

BRIEFS

ICI to demerge drugs unit

LONDON, Feb 27: Imperial Chemical Industries said it intends to demerge its pharmaceuticals business Zeneca in June, adding it would raise 1.3 billion pound (dollar 1.9 billion) through a share rights issue in Zeneca ICI, one of Britain's biggest companies, made the announcement with its 1992 result which showed a fall in pre-tax profit before exceptional charges to 565 million pound (dollar 815.3 million) from 789 million pounds (dollar 1.15 billion) in 1991. The company said it would reduce its workforce of more than 125,000 by about 9,000 as a result of its reorganisation - 7,000 at ICI and 2,000 at Zeneca, reports Reuter.

Businessmen scandal investigated

MILAN, Feb 27: The industrialist who backed Italy's challenge in the America's Cup was one of three businessmen told Friday they are under investigation in the corruption scandal shaking the country's business and political establishments. Court officials confirmed that judges issued notices of investigation to Raul Gardini, former head of the agro-industrial giant Montedison; Lorenzo Necchi, managing director of the state railway; and Sergio Cragnotti, a merchant banker and president of a major soccer team. Magistrates said the three are under investigation in connection with the controversial sale of a major stake in the giant chemical group Enimont, reports AP.

Army officer for smoking ban

BERLIN, Feb 27: Smokers in the German army can breathe easier after a Berlin court ruled on Thursday that the Bundeswehr was not required to provide a smoke-free environment. A lieutenant colonel had sued the army, saying the cigarette smoke he encountered in doing his job harmed his health. He wanted smoking to be banned in the army. But the court dismissing his suit, noted that the army provided "smoke-free single rooms." It said this fulfilled its obligations to provide whatever possible relief for those whose health was negatively affected by smoke, reports Reuter.

Child murdered for \$1.4 in Beijing

BEIJING, Feb 27: A 16-year-old village boy kidnapped and killed a 6-year-old child in an effort to raise eight yuan (dollar 1.40) for school fees, an official newspaper reported Friday. The Legal Daily (Fazhi Ribao) said the killing caused a public outcry, with some people demanding better moral education for youths and others decrying the pressure put on students to pay ever-higher school fees. Education is supposed to be free, but schools say state funding is inadequate. The newspaper said the killing took place last month in Dongzhanggang Village in Hebei province, in eastern China, says AP.

Donors to speed up aid to Cambodia

PHNOM PENH, Feb 27: Donors who have previously pledged 880-million US dollar in aid to Cambodia told the United Nations that they will speed up their disbursements following a donors conference attended by 30 countries and world leaders here this week. "I would certainly expect the pace of disbursement to be quicker in the six to nine months before US compared to the six to nine months behind us," said Roger Lawrence, the director of the UN Transitional Authority in Cambodia (UNTAC) rehabilitation component, at the end of the conference late Thursday. The general sense of the meeting was that it could be speeded up, the said, reports AFP.

Heads of CIS to discuss energy

MOSCOW, Feb 27: Heads of government of the Commonwealth of Independent States will meet in western Siberia next week to discuss cooperation in energy production, an aide to Russian Prime Minister Viktor Chernomyrdin said on Thursday. The meeting in the oil town of Surgut, due to take place on Monday and Tuesday, is expected to discuss ways of ensuring adequate supplies of equipment reach oil and gas fields and sufficient fuel flows in the other direction to areas suffering shortages. Interfax news agency quoted the head of the yumen regional administration in Western Siberia as saying that Russia needed capital investments and equipment from other members of the CIS, reports Reuter.

Politics may delay Islamic Common Market

Contours of a new economic bloc are emerging, bringing together Iran, Pakistan, Afghanistan, Turkey and six Muslim countries from the former Soviet Union. The first meeting of the foreign ministers from the 10-member Economic Cooperation Organisation (ECO) held in Quetta, Pakistan in early February, approved guide-lines for cooperation in various fields.

The meeting also saw the organisation expand with the inclusion of Afghanistan and the former Soviet republics of Azerbaijan, Turkmenistan, Tajikistan, Uzbekistan, Kazakhstan and Kirghizia. The fear of being termed as a Muslim bloc by the West forced Pakistani Prime Minister Nawaz Sharif to categorically state in his inaugural address of the two-day meeting that the ECO's aim was strictly to encourage economic cooperation and it had nothing to do with religion. Western reports have repeatedly mentioned an emerging Muslim bloc in the region as the organisation represents one third of the world's Muslim population.

The first ECO summit was held in February 1992 in Tehran. Turkey, one of the most prominent member of ECO, opposes Iran's emphasis on the Islamic nature of ECO, which many in Tehran see as the beginning of a Muslim

common market. But before the members started talking about economic co-operation, they had to discuss bilateral problems. Turkey and Iran agreed to form a joint interior ministers' body to probe allegations that recent assassinations in Turkey were carried out by people trained in Iran. While the ministers discussed closer economic ties, some were overshadowed by disturbances at home. The Afghanistan capital, Kabul, was under rocket attack by guerrillas. In neighbouring Tajikistan, a civil war was raging with a state of emergency imposed and 3,000 Commonwealth of Independent States (CIS) troops deployed.

The ECO is the successor of the Regional Cooperation for Development created by Turkey, Iran and Pakistan in 1965 for promoting economic co-operation. However it never took off. It was reactivated and renamed in 1985. Only after the Cold War ended, did Iran breathe new life into the organisation by drawing in countries of Central Asia. Among regional blocs, the ECO, with more than 300 million people and an area of seven million square kms, is second only to the European Community but in terms of resources it is far behind the EC. The scarcity of resources was reflected by the meagre amount of \$ 300,000, pooled as the capital for undertaking

feasibility studies for planned joint projects. Even this small fund was established with the contribution of the original three member countries. The Quetta Action Plan set an ambitious agenda for establishing communications links and infrastructure without discussing the finances needed to

accomplish such projects. Differences between the main actors, Iran, Turkey and Pakistan, all three keen to exploit the markets in the newly-independent central Asian countries, were also apparent at the meeting. The three are competing to get the land-locked central Asian countries

to use their ports for foreign trade. Iran and Turkey are also exploiting their ethnic links to these new countries. Political differences among the ECO members also emerged in the meeting. While Turkey has cordial relations with the United States, Iran regards the US as an imperial

Having been under a socialist system or nearly six decades, Central Asian countries do not have free market mechanisms for conducting trade. They want to export their products to other members of the ECO but only for hard currency and not for export credits, as desired by some members.

One hindrance to trade is the lack of infrastructure. The ECO has set the target of year 2000 for laying road networks between the countries.

The issue of loosening the cumbersome bureaucratic control on trade, a common practice among members, with the possible exception of Turkey, was also seen as a major obstacle. Promises were given to cut red tape, for example, causing delays in issuing visas to business people.

Pakistan's Secretary General for Foreign Affairs, Akram Zaki, feels historical links among the people of the area, once revived, will play a major role in promoting economic growth in the region.

Zaki stresses that it is far more advantageous for members to trade with each other because of their close proximity and similarity in their level of development.

The members are resource-rich, says Zaki. But, he adds, all that is required now is the technical know-how and financial backing: GEMINI NEWS.

Regional economic integration, seen in North American and Europe, is on the increase in the Middle East. The Economic Cooperation Organisation, which links Turkey, Iran, Pakistan, and Afghanistan with six former Soviet Muslim republics, is one such grouping. Although the trade between these countries remains meagre, plans to boost economic cooperation were discussed at a recent meeting in Pakistan. However, reports Gemini News Service, political differences between the two key players, Turkey and Iran, may hinder closer economic ties.

Islamic common market?

The 10-member Economic Cooperation Organisation promises to create the world's second biggest trading bloc



As part of the CIS, the central Asian countries and Azerbaijan are still considerably influenced by Moscow. Hatred for Russia remains strong in Afghanistan where Soviet intervention led to decade-long civil war, claiming hundreds of thousands of lives and producing five million refugees.

Intra-regional trade, a prerequisite of any regional organisation, is negligible among the member states. The need for reducing tariff and non-tariff barriers for the regional trade was recognised at Quetta. However, such action appears a remote possibility given the dependence of the national governments on tariffs as an additional revenue source.

US seeks endorsement of rich allies for economic programme

LONDON, Feb 27: The Clinton administration is taking its sales campaign for the President's economic programme worldwide in hopes of winning endorsement from America's richest allies, reports AP.

Treasury Secretary Lloyd Bentsen will lay out the package - and face questioning by officials who have pressed America for years to cut its deficits - during closed-door discussions Saturday with finance ministers from Japan, Germany, Britain, France, Canada and Italy.

Going into the session, the administration had high hopes of broad approval for Clinton's programme which seeks to put the US deficit on a downward trajectory through a 325 billion dollar package of spending cuts and tax increases over the next four years.

President Clinton, in a speech Friday at American University in Washington, said his plan was a major step to "get our own economic house in order." He suggested the US action should be matched by a lowering of trade barriers worldwide.

Bonn criticises Paris stand on GATT

BONN, Feb 27: Germany is sending increasingly strong signals that it could dump France over threats by the government in Paris to veto steps towards a GATT agreement, reports AFP.

German Foreign Minister Klaus Kinkel, in an interview in the Die Welt newspaper here on Thursday, said that as things now stood in the negotiations on the General Agreement on Tariffs and Trade (GATT) to liberalise world trade: "We have reached a point at which our conception no longer coincides with France."

Chancellor Helmut Kohl has also criticised France for taking an increasingly hostile line this week to progress towards the GATT agreement with the United States. Kinkel is a member of the small liberal partner in the governing coalition. The party leader, Otto Lamsdorff, said recently that Germany should now put its GATT interests before its friendship with France.

seven industrialised democracies on economic policies. In addition to Clinton's economic programme, Bentsen and the other finance ministers will discuss what forms of assistance the West

Clinton lists five steps to outline his world economic philosophy

WASHINGTON, Feb 27: President Bill Clinton laid out his world economic philosophy on Friday, listing five steps necessary to "set a new direction at home and help create a new direction for the world."

- 1. Get the US economic house in order by increasing investment and cutting the budget deficit as set forth in the President's economic plan.
2. Make trade a priority element in American security, avoiding the extremes of both protectionism and government inaction in seeking to create a more open trading system.

should supply to deal with the deteriorating economic situation in Russia, said a Treasury official who briefed reporters before the trip. The group also will review a number of lestering world trade problems.

While the United States is finally showing signs of pulling out of its own extended period of weakness, the world's other two economic superpowers, Japan and Germany, are still struggling with surprisingly deep slumps of their own.

The meeting of the Group of Seven countries will be the first since Clinton took office in January, promising to reverse 12 years of Republican economic policies.

In addition to finance ministers, central bank presidents including Federal Reserve Chairman Alan Greenspan were taking part.

For years, America's major allies have complained about huge US budget deficits, blaming them for everything from squandering scarce global capital and driving interest rates higher to making global trade imbalances worse.

Hangover all the discussions are gloomy prospects for the world economy this year. Growth in the industrial world is expected to be an anemic two per cent, marking the third straight year of sub-par growth.

The meeting of the Group of Seven countries will be the first since Clinton took office in January, promising to reverse 12 years of Republican economic policies.

In addition to finance ministers, central bank presidents including Federal Reserve Chairman Alan Greenspan were taking part.

For years, America's major allies have complained about huge US budget deficits, blaming them for everything from squandering scarce global capital and driving interest rates higher to making global trade imbalances worse.

Singapore bans cigarette sale

SINGAPORE, Feb 27: Singapore's parliament on Friday passed a bill banning the sale of cigarettes to under-18s and prohibiting them from smoking in public places, reports Reuter.

The bill also for bids the sale of tobacco products through vending machines. Offenders can be fined up to 50 Singapore dollar (30 US dollar) for the first conviction and 100 dollar (60 US dollar) for subsequent offences.

Minister for Health Yeo Chew Tong, presenting the bill, described smoking as this very harmful habit. In his 1993-94 budget speech, Finance Minister Richard Hu raised the import duty on cigarettes from 100 dollar (60 US dollar) per kg to 115 dollar (70 US dollar).

Smoking is prohibited in many public places in Singapore and tobacco advertisements are banned in television, radio, and in local and foreign publications.

Yen's surge to further lower Japan's inflation

TOKYO, Feb 27: Japan's already low inflation rate stands to fall even further thanks to the yen's recent surge against the US dollar, economists said, reports Reuter.

The suddenly strong yen means that inflation will be subdued in coming months," said Anthony Nafte, economist at idea, a financial market analysis firm.

The Japanese government's management and coordination agency has announced that consumer prices in the Tokyo area rose 1.2 per cent in February from a year ago and that nationwide consumer prices for January rose 1.3 per cent from a year earlier.

Those figures, which were in line with forecasts, are well below the consumer price inflation rates of other industrialised nations, for example the United States (3.3 per cent) and the former West Germany (4.4 per cent).

A government official and private economists said Japanese inflation rates could fall still lower because of the strong yen. That could give the Bank of Japan more room to cut interest rates to spur the economy an leave a little more money in the pockets of Japanese consumers who are receiving small wage increases these days, economists said.

Kohl stresses on common problems German shares with Japan

TOKYO, Feb 27: Despite tensions over a growing trade imbalance, visiting German Chancellor Helmut Kohl chose Saturday to stress the problems his country shares with its former ally, reports AP.

Kohl's apparent conciliatory stance may reflect irritation shared by Germany and Japan over what they view as excessive pressure from other members of the Group of Seven industrialised nations to more aggressively stimulate their own economies.

As G-7 nations prepare for their annual economic summit in Tokyo in July, Japan also faces pressure from Germany and other Western nations to do more to aid Russian economic reforms, despite a longstanding territorial dispute.

Perhaps taking a cue from former President Bush's trade mission to Japan last year, which included top US auto executives, Kohl arrived in Japan Friday with a busload of German business leaders.

Germany shares its EC allies' frustration over Japan's trade surplus, which surged 68 per cent to 31 billion dollar last year from 18.5 billion dol-

'Clinton committed to open market'

CANBERRA, Feb 27: Australian Trade Minister John Kerin, just returned from meeting trade officials in the United States, said yesterday he believed the administration of President Bill Clinton was committed to open markets, reports Reuter.

The US administration is not interested in any labels of 'protectionist' or 'free trading', Kerin told reporters.

They have a general philosophical commitment to open trade, and they really do want to get world growth going, and they seem to understand what the issues are.

He had been in Washington to argue the case for a speedier conclusion to the Uruguay Round of GATT trade talks. The talks under the General Agreement on Tariffs and Trade began in 1986.

Kerin said the US administration's attitude to freeing up world trade had been 'really positive'.

"They didn't give us any idea that they are heading down the protectionist path," he said.

Australia leads the Cairns group of agricultural exporting nations, which account for 25 per cent of world farm trade.

Kerin said the White House would seek to extend its so-called fast-track authority to continue GATT negotiation.



French fishermen went on rampage at Brittany wholesale market to protest cheaper imports of fish. - Star TV photo

Shortages and black markets now rule Cuba's economy

HAVANA, Feb 27: Cuba's economic crunch is taking its toll, with prescription drugs in short supply, the black market booming, and strict rationing as the order of the day, writes AFP.

Alejandro tells of frequent power outages, struggling to find cooking gas, how his salary's purchasing power has been eroded by inflation, and how public transportation has all but grounded to a halt.

And to make matters worse, shortages meant that not all the goods in Alejandro's government-issued rationing booklet for January were available - the good that are supposed to guarantee that all Cuban's nutritional needs are met.

In January, the monthly booklets technically allowed Cubans to collect 12 eggs, 2.5 kilos (5.5 pounds) of rice, 2.5 kilos (5.5 pounds) of sugar, 600 grams (20 ounces) of beans, one bottle of cooking oil, 120 grams (2.5 pounds) of coffee, a little more than two kilos (2.2 pounds) of potatoes, about the same amount of bananas, a little sausage and some fish.

Tokyo wants Seoul to remove import bars

TOKYO, Feb 27: Japan wants South Korea to respect free trade and eliminate obstacles blocking imports of foreign goods, Ministry of International Trade and Industry (MITI) Vice Minister Yui Tanahashi told reporters, says Reuter.

"South Korea has been strongly complaining about its trade imbalance with Japan," he said. We have been discussing easing the imbalance and want to continue discussions. At the same time, there are obstacles blocking imports to Korea and we want the country to respect free trade."

Yet health officials here emphasize that vaccinations and the quality of health care available to most Cubans since the revolution has somewhat mitigated the effect of the medicine shortages. While officials at Havana's major hospitals can recite lengthy lists of things they need, government officials claim that Cuba's tough economic times have not cost any sick Cuban his life.