

BRIEFS

Indian gold, currency reserves decline

BOMBAY, Feb 19: India's gold and foreign currency reserves fell 201 million US dollar in the first week of February to 8,551 billion US dollar, the Reserve Bank of India (RBI) said. But the reserves were up substantially from the year-earlier 7.68 billion US dollar the central bank said. The RBI said foreign currency assets totalled 5,096 billion US dollar on February 5, up from 3,965 billion US dollar a year ago, says Reuter.

Swedish N-reactor shut down

STOCKHOLM, Feb 19: A nuclear reactor in southwest Sweden has been shut down after a minor radioactive leak and repairs are expected to take three days, the owners said on Wednesday. Stieg Claesson, spokesman for the Sydskraft company, said a valve at the Barseback 12 reactor leaked "some litres" of radioactive steam overnight but he added that "it was a very small amount of radioactivity," according to a Reuter report.

US housing starts 7.2 pc fall

WASHINGTON, Feb 19: US housing starts fell 7.2 per cent in January, the first drop in four months and the largest decline since April, the Commerce Department said Wednesday. Analysts had expected housing starts to be unchanged in January. Unfavorable weather may have been the reason in part for the decline, analysts said, though most agreed that housing growth would slow from last year's pace, reports AFP.

Twice a week cargo services to India

SINGAPORE, Feb 19: Singapore Airlines said it will begin twice weekly cargo service to Bombay on Wednesday and weekly service to Bangalore on Thursday. The new services will open opportunities for trade and investment between India and Singapore, the airline said in a statement Tuesday. The partially state-owned Singapore Airlines now operates weekly cargo service to Madras, India, says an AP report.

IACO presses US to make concessions

ABIDJAN, Feb 19: African coffee producers are pressing the United States to make more concessions in last-ditch talks on a new world coffee pact. Ivory Coast's Commodities Minister, Guy Alain Gausse, said he handed US Ambassador Hume Horan a joint memorandum on Tuesday from the 25 members of the Inter-African Coffee Organisation (IACO), who produce about a fifth of the world's coffee, says Reuter.

China plans pollution tax on factories

BEIJING, Feb 19: China announced a new pollution tax on factories based on the amount of sulphur dioxide they emit, an official newspaper reported Friday. The tax is intended to fund cleanup measures, the China Daily said. Sulphur dioxide from coal, China's main fuel source, has created a serious acid rain problem that caused 16 billion yuan 2.7 billion dollar in economic losses in 1991, the paper said. It said 15.5 million tons of sulphur dioxide were discharged into the air nationwide in 1991, says AP.

\$40m of armoured car co missing

UNIONDALE, Feb 19: The good news is that authorities investigating an armoured car company accused of theft have found about 47 million dollar, AP reports.

Clinton's bid to mobilise support for his pain-then-gain economic plan

WASHINGTON, Feb 19: President Clinton led his administration on a blitz across the United States to enlist support for a pain-then-gain economic plan that he said would keep America's children from having to settle for a "lesser life," reports AP.

In a campaign-style rally at St. Louis' Union Station, the opening shot in his drive to win citizens to his side, Clinton said he was "tired of all the naysayers" who would oppose his budget plan.

"The price of doing the same thing is higher than the price of change," he declared.

Clinton was continuing his national sales pitch in Ohio on Friday with a question-and-answer session for students and townspeople at a high school, followed by an afternoon speech in New York. Then, after one day back at the White House, he heads for the West Coast on Sunday.

Henry Cisneros, Clinton's housing secretary, carried the pitch to Flint, Mich. Still reeling from the closing of a big General Motors plant in 1987,

He said higher taxes can't be avoided.

"Taxes — even the word is difficult to express," Cisneros said, "I get dry in the mouth, but it's imperative."

But even as Treasury Secretary Lloyd Bentsen returned to Congress to explore legislators to cast "the vote of a lifetime" for Clinton's plan, a new release of fine print from the White House indicated the administration's deficit cutting to be less dramatic than first portrayed.

Republicans, meanwhile, accused Clinton of mounting a propaganda blitz to sell old tax-and-spend solutions disguised in new clothing.

Clinton brushed off questions about new deficit projections as he set out for the Midwest to generate the grassroots support that will be vital if his plan is to survive attacks by powerful interests, criticism by Republicans and misgivings by some fellow Democrats.

In his first appearance before Congress Wednesday night, Clinton proposed raising

taxes, directly or indirectly, for most Americans. His ideas would also cut spending in 150 programmes but increase it elsewhere. And, to reinvigorate a soft economy, he would cut



some business taxes and undertake a quick public works spending programme.

This amounted to "re-inventing our government," Clinton told the lawmakers. Failure to take painful steps

now, he said, would amount to "condemning our children and our children's children to a lesser life than we enjoyed."

But the new figures from the White House showed that when full account is taken of the impact of spending increases and pro-business tax cuts, the four-year reduction in deficits would not add up to the half-trillion dollar announced by the administration. Instead, there would be a net reduction of 325 billion dollar.

Whatever that bottom line, Republicans pledged a fight against the thrust of Clinton's proposal. Senate Republican leader Bob Dole called it "very heavy on the tax side and very weak" on reducing spending.

Former President Reagan said it resurrected "the failed liberal policies of the past."

But Ross Perot, whose cut-the-deficit campaign won him 19 million votes last November, offered cautious praise. He called the programme "a good artist's sketch." He also foresaw fierce opposition and heavy lobbying against the plan.

Delors for seven states single EC currency

ROME, Feb 19: European Commission President Jacques Delors on Thursday suggested that an inner core of seven countries could launch a single European Community currency without waiting for the other member of the 12-nation bloc, reports Reuter.

It is a question that can be raised whether it might not be in the interest of countries that are not totally ready (for it) for the others to go ahead with a single currency so as to draw the rest along, Delors said.

This would mean that if a Group of Seven countries went ahead with a single currency, there would be a transition period of two or three or four years for the others to join in.

Delors denied this would amount to creating a two-speed or a two-track Europe.

"It would be a process of constructing Europe in 12 — where at a certain moment one group drags the others along," he said.

Delors, who was addressing a joint news conference with Italian Prime Minister Giuliano Amato, said it was in any case wrong to think of a two-speed Europe in pejorative terms.

Because of its disastrous public finances, Italy is one of the EC members that would find it hardest to meet the economic convergence targets set for the next stage of EMU.

If a majority of countries miss the 1997 target, a minority can go ahead with a single



currency from mid-1999.

Italy, which dropped out of the European Community's Exchange Rate Mechanism (ERM) currency grid with sterling last September, has advocated seeding up progress towards monetary union as the best way of overcoming currency market turmoil.

Europe should expand trade with Asia : Kohl

NEW DELHI, Feb 19: Chancellor Helmut Kohl of Germany said Friday Europe must not look inward but expand its trade with Asia and other parts of the world, reports AP.

"We must avoid erecting a fortress Europe, particularly in trade relations," said Kohl as he started the Indian leg of a two-week Asian tour.

The German leader arrived late Thursday and was given a ceremonial reception by Prime Minister P V Narasimha Rao at the forecourt of the Presidential Palace on Friday morning.

Standing under a purple canopy, Kohl listened as a military band played the German and Indian anthems, and then inspected the guard of honour.

"We live in times of dramatic changes all over the world, and I think there are many positive sides to this,"

Kohl told reporters. "The East-West conflict has almost been eroded and we must make sure to do the right thing at this juncture."

Praising the forging of closer political and economic ties the continent would soon be speaking "with one political voice."

"But it's very important for Europe not to deal only with itself but to look at the rest of the world with open eyes ... and to be as open as possible to the rest of the world."

Kohl is looking toward Asia to expand trade ties and give a boost to Germany's economy, which is one of the strongest in Europe but still suffers from the strains of the reunification in 1990.

India, in its turn, is looking to Germany for modern technology and increased exports.

India under Rao has been working hard to open the na-

tion's closed economy to more foreign trade, and Germany this year cosponsors the 10th Indian Engineering Trade Fair. Kohl, who is traveling with executives from 15 major German companies, will attend the fair on Saturday.

After the reception, Kohl placed a wreath at the monument to independence leader Mohandas K Gandhi and watered a tree that he planted during his last visit, in 1986.

Later on Friday, Kohl will receive the Jawaharlal Nehru Award for International Understanding for the role he played in the unification of Germany.

The two nations will sign an agreement for the construction of three large power plants with a total value of 6.2 billion marks (3.8 billion dollar). Siemens, the German electricity giant, will be one of the builders.



NEW DELHI: German Chancellor Helmut Kohl (L) is greeted by External Affairs Minister Dinesh Singh at Palam Air Force Station on February 18. Kohl begins a four-day official tour to help boost trade and business relations between Germany and India. — AFP/UNB photo

OPEC deal to drive oil prices up: Iranian Minister

NICOSIA, Feb 19: Iranian Oil Minister Gholamreza Aqazadeh said on Thursday he hoped a new OPEC deal to cut production would drive oil prices up, Tehran radio said, reports Reuter.

"We hope that the reduction in OPEC production ceiling will lead to a rise in oil prices on the world markets," it quoted Aqazadeh as saying on return from an OPEC meeting in Vienna.

Ministers of the Organisation of Petroleum Exporting countries agreed in Vienna on Tuesday to cut total output by about 1.4 million barrels per day (BPD) to 23.6 million.

April Brent crude futures fell about 40 cents a barrel in London on Wednesday amid market doubts about the effectiveness of the OPEC pact which takes effect on March 1 for four months.

"Iran's oil production capacity stands at 4.2 million BPD and will reach 4.5 million in the spring, but our OPEC quota is 3.49 million BPD and will drop to 3.34 million under the new system," Aqazadeh said.

Japanese firm to set up joint venture with Chinese co

TOKYO, Feb 19: Japan's Uniden Corp said Thursday it would set up a joint venture with the Hong Kong based Yaohan International Group and China International Trust and Investment Corp (CITIC) to develop the mobile telephone market in China, reports AFP.

The move is aimed at combining the technology of Uniden, a major communications equipment maker, with the Japanese-owned Yaohan's know-how of distribution in China together with CITIC's organisational strength, the company said.

The signing on the joint venture took place in Beijing Thursday, it said.

The new Beijing-based company, Unitte Technologies Co Ltd will be capitalised at one million dollar, 60 per cent owned by Uniden, 30 per cent by the Chinese concern and 10 per cent by Yaohan.

The Nihon Keizai Shimbun reported Thursday the venture initially expected about five billion yen (42 million dollar) in annual sales of wireless communications equipment, to be supplied by Uniden's existing factories in China and the Philippines.

The venture hopes to eventually set up its own manufacturing plant in China, the leading economic daily said.

IDB to extend credit worth \$110m to member states

MANAMA, Feb 19: The Islamic Development Bank has agreed to extend loans and credits worth 110 million dollar to finance, development projects and foreign trade operations in member states, reports Reuter.

An IDB statement, issued late on Tuesday at the end of a two-day meeting of the bank's executive managers in Jeddah, Saudi Arabia, listed the finances as follows:

— Egypt will get 15 million dollar to finance imports of equipment and material for its steel and iron company. Egypt will also get another 10 million

dollar to import manganese and wood.

— Tunisia will receive 18 million dollar to finance import of material from Turkey and Malaysia and the import of papers.

— Algeria will receive 17 million dollar to finance imports of cement and wood from IDB member states.

— Pakistan will receive 20 million to finance imports of fertilisers from a member state and another 15 million dollar to import palm oil from Malaysia. Pakistan will also get a 5.4 million-dollar loan for an agricultural project. The loan

is payable in 20 years including a five-year grace period.

— Chad will get a 7.66 million loan to finance an agricultural project. The loan will be repaid in 25 years including a five-year grace period.

— Benin will get a 2.07 million dollar loan to buy equipment for an institution. The loan is repayable in 25 years including a five-year grace period.

The Jeddah-based bank said it would also give one million dollar in technical assistance and 469,000 dollar in grants to Islamic societies.

Riyadh reacts to US proposed energy taxes

LONDON, Feb 19: Saudi Arabia is reacting with concern to energy taxes proposed by US President Bill Clinton but is not making threats, a Gulf source said, reports Reuter.

The source, familiar with Saudi thinking, said the world's biggest oil exporter and OPEC lynchpin sought dialogue with western nations on issues of petroleum supply and taxation.

The Saudi position, the source said, remained what it was when Oil Minister Hisham Nazer made a keynote speech in Houston, Texas on February 10.

Nazer in Houston was most vigorous in criticising the idea of an oil import fee. But he expressed general concern about any measures that might undermine the international oil trade.

He said consumers were being made to pay for "petrophobia" among US, and other western policy makers.

Nazer said Saudi Arabia was spending billions to maintain and expand oil production capacity so that it could guarantee stable supply — as it did after Iraq invaded Kuwait in 1990.

The Gulf source explained that if western nations levy new taxes to curb demand for oil there will be a debate in OPEC on whether we should spend the billions or not."

The source said Saudi Arabia wanted its case to be heard in western capitals and it was not threatening to retaliate with sharp new supply cuts to ratchet up the price of OPEC oil.

Egypt-IMF economic deal in May likely

CAIRO, Feb 19: Egypt and the International Monetary Fund (IMF) have agreed that an economic reform programme due to begin last November may now not be signed until May because of "technical difficulties", an Egyptian minister said, reports Reuter.

"We were supposed to complete the negotiations before March 1 ... but because of technical difficulties the two parties agreed to an extension for three months," said Atef Obeid, the Minister in charge of coordinating economic reforms.

Completion of a first

agreement was postponed in November because Egypt failed to meet targets for budget deficit cuts and moved too slowly for the IMF's liking on public sector reform.

Cairo has now agreed on a budget deficit target set by the IMF but is still lagging on privatisation of Egypt's vast, inefficient public sector.

Western economists said the three-month delay would allow both parties to thrash out details on privatisation.

"During that period we are supposed to finish negotiations and agree on a second agreement which will be for three years," Obeid explained.

Inflation rose by 14 pc in China last year

BEIJING, Feb 19: Inflation rose as high as 14 per cent in China last year, but government officials said Thursday that was mostly because state-set prices were set free for many products, reports AP.

The highest inflation rate was 14.1 per cent in Hohhot, the capital of Inner Mongolia. Three other remote cities also had inflation rates over 13 per cent, although the national price increase was 6.4 per cent, said Zhang Zhongli, a spokesman for State Statistical Bureau.

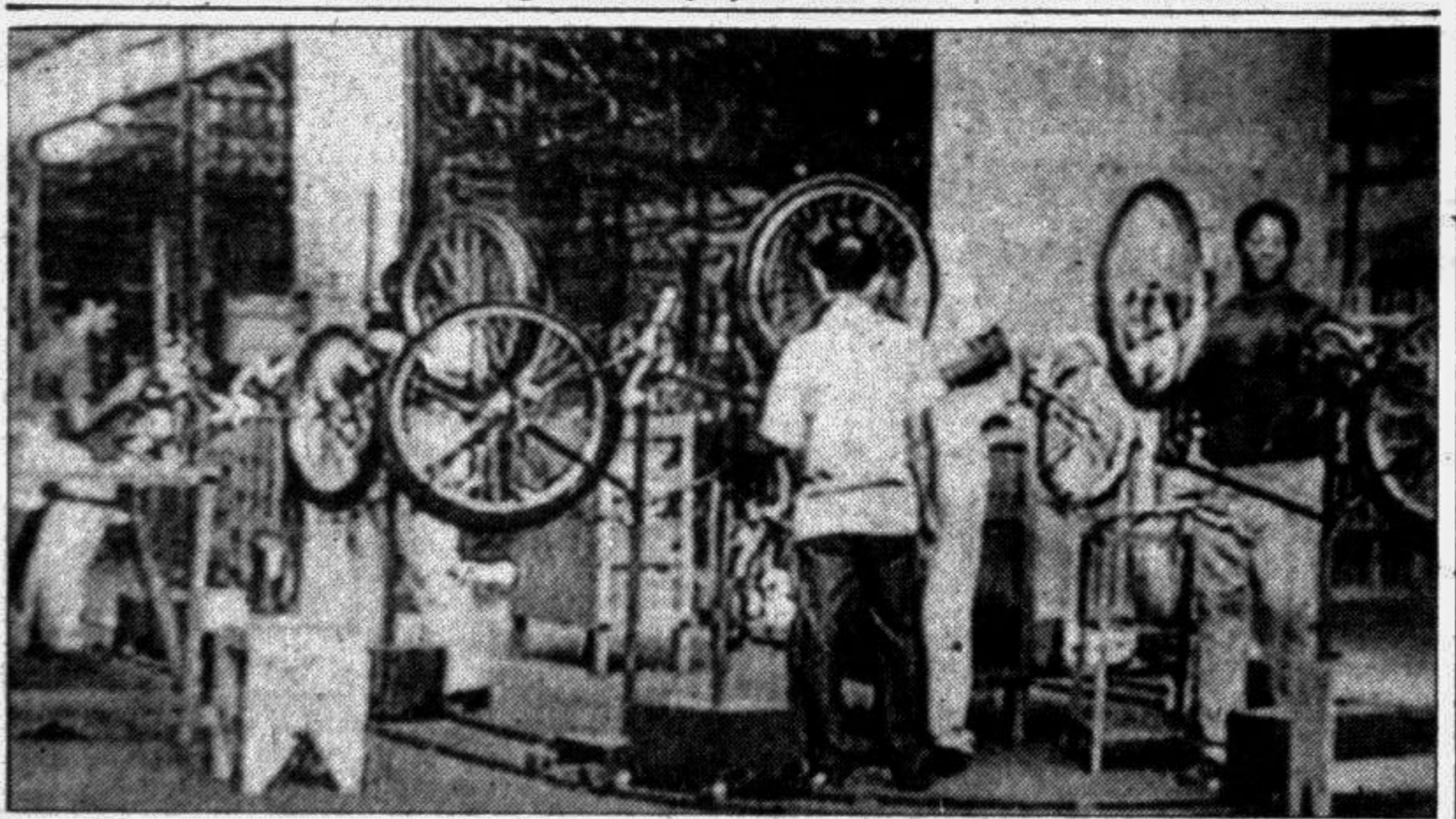
"The potential inflation pressure will not burst out like it did in 1988," when prices rose as much as 40 per cent, he said.

My attitude is cautious and optimistic. However, we

should not lower our guard, Zhang said.

An aide said 70 per cent of the inflation rate was due to the freeing of low, subsidised state-set prices. China in the past year has deregulated prices for nearly 600 production materials as well as for grain and other consumer staples.

Other inflationary pressures include money supply increasing faster than the planned 80 billion dollar yuan. Zhang estimated that total money supply for the year would reach 400 billion dollar. He did not give a comparative figure for 1991, but statistics handed out at the press conference showed that investment in fixed assets rose 38 per cent.



The last bastion of communism in western hemisphere Cuba has acute shortage of petroleum products. The government is trying to bring in western explorers to pump oil. Meanwhile, half of the public transport is already off the road forcing people to ride bicycle. — Star TV photo.

Asia's tiny 'gold coast', an old cockpit turns into free trade zone

HONG KONG: What has been for decades one of the most sensitive corners of the world is fast becoming a zone of peaceful trade between six countries.

The place is the Tumen River area, and it lies where China, Russia and the Koreans meet. Nearby, and keenly interested in developments, are Japan and Mongolia.

The zone overlaps three frontiers, taking in Hunchun city in China, Najin in North Korea and Posyet in Russia. The new metropolis will have over half a million people and a giant port complex with seven harbours. The construction cost is put at the equivalent of US 30 billion dollar.

It is a sign that the world is a more peaceful place when these six nations can meet to plan mutual benefits from a modernised industrial and shipping area on what was a 'no-man's land' in recent years.

Troubles began in 1904 when Russia and Japan fought over their moves to wrest Manchuria away from the weakening Manchou Dynasty. The Japanese won that war, and so confirmed their conquest of Korea and of north-east China, which led 37 years later to the Pacific War with the United States.

By 1945, Japan had been forced out of China and Korea, but communist China, fearing a threat to its influence over

North Korea, attacked the south and its United Nations forces in 1950. A bitter war settled nothing, and Korea remains split to this day. Meanwhile, China and Russia quarrelled and nearly came to hot war over their common boundary in Manchuria in 1969.

So, after 88 years during which northeast Asia has been a political cockpit, it is being turned into a trade cooperation zone.

In some ways, trade relations are getting ahead of political situations. China and South Korea have agreed to give each other mutual trade advantages — even before they have established embassies.

Programme. Representatives from China, Mongolia, South and North Korea and Russia reached an accord to launch the programme. The UNDP, which played a leading role in convening the three-day Beijing discussions, is providing financial and technical support to the development of the Tumen River area.

The coastal region — where China, North Korea and Russia meet — is a potential hub for international trade. A plan for the area's development was initiated in 1991 and is likely to cost US\$30 billion over the next 20 years.

The resources in what is called northeast Asia's gold coast considerable.



'Franc's strength lies in strong economic fundamentals'

BONN, Feb 19: The strength of the French franc is built on strong economic fundamentals, the country's Finance Minister Michel Sapin said yesterday, following a meeting of the Franco-German economic council, reports AFP.

"The difficulties have been overcome because we have the will to maintain a policy of monetary stability in the medium and long term," he told journalists, in a reference to the pressure heaped on the franc in the wake of the crisis in the European Exchange Rate Mechanism.