BRIEFS

China to build tallest TV tower

HONG KONG, Mar 11: China's special economic zone of Shenzhen is to build the world's tallest television tower as the symbol of the zone, it was reported Thursday. The administration in the zone is currently raising funds through share issues to build the 700-meter (2,310-foot) tower which will cost between 700 and 900 million yuan (121-155 million US), the semi-official Hong Kong China News Service was quoted as saying, says an AFP report.

NZ to give $ 26,275 for WFP in Nepal

WELLINGTON, Mar 11: New Zealand will give 50,000 NZ dollar (26,275 US dollar) to the World Food Programme to purchase Food for Nepal, Foreign Minister Don McKinnon said Thursday. In a statement he said Nepal was experiencing the impact of a drought of unprecedented magnitude. "One hundred thousand tonnes of cereals has been urgently requested from donors, and New Zealand will make its contribution," he said, reports AFP.

Japanese banks to write off $ 12b

TOKYO, Mar 11: Japan's crippled banks plan to write off a record 1.4 trillion yen (12 billion dollar) in bad loans this year, more than double the amount written off last year, the Nihon Keizai Shimbun said Wednesday. The newspaper said the figure, up from 605 billion yen last year, included an estimated 850 billion yen in provisions against losses. The remaining 550 billion yen represents disposals of bad debts into a new joint company aimed at absorbing nonperforming loans against which property is held as collateral, reports AFP.

WFP relief for Bhutanese refugees

ROME, Mar 11: The World Food Programme (WFP) said on Wednesday it was expanding its relief operation in southern Nepal to feed 85,000 refugees from Bhutan. The WFP, the food aid arm of the United Nations, said it would send 8,800 tonnes of rice and other food to feed the refugees, who fled civil unrest in Bhutan. It said it carried out three emergency operations to help the refugees last year, delivering 14,000 tonnes of food, says Reuter.

Panama eager to join GATT

PANAMA CITY, Mar 11: President Guillermo Endara said yesterday that his government would soon begin talks to bring Panama into the world trade organisation GATT. "Within a month we will initiate negotiations that could incorporate our country into the General Agreement on Tariffs and Trade," Endara said at the opening of an international trade fair here, reports Reuter.

UAE oil co to develop 4 fields

ABU DHABI, Mar 11: The largest oil company in the United Arab Emirates (UAE) has started to develop four new fields as part of plans to boost its output capacity, the company said yesterday. The Abu Dhabi company for on shore oil operations (ADCO) said the new fields included Zubbaya, Shanayel Rumaitha and Jarn Yaphour, according to a company report, which gave no details, says AFP.

Price inflation in West, Japan 3 pc

PARIS, Mar 11: Consumer price inflation in western industrial countries and Japan, excluding Turkey, stood at an average annual rate of three per cent in January despite sharp monthly increases in Germany, the United States and France, the OECD said yesterday. Consumer prices rose by 0.3 per cent on average in January, excluding high-inflation Turkey, after remaining flat in December, the 24-nation Organisation for Economic Cooperation and Development (OECD) said in its monthly survey.

Prices were down by 0.1 percentage point in Japan, to 1.3 per cent over 12 months, and by 0.9 percentage point in Britain, to 1.7 per cent, reports AFP.

Third World storms 'Fortress Europe'

LONDON: Third World companies are storming the gates of Europe before they close and turn the continent into an economic fortress.

The latest is Texmaco-Polysindo of Indonesia, which is setting up two factories in Northern Ireland to make polyester yarns and fabrics. Aside from creating up to 900 jobs in that area by 1995, the 148 million US dollar investment will guarantee the South East Asian firm access to Europe's new single market.

The remarkable development turns on it head the more usual European investment in Third World countries, particularly in textiles and clothing.

Texmaco will receive 23 million US dollar from the British government as an encouragement to investment in Britain's poorest region. "The Belfast investment will also make Texmaco fabrics "European" and effectively dodge barriers against Third World producers.

"The fear of 'fortress Europe' is forcing developing countries to invest outside their own countries," said Ben Jackson, research officer with the World Development Movement. "Some of the East Asian countries want to get a toehold in the single market just in case."

He added: Ireland, north and south have been very much victims of short term multinational development, in the same way as developing countries. But Texmaco is investing in the middle of an economic recession in Europe and may stay longer than its predecessors.

Much of Third World uneastiness can be traced to the continuing uncertainty over the protracted GATT (General Agreement on Tariffs and Trade) world trade talks.

Garment manufacturers like Texmaco in particular are worried, although the draft text includes a 10-year phasing out of quota limits and a reduction in import taxes on textile and clothing imports from developing countries, including Indonesia.

But with Bill Clinton now president of the United States, economic analysts say the 'Dunkel draft' is no longer a sure thing. Arthur Dunkel is director general of GATT.

"United States textile companies are pressing Clinton for a 15-year phase out of quotas and the whole thing could be opened up," said Jackson. "The process towards regional trading blocs is bound to speed up if GATT talks founder and its very much up in the air at the moment.

It is against this background that companies from South Korea and Brazil as well as Indonesia are making investments in Europe. Said Jackson: "The priority from a development point of view is that they should be investing from within their own country, so that they can build up local industry."

Texmaco-Polysindo employs 17,500 people in Indonesia at four plants, making man-made micro fibres and textile machinery. The company already has an annual turnover of US$350 million and achieved export earnings of US$110 million for the fast-growing Indonesian economy.

Company officials expect the Belfast deal to bring welcome orders to Indonesia for textiles machinery and at same time provide much needed jobs for one of Europe's peripheral regions.

By the end of this year, Texmaco expects the first plant- Norfil Ltd to be making yarn from polyester chips, using machinery from Eastman Kodak in the United States. The factory will make hightech yarn thinner than a human hair that can be used for artificial silk or suede.

The second plant, Pan European Textiles Ltd will take the output of Norfil to weave new style fabrics for the huge European market. Texmaco will import 400 looms for the factory from its engineering company in Indonesia, said the Northern Ireland industrial development board.

The region has the highest rate of unemployment in Britain and is wracked by a guerilla war between Catholics and Protestants. "It is very heartening to see a traditional Ulster (Northern Ireland) industry — textiles — being revived here," said Robert Atkins, Northern Ireland's Ministry for Economy.

"We chose Northern Ireland because we have known the province for over 10 years as having a good infrastructure," said Texmaco president Marimutu Sinivasan.

"There is also a hard working and adaptable workforce having a strong tradition in man-made yarns and fibres," he said.

Other factors are buildings, formerly owned by the Dutch chemical company, Akzo, that are ready to move into and British government support. Texmaco is believed to have looked at sites elsewhere in Britain, in Spain and in France before deciding on the site close to Belfast airport.

Employment in clothing and textiles in Europe has halved since 1973, when the Multi-Fibre Arrangement (MFA) was imposed against Third World competitors. But by 1990 the EC was still the largest exporter of textiles in the world, some 15.6 billion US dollar as well as the largest importer (13.9 billion dollar).

During the same year, Britain imported only 17 per cent of textiles from developing countries, compared with 64 per cent purchased from the rest of the European community. — IPS

Russia takes first step to join OPEC

CARACAS, Mar 11: Russia signed Wednesday a Cooperation Accord with Venezuela which will eventually lead the former join the Organisation of Petroleum Exporting Countries (OPEC), Russian Deputy Energy Minister said, reports AP.

The five year agreement calling for mutual technological cooperation is part of the Russian oil industry's efforts to arrest a sharp production decline over the past years and increase pumping capacity, Edouard Grushevenko told reporters at a press conference.

The agreement with Venezuela, a founding member of the cartel, "would create conditions necessary for a decision on joining OPEC," Grushevenko said. But he made clear that decision would not be made immediately. "Joining in OPEC would be a point of future negotiations," he said.

Grushevenko said Russia is campaigning to attract private foreign capital for its plans to explore and exploit over a hundred oil fields the next three or four years.

Russian oil production currently stands at between 6.8 million barrels per day and seven million barrels per day.

The amount compares with 1988's total production of 11.4 million barrels daily, before the Soviet Union collapsed. Of that amount, Russia supplied as much as 80 per cent, Grushevenko said.

Before signing the accord with his Venezuelan counterpart Rafael Guevara, Grushevenko and other four Russia officials held meetings with government executives to discuss areas of immediate cooperation.

Most crudes from both countries are heavy and sulphur-laden. Venezuela has developed refining technologies which Russians could apply in their efforts to increase production, Venezuelan oil officials said.

TEL AVIV: Israeli models show wedding dresses Mar 10 in Tel Aviv where the fashion house Lorenzo shows it's line for the 1993 summer that will be warm, sexy and provocative. —AFP/UNB photo

Milanese designers try to wether bad times

MILAN, Italy, Mar 11: Giorgio Armani never follows the leader. He is the leader. While the rest of the "Moda Milanese" is knitting away for a winter season which promises to be the woolicst in years, Armani has moved on to super soft tailoring in loose pant suits and richly embroidered evening wear, says AP.

Armani says he is after an "old world chic", without any specific cultural or historic reference — a clear contrast to the myriad of play closet clothes seen during the current fall-winter 1993-1994 Italian ready-to-wear showings.

The jacket as usual is the pivotal point of the new Armani collection, presented Wednesday in the theater of his downtown Milan palazzo.

Starting from a simple jacket, the blazer king adds such feminine twists as a rounded lapel, loop hole buttoning and flounce facing.

His newest jacket has a fitted front, fastened by a single button and a pleated or draped back which swings softly when the body moves.

A weather vane of his native Milan, Armani knows that the present climate — engendered by a nationwide bribe scandal and a slumping economy — is no time for ostentatious fashion.

As a result his evening wear is sparkling, but never glitzy. Silk chiffon pant suits with demurely pleated jackets and discreet pajama pants are exquisitely simple. Delicate embroidery and sequinning light up the night, along with beautiful silk prints, gleaned from a colorful Matisse painting.

The amount of colour the usually somber Armani used in his show from tangerine, mango and plum, to cardinal red — shows that despite the current hard times he is in a happy mood.

Things were not so rosy for the Fendis and their flamboyant designer Karl Lagerfeld, who presented their latest fur creations earlier Wednesday.

In fact the fur was flying on an off the runway. For the first time ever during a Milan collection, the Fendis were attacked by animal rights activists who not only staged a demonstration outside but snuck a protester into the show.

World arms industry to shrink by 25 pc in next 5 yrs

STOCKHOLM, Mar 11: The arms industry will shrink by about 25 per cent worldwide during the next five years, researchers said in a report Thursday. Still, the weapons business is growing in some countries, including China, Japan and Turkey, they said, reports AP.

The biggest reductions were expected in the former Soviet Union, but the United States and Western Europe also face deep cuts, it said.

The report, by the Stockholm International Peace Research Institute, estimated three to four million arms industry jobs would be lost by 1998. It said almost 15 million people work in arms companies.

China has substantially increased its military spending since 1988, the report said, rejecting the leaderships claims China is converting to civilian production "to contribute to world peace".

"It is also a policy to modernise the Chinese arms industrial base through imports of modern technology", SIPRI said.

US House body passes 5-yr budget blueprint

WASHINGTON, Mar 11: The US House of Representatives Budget Committee yesterday passed a five-year budget blueprint that slashes the deficit by a record 510 billion US dollar going well beyond the spending cuts requested by President Bill Clinton in his economic plan, reports Reuter.

The Democratic-controlled committee passed the bill on a 26-17 party-line vote after defeating a host of Republican amendments to make additional trims to tax and spending provisions included in the measure.

"This proposal makes significant cuts in spending... and lays the foundation for budget deficit.

"We welcome the additional cuts, we don't think that goes anywhere near far enough. We were willing to make specific cuts and take the heat", Said John Kasich, the top Republican on the committee.

White House Budget Director Leon Panetta told Cable News Network there was a good chance the budget would pass.

New policy on trade with Asia

Another report from New York adds: The Clinton administration is drafting a new policy on trade with Asia that would combine aid to American high-technology industries with negotiations toopen Asian markets for these products, the New York Times said in its Thursday editions.

The newspaper said the new policy, which would involve Japan, China and South East Asia, is a sharp departure from the Bush administration approach because it involves specific products.

Easy lending rules announced

AP adds: President Clinton on Wednesday announced a programme with independent regulators to relax lending rules for healthy banks, saying it will result in "billions of dollar of economic stimulus that doesn't cost the American taxpayers one red cent."

Italian police arrest Saipem president

MILAN, Mar 11: Gianni Dell 'Orto, President of the Saipem subsidiary of the state energy group ENI, has been arrested in connection with an Italian corruption scandal, the Italian news agency ANSA said, reports Reuter.

ANSA said Dell 'Orto was charged on Wednesday night with violating laws on financing political parties, a crime which has been at the centre of a long-running scandal in which businesses paid bribes to parties in exchange for public works contracts.

Saipem, one of the smaller subsidiaries of the ENI group, specialises in engineering and oil exploration equipment. It has more than 8,000 employees.

CBI probing bank loan deal involving Rao's son

NEW DELHI, Mar 11: Government today informed parliament that the CBI had taken up investigation into the reported Rs two crore bank loan deal involving the Prime Minister's son and asserted that P V Narasimha Rao had nothing to do with it, reports PTI.

Intervening in an impromptu discussion on the matter in both houses, the Parliamentary Affairs Minister, V C Shukla, said that the CBI report would be furnished to the JPC probing the securities scam as soon as the probe was completed.

"We are one with the house to find out the truth. We are not for protecting any body. We are determined to get to the bottom of the truth. We do not want to hide anything," Shukla told the agitated members and asked them not to drag the Prime Minister's name into the controversy.

Opposition members in both houses demanded a statement from the government on the deal as they contended the credibility of the statement that Prime Minister was not involved.

The leader of the opposition in the Lok Sabha, L K Advani, suggested that the House could discuss the issue after a statement was made by the government and said that the denial of the Prime Minister's son, Prabhakar Rao that he was not involved was just irrelevant.

Top Russian Deputy terms market economy as nonsense

MOSCOW, Mar 11: A top parliamentarian said on Wednesday that nobody has proved that the economic course the government is pursing is right for this country. Nikolai Ryabov, First Deputy Chairman of the Standing Parliament said, "In fact I think that an effective market economy is nonsens=", reports Reuter.

He said, there was no evidence that Russia was doing the right thing in moving towards a market economy, a key goal of President Boris Yeltsin and his government.

Ryabov, speaking at the Congress of People's Deputies, said contradictions between parliament and President were rooted in different approaches towards reforms.

"The President and his government want to form an effective market economy in Russia, while parliament favours setting up a socially oriented market economy to serve the needs of the people".

EC still unsure about US motives in trade rows

BRUSSELS, Mar 11: The European Community (EC) is approaching a critical time in US trade relations still unsure whether Washington is ready to see a trade war begin in earnest, reports Reuter.

While condemning US threats against EC exporters, EC officials and diplomats are taking into account the fact that it is only four months since President Clinton won election.

Perplexed by what they see as mixed liberal/protectionist signals from Washington, they say the new President needs time to review US trade policy.

But the Clinton administration is telling its partners that what they see as mixed signals are actually a core part of its strategy.

In speeches and briefings, US officials are reiterating the theme of "compete, not retreat" — a shorthand phrase for a battle plan to force open markets around the world and practise freer trade themselves only when that happens.

Europeans see that as a potential carte blanche from the White House for US industry to demand protective duties against foreign rivals whether the competition is fair or not.

President Francois Mitterrand, at a Washington news conference on Tuesday, had US policy in his sights when he said trade disputes should no longer be addressed piecemeal but negotiated as part of comprehensive efforts to cut barriers.

These disputes include anti-dumping duties on EC steel imports, the threat to ban EC firms from bidding for US government contracts in a row over reciprocal access, and suggestions by Clinton that the EC is not honouring agreed curbs on Airbus passenger plane subsidies.

Pakistan devalues rupee

KARACHI, Pakistan, Mar 11: The State (Central) Bank of Pakistan devalued the rupee to 26.5000/26.6325 to the dollar from 26.4300/26.5622 fixed on Tuesday, reports Reuter.

Tariq Hussain, Treasury Manager at ANZ Grindlays, said the government was trying to bring the rupee down to a level that would provide an economic boost. "It will help textiles which are looking for an incentive". The rupee has been devalued 3.10 per cent since January 1, when its value was 25.7000/25.8285.

Growing Asian economies to boost swap markets

HONG KONG, Mar 11: Asian economies are growing increasingly sophisticated and this should fuel a boom in the region's swaps market, Malcolm Basing, Chairman of the International Swap Dealers Association (ISDA), told Reuters in an interview, reports Reuter.

"Economically, Asia is growing the fastest in the world. Some of the smaller countries, we believe, will become more and more important to our markets in future with derivatives... used to a greater and greater extent," Basing said.

The basic idea behind the complex system of swaps is that a borrower who can outdo terms available to another borrower for specific funds, but who has no need for these funds, can swap debt obligations, for example, with interest rate swaps. One players may be a rare borrower in the market for fixed-rate Eurodollar bonds but really wants floating-rate dollars.

Another borrower, perhaps a relatively small bank, can get funds in the interbank market at costs over LIBOR (London Interbank Offered Rate) but wants fixed-rate money.

Japan's economic recovery

Think tanks agree with Miyazawa's prediction

TOKYO, Mar 11: Four economic think tanks on Wednesday joined Prime Minister Kiichi Miyazawa in predicting a recovery for Japan's slumping economy in the second half of the fiscal year starting April 1, reports AP.

Three, however, forecast that for the entire fiscal year, corporate profits would be down for the fourth consecutive year.

The fourth, affiliated with Nikko Securities Co, said success in corporate restructuring, the recovery of the US economy and falling interest rates would allow companies to earn slightly more next fiscal year.

On Tuesday, Miyazawa told a parliamentary committee that the economy would pick up as effects are gradually felt from the governments 10.7 trillion yen (91.5 billion dollar) package of stimulus measures, centering on public works, which was adopted last August.

Major battle brewing up for big Indian consumer market

BOMBAY, Mar 11: From soaps to soft drinks, cars to computers, multinationals and Indian companies alike are preparing for major battle for India's huge consumer market, writes Reuter.

Anglo-Dutch conglomerate Unilever's Indian subsidiary Hindustan Lever on Tuesday announced plans to merge with rival soaps and detergents manufacture Tata Oil Mills to give it an estimated 30 per cent share of the Indian soaps market, against its current 24.6 per cent.

The proposed merger will help it fend off a looming offensive from global competitor Procter and Gamble PG.

"The battle lines are clearly drawn now," said Hanish Chokhani of brokerage Enam Securities Ltd in Bombay.

Procter and Gamble has tied up with Indian soap manufacturer Godrej, taking a 51 per cent stake in a new joint venture.

Business analysts said they anticipated more strategic alliances between Indian firms and multinationals.

As India opens its doors to international competition, reversing four decades of shelter behind high protective tariffs, major companies are gearing up to capture a share of the country's expanding consumer market.

A nation of 870 million people, at least 120 million are considered by market analysts to be "middle class", capable of buying consumer durables such as refrigerators, videos, televisions, cars and motorbikes.

Soaps, toothpastes and shampoos have a much broader market.

Indian Prime Minister PV Narasimha Rao launched the country's dramatic programme of economic reforms in mid-1991, slashing severe controls on industry and allowing the rupee to float freely.

Tight spending cuts to counter a balance of payments crisis in 1991 have resulted in a recession in certain key industries such as construction and cement, steel and automobiles.

The budget announced on February 27 by Finance Minister Manmohan Singh reinforced the reform process by further cutting tariff and excise duties. But he disappointed the stock market by failing to cut high corporate and income taxes.

Despite the partial recession, Hindustan Lever estimates the annual national growth in the soaps and detergents market at around seven per cent. Most of the growth is in rural areas where the market is expanding by 12 per cent.

With satellite television beaming the buying message into the homes of India's consumers and creating awareness of new products, other wars for consumers are looming — from sun classes to cosmetics, plastics to electricals.

"The market for automatic washing machines is growing by 25 per cent, and semi-automatic washing machines by five per cent over last year," said N Gupta, vice-president for sales and marketing of electronics company Videocon.

Coca-Cola, which withdrew from India in 1977 along with International Business Machines (IBM), is returning to do battle with Pepsi Cola and entrenched Indian soft drinks makers.

Coca-Cola has tied up with Singapore-based Indian expatriate businessman Rajan Pillai to launch Coke in India within the next few months.

Indian car manufacturers are teaming up with Japanese, European and US multinationals to revamp the country's ageing auto industry, which is expected to be decontrolled this year.

IBM is already back in partnership with India's biggest business family, Tata, for a slice of the personal computer market.

"Everybody is gearing up to face the new whiff of competition," said one business analyst.

"The old business houses are losing their fate, while a new generation of entrepreneurs is entering the scene".

While some industries complain of sluggish demand, the economy is picking up despite recent religious riots, and companies are positioning for strong growth in the mid-1990s.

Singh sees the overall economy growing by more than five per cent in 1993/94 beginning in April against a 4.2 per cent rise in real gross domestic product in the current year.

"Once the Indian giant wakes up, it will make its impact felt on the world," predicted Singh, architect of the country's liberalisation process.