

BRIEFS

India's foreign debt totals \$74.84

NEW DELHI, Mar 3: India's total external debt was 74.84 billion dollar as of September 30, 1992...

Kyrgyz minister sacked

MOSCOW, Mar 3: Kyrgyz President Askar Akyev has sacked Agriculture Minister Karypeev Asanov...

US coal miners call off strike

HUNTINGTON (W. Va.), Mar 3: The United Mine Workers union ended its month-old strike Tuesday...

Opposition boycotts budget debate

TOKYO, Mar 3: Japanese opposition parties boycotted the 1993 budget debate as the ruling party refused to agree to their demands...

Sony to market new digital technology

TOKYO, Mar 3: Japan's Sony Corp said it will soon market professional digital recording equipment...

Dollar slips, shares gain in Tokyo

TOKYO, Mar 3: The US dollar fell against the Japanese yen in Wednesday morning trading...

India modifies foreign exchange trade rule

BOMBAY, Mar 3: In modifications to the Lending Exchange Rate Mechanism (LERM) following full rupee convertibility...

Asian stocks close mixed

HONG KONG, Mar 3: Asian stock markets closed mixed Wednesday, with share prices surging in Hong Kong...

Clinton's plan for energy tax on oil alarms Gulf producers

RIYADH, Mar 3: President Clinton's plan for an energy tax that discriminates against oil is alarming Gulf countries...

The tax also is being blasted by American oil companies, which claim it will reduce national income and cause hundreds of thousands of job losses...

The final consumer in the industrialised countries is being made to suffer from the petrophobia of policy makers...

Dubai's gold imports rise by 72 pc

DUBAI, Mar 3: Dubai's gold imports rose by a record 72 per cent in 1992, the world gold council said...

Imports were 284 tonnes worth some three billion dollar in 1992 compared with 165 tonnes in 1991 and 161 in 1990...

Dubai is a major source of gold for India. Preliminary estimates for gold demand in the Indian subcontinent indicate a volume of some 300 tonnes versus 280 tonnes in 1991...

Dubai does not impose any restrictions or tariffs on the import and export of gold.

pense of the welfare of the people of the world?"

Henry Azzam, chief economist at the National Commercial Bank, Saudi Arabia's largest, said: "If the industrialised countries decide to impose taxes that would effectively increase prices and discourage consumption, this may cause Gulf producers to reconsider their pricing strategy."

In Kuwait, Commerce Minister Abdulla al-Hajji told The Associated Press that the tax "will have a serious effect on Kuwait."

The emirate, devastated by Iraq's August 1990 invasion, is worried that the tax will eat into revenues it needs for reconstruction.

Other Gulf countries, such as the United Arab Emirates, also are concerned about the proposed tax.

The Clinton proposal, which would push up American gasoline prices by at least eight

cent a gallon, is aimed at encouraging conservation and cutting oil imports by 350,000 barrels a day.

The price of a gallon of gasoline in the United States currently averages 1.09 dollar (or 29 cent a liter).

The Energy Department estimated the Clinton tax would cut the trade deficit by 18 billion dollar by the end of the decade while raising 71.4 billion dollar in government revenue over a five-year period.

Clinton told Congress Feb 17 that the tax, which would go into effect in July 1994 and be phased in over three years, "combats pollution, promotes energy efficiency and 'promotes the independence economically of this country as well as helping to reduce the debt.'"

Gulf nations are concerned that introducing the US tax also will speed up application of the proposed European carbon tax.

European countries have said they will not apply the tax unless similar measures are introduced by the United States and Japan. Now, with the Clinton proposals pending, only Japan needs to chime in.

Gasoline prices are at least twice American levels in most European countries and even higher than that in some.

There has been no official comment from Saudi Arabia on Clinton's proposal. Oil Minister Nezer's comments were made before the tax was formally proposed, and he was criticizing such taxes in general.

But in general, Gulf nations and US oil companies see the tax as an attempt to grab easy revenues at the expense of economic growth both in the industrial countries and in oil-producing nations.

Under Clinton's proposal, crude oil would be taxed at twice the rate applied to other energy sources such as coal, natural gas, and nuclear and

hydroelectric energy.

Charles J DiBona, President of the US oil industry's American Petroleum Institute, he said the Clinton proposal would reduce the country's gross domestic product by some 170 billion dollar and cost American's some 600,000 jobs.

"This proposal really amounts to a thinly disguised gasoline tax, one that would seriously harm economic recovery and be a job-killer on a massive scale," DiBona said.

For Gulf nations, it is frustrating to see the price of their main source of revenue, oil, slipping in world markets while customers try to earn money off the same oil too.

"It's the treasuries of the industrialised countries that will reap the premiums, not the OPEC countries," said Abdul-Aziz Dukhalil, head of the Consulting Centre for Finance and Investment in Riyadh.

Pindi will devalue rupee to face Delhi unit

KARACHI, Mar 3: Pakistan is likely to devalue its rupee by at least eight per cent in 1993 to enable it to compete with the neighbouring Indian rupee, analysts said, reports Reuter.

The major factor behind any devaluation would be India's decision on Saturday to make its rupee fully convertible, they said.

"Economic conditions are in bad shape," dealer Zahid Noorani at Khadim Ali Shah Bukhari and Co said. "Theoretically, the rupee should be devalued by 12 per cent in 1993."

Most dealers felt a fall of eight per cent was more realistic. The Indian rupee settled higher today against the dollar after erratic trading on the first day of the free float, but bankers expect it to settle at a lower rate in coming weeks.

The state (central) bank of Pakistan has devalued the rupee 2.37 per cent since January, bringing it down to

26.3000/26.4315 today. It started the year at 25.76.

"I think the rupee will be adjusted lower to 28 to the dollar by December," said Tariq Hussain, Area Manager Treasury of ANZ Grindlays Bank.

If the rupee touches 28 by December, its value will have eroded by 8.70 per cent over the year. It fell 3.95 per cent last year.

The central bank fixed the forward buying rate at 26.3000 for six months and 25.5110 for 12 months and the forward selling rate at 27.4178 for six months and 28.4040 for 12 months.

Anwar Zaki, Chief dealer at ANZ Grindlays, said Pakistan's rupee was facing pressure from the Indian rupee in the KERB market. Zaki said the Pakistani rupee was effectively convertible already through foreign exchange bearer certificates at a premium of about nine per cent.

Canada to cut overseas aid by 10 per cent

OTTAWA, Mar 3: Canada's foreign aid programme is to be cut by 10 per cent in each of the next two years and the government's main overseas development agency is ending most bilateral aid packages to several African and Asian nations, an official said Tuesday, reports AFP.

Canada's revised aid programme concentrates more on the western hemisphere with the biggest cuts being made in assistance to Africa and Asia.

Gabrielle Mathieu, spokeswoman of the Canadian International Development Agency (CIDA), said what had been routine bilateral aid to several countries would be ended.

But emergency aid for natural disasters, such as earthquakes and famine, would continue as would some "small programmes" to multilateral non-government organization efforts in the countries affected.

The cuts will amount to 642 million dollar (513.6 million US), by fiscal 1994-95. This year's cuts will total 220.9 million dollar (176.7 million US), leaving overseas development assistance at 2.53 billion dollar (2.02 billion US).

Being dropped from the list of routine recipients of Canadian overseas development assistance are Tanzania, Rwanda, Ethiopia, Kenya, Madagascar and Burundi in Africa, and Afghanistan, Cambodia, Sri Lanka, Laos, Maldives, Bhutan and Myanmar (Burma) in Asia.

There will also be some, as yet unspecified, cuts in aid to India, Bangladesh, Pakistan, Indonesia and China.

In the Caribbean and Latin America, said CIDA, there will be a "marginal shift" in aid programmes, although some projects planned for Jamaica and Guyana will no longer receive Canadian assistance.

Indian rupee gains against US dollar

BOMBAY, Mar 3: The Indian rupee gained ground against the US dollar here Tuesday on the first day of trading after Finance Minister Manmohan Singh announced its full convertibility, reports AFP.

The rupee closed at 31.85 to the dollar on the inter-bank foreign exchange market, after opening at 33.11.

The Greenback's slide came about because Indian exporters were beginning to unload some of their dollar holdings, dealers in this western Indian City said.

"Exporters holding large foreign exchange are expected to offload heavily in the next few days to take advantage of market profits," one dealer said.

"The market opened very strong," a banker added.

The Finance Minister allowed the Indian rupee to float freely in his budget announcement Saturday for fiscal 1993-94, abolishing a dual exchange rate which he had formulated a year earlier.

Finance Ministry officials dismissed fears of a sharp fall in the rupee's value, saying it was expected to settle at a level between the official central bank rate of 26.20 to a dollar and the market rate of about 33.

Bad loans in Japan to exceed \$ 100b

TOKYO, Mar 3: The President of Bank of Tokyo Ltd, warned Tuesday that the amount of non-performing loans at Japanese banks would be higher at the end of March than the 100 billion dollar figure at the end of September, reports AFP.

Bad loans are the "biggest problem for Japanese banks" Tasuku Takagaki told a forum of executives of Japanese and British financial institutions, adding that others were international capital ratios and local financial reforms.

Referring to the 12.3 trillion yen (104 billion dollar) in bad loans among 21 major Japanese banks at the end of September last year, he said: "These figures will increase further in the year to March."

Takagaki said "it should be possible" to write bad loans off with operating profits, reserves and a new jointly-owned company aimed at absorbing bad debts.

"But clearly, considerable time and patience is needed," he said.

The Bank of Japan has recently been urging the country's fragile banks to follow the lead of Sumitomo Bank Ltd, which announced in January it would write off 100 billion yen in loans to a troubled affiliate.



WASHINGTON: US President Bill Clinton (R) embraces unidentified Arkansas member of the National Association of Counties March 2 in front of the west wing of the White House shortly after returning from the US capital. President Clinton met with Republican members of Congress to promote his economic plan. —AFP/UNB photo

EC challenges US anti-dumping duties in GATT

BRUSSELS, Mar 3: The European Community said Tuesday it was challenging the United States in the GATT world trade organisation over anti-dumping duties Washington has imposed on EC steel products, reports AP.

By maintaining the anti-dumping duties, EC Trade Commissioner Sir Leon Brittan said President Clinton was acting inappropriately when global trade needs to veer away from protectionism.

"Not only are the duties unjustified on economic grounds but they send the wrong political signal at a time when the world needs reassurance of America's intention to stand by

its commitment to free global trade," he said.

The EC's executive commission said it had formally requested talks with the Clinton administration within the Geneva-based General Agreement on Tariffs and Trade over the punitive steel duties. The Commission maintains the duties are not compatible with current world trade rules.

The 12-nation trade bloc also said the duties could further deteriorate the trans-Atlantic trade relationship, already strained because of disputes involving agriculture and public procurement contracts.

The United States an-

nounced in January that, as a first step, it would slap anti-dumping duties on steel products from 19 nations, including seven EC states. EC officials said the tariffs affect almost one billion dollar worth of EC goods.

The preliminary anti-dumping duties run as high as 109 per cent. They were set after complaints from US manufacturers that "unfair practices by foreign producers" injured the US industry.

Washington claims state subsidies to EC steel producers give them an unfair advantage in the market place.

Brittan said in a statement the preliminary duties had

been "robustly condemned" by all nations involved.

Under US anti-dumping law, the Commerce Department must determine that foreign goods are being sold in the United States at less than their fair value and therefore injure or threaten a US industry.

However, the Commission said it doubts EC steel imports could have caused material damage to US steel producers. Some EC exporters' shares of the US market have fallen to below 0.5 per cent, the Commission said.

And, it added, there has been little or no undercutting of US prices by EC exporters.

Former Soviet republics form body to develop gas, oil sectors

MOSCOW, Mar 3: Leaders of 12 former Soviet republics on Tuesday formed an intergovernmental council to coordinate efforts to stabilise and develop their oil and gas sectors, news agencies reported, according to AP.

The decision to form the council came during a two-day conference on energy cooperation between commonwealth members held in the Siberian city of Surgut in Tyumen, Interfax and ITAR-Tass reported.

The council, which was joined by all the former Soviet republics except Latvia, Estonia and Turkmenistan, will coordinate actions between members in scientific,

technical, investment and other areas, the agencies said.

A joint communiqué adopted in Surgut said the council would also help members to establish joint enterprises and develop direct trade an economic ties between members, Interfax reported.

All European and Asian countries are eligible to join the council, which would be based in Tyumen, Russia's main oil-producing region.

Also at the conference, Russia agreed to continue supplying oil to Armenia, Belarus and Kyrgyzstan in exchange for equipment and materials to prop up its ailing energy industry, Russian Deputy Prime

Minister Georgy Khizha told Interfax.

Russian Fuel and Energy Minister Yuri Shafirankin warned on Monday that Russia would stop exporting gas and oil to the former Soviet republics unless they provide financial support to the ailing industry.

Khizha said no prices had been set yet concerning the bilateral agreements with Russia. He attended the talks in place of Russian Prime Minister Viktor Chernomyrdin, who was ill.

The agreements will set the stage for similar deals between Russia and other former Soviet republics, Khizha said. Georgia agreed at the con-

ference to supply pipes and engines to Russia in exchange for receiving shares of Russian oil and gas enterprises, Georgian Deputy Prime Minister Tengiz Segua said.

Russia is demanding that Ukraine pay a higher price for gas, and also says Ukraine has not paid in full for January gas deliveries.

Dwindling fuel supplies forced Ukraine on Monday to ban gasoline sales to private car owners for the entire month of March, the ITAR-Tass news agency reported. The government order is intended to preserve fuel for farmers.

Booming Malaysian economy strained by new crisis — power

KUALA LUMPUR, Mar 3: Malaysia's national soccer squad was playing a Bulgarian team when the floodlights suddenly went out, plunging the national stadium and 20,000 fans into darkness, writes Reuter.

Embarrassed officials scrambled to get the lights back on after 15 minutes and the home team managed to hold the visitors to a scoreless draw. In the preliminary match for the Merdeka cup, which Malaysia eventually won.

But the episode last month dramatised the growing problem of power shortages, which could slow down the economic boom unless a solution is found quickly.

The shortage, illustrated by a series of blackout in recent weeks, threatens to deter for-

ign investment in industry and slow economic growth, business leaders say.

After five years of growth averaging nearly nine per cent a year, Malaysia is facing strains in labour, water supply, infrastructure — and most recently, power.

The power shortage situation is alarming, said Khalid Ibrahim, chief executive of state investment house Permodalan Nasional Berhad (PNB), which has vast manufacturing interests.

One petrochemical plant belonging to PNB suffered 1.5 million ringgit (570,000 dollar) in production losses in three days of power blackout," he said in a recent radio interview.

The fast-expanding manufacturing sector, the engine of

growth which now accounts for about a third of the economy, has pushed up demand for power.

The government this month acknowledged the country was facing a power crisis and announced several emergency measures, including plans to buy electricity from Singapore and Thailand.

Officials of the state-controlled power firm, the listed Tenaga Nasional BHD, said it would take a year to restore normal supply.

Critics say the government and Tenaga should have taken steps earlier to avert the crisis.

When the whole country was hit by its worst-ever power outages last September, Energy Minister S Samy Vellu called it "an act of god."

He has pinned the blame for the latest blackouts closer to home, on government delays in building new plants. "It is about time we got out from all this ed tape."

Tenaga officials said the shortage was caused by the upsurge in demand and scheduled and unscheduled shut-downs of turbines, some more than eight years old, for maintenance.

But some critics are unconvinced.

"The whole truth on the power shortage has not been told," the pro-government New Straits Times newspaper said in a commentary. "In sum, Tenaga does not reveal, or rather had not for several months, the entire story of its generation capacity."

Tenaga has a theoretical ca-

capacity of 5,600 megawatts but produces 4,475. Demand has risen to around 4,570 megawatts.

"The industrial demand has gone up tremendously. Our projection before was some eight per cent annual growth in power consumption but due to the rapid industrialisation, the increase is between 13 and 15 per cent, Samy Vellu said.

By the year 2000, Malaysia's energy requirement will rise to an estimated 13,000 megawatts, officials say.

"Malaysia is being watched closely," Tan Keok Yin, executive director of the Federation of Malaysian Manufacturers, said recently.

If it (the crisis) is not resolved in 12 months, investment decisions can be de-

tered. Already, some new plants are rescheduling their start-up dates.

A nationwide power cut for three days in late September cost industry at least 220 million ringgit (83.6 million dollar), according to a federation survey.

The government has asked industries to change operating schedules from daytime to night-time so that supply, especially during peak hours, can be effectively distributed. Many industry officials say this is not feasible.

As part of a move to ease demands on Tenaga, the government recently allowed two private firms to generate electricity. But their plants are not due to come on stream until 1995.

China, Russia to construct connecting bridge

BEIJING, Mar 3: China and Russia have agreed to build a bridge connecting two border cities as trade across the frontier surges, the Xinhua news agency said today, reports AFP.

Joint survey work had already started and the bridge, with total investment of 200 million yuan (35 million dollar), is expected to be completed in about two years, it said.

The bridge, spanning the Amur river, will connect Heihe, in China's northeastern Heilongjiang province, with Blagovescensk.