

**BRIEFS**

**Gold finds in Oman to fetch \$60m**

ABU DHABI, Mar 5: Recent major gold finds in the Gulf state of Oman will yield about 60 million dollar in exports over an eight-year period, an Omani official said Wednesday. The discoveries were at three different sites and production will begin in early 1994, said Mohammad Ibn Hussein al-Yafei, Director of Mining at Oman's Oil Ministry, said an AFP report.

**5 CISs to set up weapons industries**

WASHINGTON, Mar 5: Several former Soviet republics, in addition to Russia, are setting up their own defence industries on the basis of former Soviet facilities located on their soil, according to a Central Intelligence Agency study made available on Wednesday. Production and final assembly of major weapons systems and military equipment takes place in five of the newly independent states — Russia, Ukraine, Georgia, Uzbekistan and Kazakhstan, says a Reuters report.

**Bulgarians may stop payment of interest**

SOFIA, Mar 5: Bulgaria has threatened to stop current interest payments to its commercial bank creditors unless they agree easier repayment terms. Stoyan Alexandrov, the country's Finance Minister, said on Wednesday "I told the creditors that if the [debt] talks do not mark any progress, Bulgaria will suspend current interest payments," he told journalists after returning from debt talks in Frankfurt, according to Reuters.

**Sharp drop in US Feb car sales**

DETROIT, Mar 5: The sales pace of domestically built vehicles dropped sharply in late February, makers reported Wednesday, contributing to an emerging picture of renewed weakness in the national economy. When calculated on a per-day basis, sales actually rose in the final third of last month vs. a year ago. But on a seasonally adjusted annual rate, which is considered more significant, sales fell, writes AP.

**Saudi money market remains liquid**

MANAMA, Mar 5: The Saudi riyal interbank deposit market remained liquid in this short dates, largely because Saudi British bank was in the process of returning to investors the 17 billion riyal in oversubscription to its share offer. Quotes for day-to-day deposits were mostly around three, 2-7/8 per cent or else 1/16 point higher. One and three-month funds were quoted around 3-3/16, 1/16 per cent, says Reuters.

**'93 growth in West forecast at 2 pc**

PARIS, Mar 5: Michel Comedessus said the industrialised world economy was still mediocre after a few gloomy years and growth in 1993 would be no more than two per cent. "Let us say 1.5 per cent no more than two per cent" the Managing Director of the International Monetary Fund told a conference. For Europe he reckoned that growth would be "barely positive, certainly below one per cent" reports Reuters.

**India sets reference rate at Rs 31.8 per \$**

BOMBAY, Mar 5: The Reserve Bank of India (RBI) set a daily reference rate of 31.88 rupee per dollar, against 31.81 Tuesday. The RBI said the rate is based on the exchange rates of a few select Bombay banks, and is used for calculating rates of exchange for the Asian clearing union currencies and special drawing rights, according to Reuters.

**Platinum gains in European trading**

ZURICH, Mar 5: Platinum began higher in slow trading at 342.50/344.00 dollar an ounce after falling sharply Wednesday on news of an all-palladium autocatalyst system. Dealers said the market seemed to have largely absorbed the news, and did not expect palladium to fall further or platinum to make further substantial gains on the news. "This always happens as an initial response to news like this, but things seem to be pretty much back to normal already," says Reuters.

**US pressure makes GATT deal future gloomy**

GENEVA, Mar 5: Trade envoys expressed gloom on Thursday over the prospects for completion of the troubled Uruguay Round amid signs the United States was pressing for a reworking of accords already reached, reports Reuters. The envoys, from different groupings within the talks, were speaking before and informal meeting of delegation heads to the six-and-a-half years negotiations under the General Agreement on Tariffs and Trade (GATT). "Things are not looking too good," said an ambassador from a major developing country. "The Americans are clearly seeking the reopening of a number of dossiers most of US thought were already agreed."

Another trade diplomat said the new US administration seemed determined to get agreement on renegotiation in subsidies, anti-dumping, textiles and services as well as a controversial farm trade accord with the European Community. "There is not much sign of give on their part," said the diplomat. "All the indications are that they will be playing tough."

On Wednesday, new US trade representative Mickey Kantor said in Washington his negotiators would be trying to advance the round in Geneva talks on issues that are raising new friction between the United States and the EC. Diplomats said this effort was being led by Rufus Yerxa, a deputy to Kantor and long-time US Ambassador to GATT, and Warren Lvoel, Co-ordinator for the round which was launched in 1986 and has passed several deadlines for completion.

Yerxa and Lvoel were attending the afternoon meeting at the headquarters of the world trade watchdog, established in 1947 to establish and administer rules for international commerce. In January, negotiators from the 108 states involved in the round failed in a high-pressure bid to wrap up a treaty, which experts say could inject up to 200 billion US dollar annually into the world economy once its effects take hold.

An accord would bring agriculture, service industries and textiles under world trade rules for the first time. But its future has been thrown into doubt by an apparent hard-line stance in support of US industry and farmers from the new administration of President Bill Clinton, although he had insisted as a

supporter of free trade. Washington has imposed new duties on steel from 19 countries, many of them in the EC, while questioning accords negotiated under former President George Bush on agricultural support and subsidies for the aircraft industry. The two major traders are also locked in a dispute over public procurement, with the US arguing that new EC rules cut access for American firms to the lucrative European market-places.

Clinton is reported to be seeking a nine-month extension to his so-called "fast-track" authority under which he can conclude a new treaty in the round and then ask the US Congress to approve it without amendment as a total package. But he has yet to ask for ex-

pression to the mandate, which effectively ran out on Tuesday although formally he has until June 1 to present an accord to the legislature.

**Devaluation contest to hit EC plan**

A Paris report says: European Commission President Jacques Delors said competitive devaluations of EMS currencies were extremely damaging to plans for EC monetary integration.

Addressing a conference here, Delors spoke of the recent turmoil in the European Monetary System, referring to "the competitive devaluations which are without doubt the most deadly poison inside the community."

He said plans for monetary convergence gave weight and credibility to Europe. "When

currencies quit the system and like sterling depreciate 20 per cent that raises the question of the coherence of the community's plans," he said. "Rather than allow Economic and Monetary Union (EMU) to fall apart, Delors said EMU ought to be reinforced."

"We have to reinforce the mechanism from this second phase," he said. He did not elaborate.

Phase two of the EMU agreement involves a European Monetary Institution (EMI) operating from 1994 to improve monetary coordination among the community's national central banks.

He said there was nothing dishonourable about some currencies wanting more time to join EMU. But he stressed that the European ideal must not be reduced to mere free-trade zone.

**Indo-Russia trade may double in 2 hrs**

MOSCOW, Mar 5: Indo-Russia trade may double in the next two to three years, the Indian ambassador here, Ronen Sen, has said, reports PTL.

Trade Turnover in 1992 was about 1.5 billion dollar despite the sharp drop in bilateral trade, Sen told the newspaper Trud on Thursday.

Noting that the two countries process great potential to develop trade, Sen said India could export apart from traditional items like tea, coffee, textiles and leather, such products as computers, and medicines.

Sen's interview to the Russian newspaper appeared a day after Russian government officials denied a Chinese report that Russia did not intend to fulfill its contract on the supply of cryogenic rocket engines to India.

**Camedessus asks G-7 states to devise strategy to boost world economy**

PARIS, Mar 5: The Group of Seven (G7) industrialised nations need to devise a sustainable growth strategy to kick-start the sluggish world economy. International Monetary Fund (IMF) Director General Michel Comedessus said Thursday, reports AFP.

A cut in European interest rates — particularly those in Germany — had to be the first stage in such a plan, he said, stressing that Japan and the United States would have to play their part in creating the right conditions for world growth.

Comedessus also called on Britain and Italy, among other large countries, to improve their public finances.

Speaking at a Roman Catholic conference in Louvain, east of the Belgian capital, he said the G7 had to convince

the markets by vigorous, immediate measures, of the determination of governments to slash budget deficits.

"By attacking these problems squarely, America has made a not insubstantial contribution to the strategy of re-launching world growth," he said. A copy of his speech was received here.

US President Bill Clinton's economic programme represented a "considerable effort" towards reducing the massive US budget deficit.

Japan, whose growth recently "dipped more than expected, without any perceptible sign of recovery" had "wisely" improved public finances at the end of the 1980s and was now able to take measures to boost growth, Comedessus added.

"It is clear that the

Japanese contribution to a concerned initiative should consist of an immediate study of additional budgetary measures" to the package put into place in August "to tackle without delay persistent signs of weakness" in the economy, he said.

G7 governments should also tackle "structural rigidities" which were preventing the creation of new jobs, in a bid to cut unemployment in a lasting way, said Comedessus.

For European countries, any attempt to relaunch economic growth should be accompanied by a strengthening of the European Monetary System, he insisted.

Completion of the Uruguay Round of the GATT world trade talks was "imperative number one" for the world economy, said the IMF chief,

particularly for Europe which was the world's number one commercial block.

"A decisive effort on international cooperation is urgently needed," he said of the stalled trade talks.

"An improvement in the economic climate depends on a successful conclusion of the negotiations — less uncertainty, more confidence, clear signals to investors, producers and traders," said Comedessus.

"Better a prompt accord than a perfect accord," he said, countering those who felt "no accord was better than a bad accord."

Without a GATT accord, he said, an agreement between the world's leading economic powers for a concerted attempt to relaunch the world economy would lack credibility.

**Israel, EC talk new cooperation accord**

JERUSALEM, Mar 5: Israel and the European Community are negotiating a new cooperation agreement expected to be signed within a year, foreign ministry spokesman Eviatar Manor said yesterday, reports AFP.

He said Israeli and EC representatives met Wednesday in Jerusalem to examine ways of updating the 1975 cooperation agreement between them in light of recent developments in Europe and the world.

"It was the second round of talks leading to the signing of a new agreement with the EC within a year," Manor said.

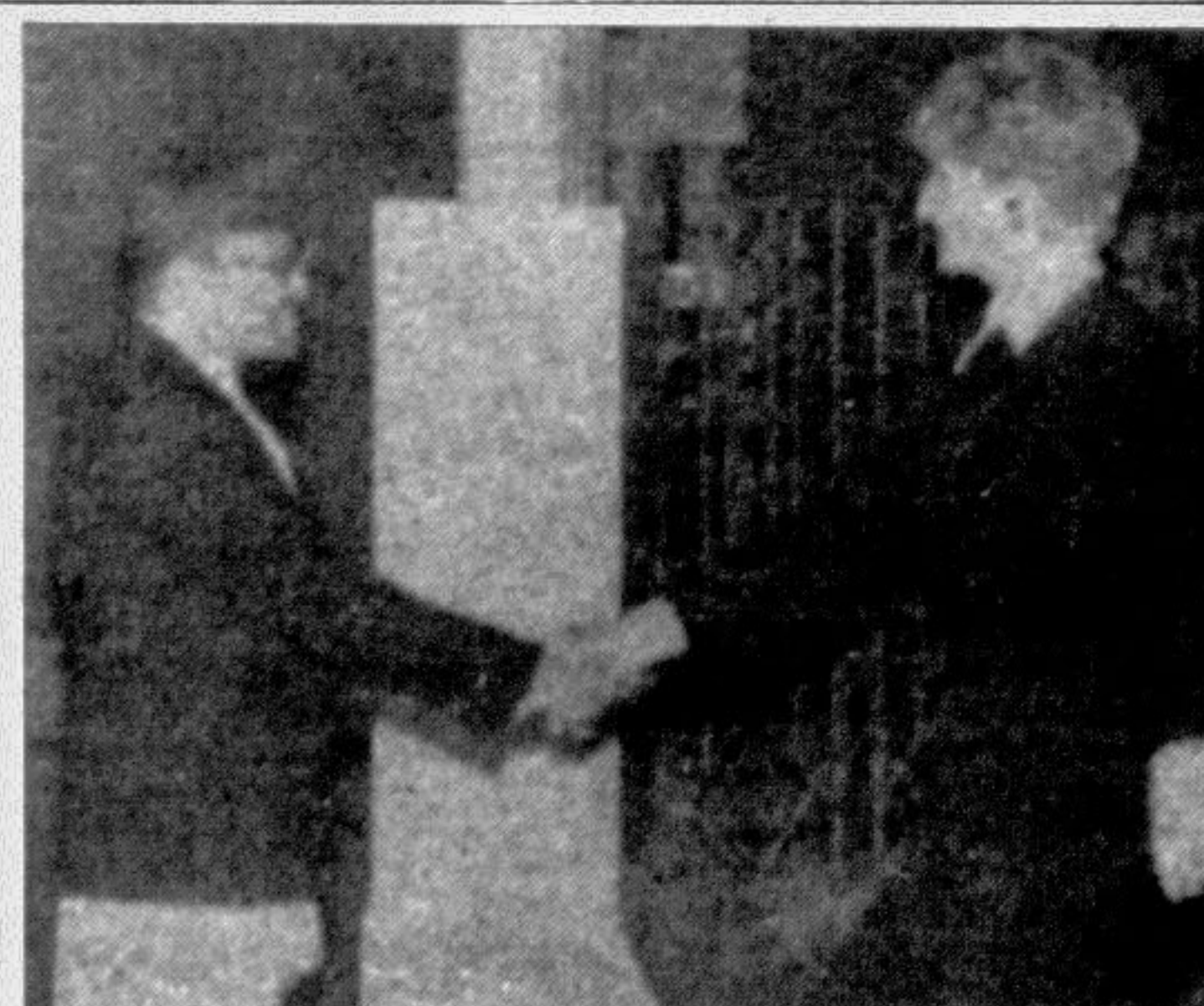
He said the latest negotiations focused on ways of giving Israel preferential customs tariffs in its trade with Europe, namely on industrial and agricultural products.

Manor noted that Europe had signed free-trade agreements with many countries since 1975, saying these moves had "affected Israel's position."

"The signing of a new agreement must enable Israel to bolster its status in Europe and widen its relations with the EC," he said.

EC sources said that updating of the 1975 accord has become necessary because of changes on the international market since Europe had, among other things, moved to a single market.

A first round of negotiations between Israel and the EC took place in Brussels on February 1, a third session is planned for mid-April and a fourth a couple of months later.



KATHMANDU: Princess Diana is greeted by Nepal's King Birendra Mar 4 at the Narayanhi Royal Palace on the third day of her visit, the first official visit since separating from Prince Charles in December. — AFP/UNB photo

**US may not continue aid level to Israel for fund constraints**

JERUSALEM, Mar 5: The United States may not be able to maintain the level of its economic aid to Israel because of fiscal constraints at home, the US ambassador has warned, reports AP.

"It is not prudent for a nation to rely in the long term, even on its most dependable ally, for 7 to 8 per cent of its national budget," Ambassador Williams Harrop told a group of Tel Aviv businessmen Thursday in a speech made available to The Association Press by the embassy.

"It may prove difficult to maintain our economic aid at its current level," he said. Israel annually receives more than 3 billion dollar American grants and economic assistance.

In Washington, a State Department official said President Clinton's budget proposal calls for 3 billion dollar in aid to Israel in the next fiscal year.

The official, speaking on condition of anonymity, said Harrop was giving his personal views and not speaking on behalf of the administration.

Harrop said that during recent visits from US senators he was advised that domestic budget concerns could force the United States to reduce aid to Israel.

He said the senators who articulated that position were Democrats Patrick Leahy of Vermont and Daniel Inouye of Hawaii — both considered good friends of Israel.

Harrop commended Israeli efforts to reform its economy by using US loan-guarantees of 10 billion dollar to spur growth of the private sector.

"But the pace of reform has been slow, in fact rather disappointing," Harrop said. "Much more needs to be done."

He said Israel needed to do more to attract foreign investment.

**Congress accuses Bush for granting billions of dollar loan to Russia**

WASHINGTON, Mar 5: Former President Bush's administration was accused in Congress Thursday of guaranteeing billions of dollar worth of loans to Russia and other former Soviet republics while concealing their inability to repay, reports AP.

"The Bush administration manipulated and misused" commodity loan guarantees for the former Soviet Union "identically as it did in the case of Iraq," Banking Committee Chairman Henry B. Gonzalez said in a speech on the floor of the House of Representatives.

Just as US taxpayers must bail out 2 billion dollar in defaulted loans to Iraqi President Saddam Hussein's government, they may have to cover more than 4.5 billion dollar owed by former Soviet republics, he said. "The burden that this places on our federal deficit is

just one more mess that President Clinton will have to clean up."

Urging open debate over needs of the former Soviet Union, Gonzalez acknowledged that Russia, with its "crumbling economy," must be helped to stave off the collapse of its fragile democracy and potential re-emergence as an enemy.

He emphasized his target was what he called "the Bush administration's political scheming" to break US laws on loan guarantees and to avoid debate on aid of questionable value.

Gonzalez also questioned the U.S. Export-Import Bank's authorization last week of a 86.2 million dollar unsecured loan to the Russian government in light of a 400 million dollar Russian delinquency on commodity payments. "I ques-

tion the wisdom of permitting one government agency to provide credits to a nation that is meeting its obligations to another government agency," he said in a letter to Eximbank Chairman Rita Rodriguez.

Gonzalez also said he is monitoring negotiations for the Eximbank to provide 2 billion dollar in loans and guarantees for Russia's oil and gas industry to buy US equipment and services against payments that would be deposited abroad by Russian customers.

Gonzalez said Bush's White House "did not want an accounting of the potential costs to the taxpayer of guaranteeing loans to a country that cannot repay... did not want to hear arguments that the programme would do little good for the former Soviet Union."

The fact is that those nations are capable of producing more than enough food to feed

their people. Most shortages in the former Soviet Union exist because of distribution breakdowns," Gonzalez said.

"For example, Russia loses up to half its milk production because simple chillers are not available... food imports to those nations merely postpone well-known, and badly needed reforms and prolong the transition to self-sufficiency."

"Back door aid does little good for Russia and no good for us," Gonzalez said. "We must provide the assistance openly and we must understand the costs...."

"Like President Truman said: Tell us what needs to be done, and go about it. The Marshall Plan was expensive, but it worked. The needs in Russia and other former Soviet States are great, but our response has to make sense."

**Turkey to free gold imports, set up bourse**

ANKARA, Mar 5: The Turkish government has decided to set up a gold bourse in Istanbul and to scrap the state monopoly on gold bar imports, in a bid to make Turkey a regional gold centre, officials said, reports Reuters.

State Minister Aakin Gonen told reporters after a cabinet meeting that banks holding import certificates would be allowed to buy gold from international supplies.

Officials say the treasury and capital markets board have completed a study to allow the establishment of the bourse and liberalisation of gold imports.

The banks will also be able to collect gold savings and extend credits in gold under the new regime.



ZAGREB: A group of Muslim children refugees from Bosnia-Herzegovina, play with the snow outside their barracks in a refugee camp on the outskirts of the Croatian capital, Mar 4. While some 20,000 Muslims desperately try to flee Serbian occupied town of Cerska, many Bosnian children, who managed to escape from the embattled Republic, found shelter in Croatia. — AFP/UNB photo

**Comrade Lei Feng helped boost Deng's market economy**

BEIJING, Mar 5: Can a selfless hero-soldier once touted as the ideal role model for building a communist society be transformed into a guiding light for creating a market economy? says AP.

It certainly seems tricky, but China's leadership is giving it a go, launching a massive propaganda campaign to re-ignite the legendary Lei Feng to promote Deng Xiaoping's capitalist-style economic reforms.

That campaign reached a climax Friday, 30 years to the day after Mao Tse-tung exhorted the Chinese masses to "Learn from Comrade Lei Feng," a previously unknown, foot-soldier who had died at age 22 a year earlier when he backed his army truck into a utility pole.

Half the front-page of the Communist Party newspaper,

People's Daily, was devoted Friday to stories about the hero.

"The spirit of Lei Feng lives forever, read the headline of a lengthy editorial.

Lei was the ultimate do-gooder — something like a hyperactive Boy Scout. He didn't just help old ladies cross the street, he once found a tired old woman on the street and spent two hours walking her home.

He brought moon cake pastries to hospitalised comrades, mended and washed others' clothes, gave his rations away and read Mao's writings aloud to fellow soldiers. Oddly, plenty of top-quality photographs exist showing the ever-smiling Lei performing these deeds, even though some were allegedly done in secret.

Whether the legend is true or not, Mao used Lei to inspire the masses to give all to the Communist cause. "Serve the people and be a bright screw in the great machine was a famous motto attributed to the hero.

After Mao died in 1976 and his ultra-leftist policies were brushed aside in favour of Deng's pragmatic modernisation programme Lei quickly became an anachronism.

But the government didn't dare drop the noble soldier from Communist China's pantheon, knowing that to discredit Lei was to discredit the party. His life story has therefore remained part of school curricula for hundreds of millions of Chinese.

Little is said now about Lei Feng's blind devotion to Mao. Instead, the official line is that

the spirit of Lei Feng can help China's economic reform by promoting patriotism and fair market competition while discouraging greed.

It's a tough sell.

Asked about Lei, a middle-aged man selling clothes at a free market responded: "Chinese only worship making money." Others were amused when asked how they were marking the anniversary. "We're offering lower prices," joked one; another began a mock recitation of the official paeans to Lei that was met with giggles from a woman nearby.

Activities to honor the spirit of Lei Feng, such as offering free bicycle repairs, weren't easily apparent Friday. Even when such deeds are performed, they can fall victim to cynicism.

The Yangcheng Evening News of the southern city of Canton recently reported how private fix-it shops have brought their broken bicycles to such services and then charged customers for the repairs. Soldiers have had their pockets picked while helping the elderly carry their luggage on trains, it said.

Nonetheless, many people still voice appreciation for Lei's old-fashioned values and wish they were more widespread in China.

This spirit in today's society is too weak, lamented Jia Laidong, a 37-year-old banker, while viewing a display case of Lei's tools — a hammer, some wrenches and a screwdriver at the Chinese Military Museum.

"People caring for people," he said.

**China blasts US stand on renewal of MFN**

BEIJING, Mar 5: China today blasted the United States for putting conditions to the renewal of its most favoured nations (MFN) trading status, reports PTL.

Attaching conditions to the restoration of MFN status would damage the entire range of bilateral relations and it would be unwise, and unacceptable the Chinese side, Foreign Ministry spokesman Li Jianying said.

Asked at a news briefing about US Secretary of State Warren Christopher's recent remark that the restoration of MFN status depended on China's progress on trade, human rights and other issues, the spokesman said: We are opposed to any move using the MFN status issued to interfere

in China's internal affairs.

The Chinese reacts significantly came three days after Sino-US talks on Beijing's application for GATT membership collapsed with the US imposing conditions on the Chinese which they will find it hard to meet.

The official Xinhua news agency quoted the spokesman as saying that the unconditional renewal of MFN status would contribute to bilateral economic and trade ties and was in the interests of the people of both countries.

The mutual granting of MFN status between China and the USA is the basis for economic and trade relations between the two countries. It is also a reciprocal and mutually beneficial arrangement, he said.

**Major calls for change in production attitude**

LONDON, Mar 5: Prime Minister John Major called on Thursday for a new, more positive attitude towards manufacturing in Britain, saying the country could not rely on the service sector for its economic future, according to Reuters.

Services aren't enough, he told the independent newspaper in an interview calling for "a different attitude to industry and commerce."

He said that unless Britain remained at the leading edge of technology, "we will not grow and thrive throughout the nineties, so we have to change our attitudes."

Britain's manufacturing and engineering base has declined

during the past 10 years, with traditional heavy industries such as ship-building, steel-making and car-making heavily pruned following the reduction of government subsidies.

Major distanced himself from his predecessor, Margaret Thatcher, ousted as Conservative Party leader two years ago, who emphasised the importance of services over manufacturing.

"I don't agree with it. I didn't agree with it in the eighties. I was a minority view in the eighties. I am not a minority view now and anyway I'm in a better position to expand my views, he told the independent.