 cent a barrel lower at exactly 18 dollar in muted London trading as markets failed to reward OPEC with a big price jump. "The agreement has already been absorbed by the market," one broker said. "We are going to stay in a range of 17.70 dollar to 18.30 dollar for now." Still, a host of potential pitfalls awaits the Organisation of Petroleum Exporting Countries as the 12-nation group tries to make the deal stick. OPEC leaders conceded they had a credibility gap. They set up a three-man compliance committee to watch out for "leakage," or above-quota production.

Thousands of Italian workers march to protest rising unemployment

MILAN, Feb 18: Tens of thousands of workers staged a march here yesterday while local unions called a four hour general strike to protest against Italy's rising unemployment, reports Reuter. Industry and bank workers, students and pensioners converged on the Cathedral Square of Italy's industrial capital bearing banners denouncing government economic policy and scoring politicians caught up in a widening kick-backs scandal. The protests followed yesterday's protests in other cities. In Naples, state Aerospace employees blocked the runway at the city airport for over an hour, while workers took to the streets in protest in Turin, home to car giant Fiat SPA. But unlike in Turin, where police charged groups of chanting workers, there were no immediately reports of incidents in Milan. It was also not immediately clear what impact the Milan strike call was having beyond some public offices.

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Tiny Malta tries new commercial relationship with giant Russia

Russian President Boris Yeltsin and Maltese Prime Minister Edward Fenech Adami toasted each other with champagne at the Kremlin, setting the seal on a new commercial relationship between the federation and the tiny Mediterranean island. Malta and Russia signed a 400 million dollar trade accord, as well as agreements on health, culture and the thorny issue of unpaid debts racked up by the former Soviet Union, in a three-day visit by Fenech Adami to Moscow. Malta will export to Russia clothes, shoes and food products worth 200 million dollar a year for the next two years. Russia will reciprocate with oil, coal and cement. Said Fenech Adami: Russia is today an important trading partner for Malta and I hope that this importance will grow as we seek key relationships in every corner of the global market. Malta, with a population of fewer than 400,000, has been successful in trade with Russia in the past two years and aims for a greater volume of trade, he added. It was the first country to sign a trade accord with Russia long before the government recognised Russia and the Ukraine as sovereign states on December 23, 1991. Last year Malta exported 27 million dollar worth of goods to Russia, mostly textiles. If Fenech Adami was enthusiastic about the results of his visit in late December, the Russians were not far behind. Prime Minister Viktor Chernomyrdin said that he gave "very high importance to our relationship with Malta and we have every basis to develop and increase our cooperation." His deputy, Aleksander Shoklin, chipped in to say that despite Malta's small size, Russia considered the island very important. The island lies in the Mediterranean Sea only a few hundred miles between the shores of Libya, to the south, and Italy, to the north. It is considered a potential strategic ally

because of its location. Shoklin said: "We do not think in terms of size of a country but in terms of its economic and political role." That is a far cry from the tense relations between the 120-square-mile island and the Soviet giant just over ten years ago. The only things the Soviets sent to Malta then were wireless interception ships, stationed on the fringe of Malta's territorial waters, to monitor signals between the islands NATO regional headquarters and the main headquarters in Brussels. Today Russian-built Lada saloon cars cruise the overcrowded streets of the island and are much cheaper than West European or Japanese vehicles. Russian cement goes a long way towards quenching the insatiable appetite of Malta's building spree which is rapidly covering the island. Malta sells the oil it imports from Russia on the international market. That is because nearby Libya supplies Malta with enough oil at concessionary prices. Russian oil serves as a buffer in case the United Nations ever enforced an oil export embargo as part of its sanctions against Libya following the Lockerbie air disaster. Apart from trade, the two countries also signed agreements on cooperation in the health sector, providing for the exchange of doctors and specialists. Maltese patients will also receive specialised treatment in Russia, a recognised leader in ophthalmology. The two countries agreed to cooperate in the fight against drug trafficking and signed a cultural agreement. One lingering worry for Fenech Adami and Maltese business interests was dealt with. Russia agreed to pay Malta 90 million dollar in debts incurred by the former Soviet Union in the 1980s. The countries signed their first trade deal in 1984, including an order by the Soviet shipping concern'

Sudoimport, for eight 7,000-ton timber carriers. The deal was the first order for the new Malta Shipbuilding Company, based in the island's chief port, the Grand Harbour. The venture soon ran into trouble caused by Soviet design changes and shipyard start-up problems. The first ship was delivered in July 1989. Delivery of two others was delayed until the Soviets guaranteed payment. That guarantee never came. Despite representations, no payment was made. The shipyard could not sell off the ships because of their specialised function. Building of the other ships is well advanced and the shipyard is preparing to lay down two supply vessels for a Chinese concern and a tanker for Norwegian owners. Under a formula hammered out in Moscow the Russians will pay the 80 million dollar owed for the ships, built or in progress, and 10 million dollar in debts to Maltese industrialists who had exported to Russia in previous years. Chernomyrdin said the debts were not so large as to cause problems. Nevertheless, the Russians will pay by instalments. Malta Shipbuilding will still make heavy losses out of the timber-carrier deal, partly because the price set in 1984 was in dollars, which have declined in value since then by 30 per cent. The trade accord with Russia comes at the right time for Malta, particularly for the labour-intensive textile industry which is meeting some difficulties. Critics of the governments bid to join the European Community fear the situation would be worse if the island were admitted because the local market would be flooded with imports. The Moscow meetings were punctuated by the kindest words, but Maltese industrialists, already burned once, are still wary in their dealings with Russia. They fear that threat to Russian stability could

