BRIEFS

US Citibank lowers interest rates

NEW YORK, Mar 30: The nation's largest bank credit card issuer, Citibank, said Monday it was lowering its interest rate to as low as 13.4 per cent for new card holders, a sing of continuing competition in the credit card industry. Citibank, the banking subsidiary of Citicorp, said new customers will receive a variable 13.4 per cent annual rate for the Citibank preferred MasterCard and Visa and 15.4 per cent for its classic MasterCard and Visa. Citibank, which has 30 million credit cards in circulation, also will offer a special 9.9 per cent rate to newcomers, reports AP.

Retail inflation rises in Germany

WIESBADEN, (Germany), Mar 30: Retail inflation in former West Germany rose by 0.4 of a percentage point in March compared with the figure February. Taking the accumulated 12-month total (March 1992 to March 1993) to 4.3 per cent, the federal statistics office reported on Monday, giving provisional figures. In February, retail prices were 4.2 per cent higher than a year earlier. The 12-month figure in January was 4.4 per cent, reports AFP.

US tobacco farmers to fight threat

KENANSVILLE, (N C) Mar 30: Tobacco farmers in the nation's largest tobacco-producing state are preparing to fight what some say is the biggest threat to their livelihood in decades. Their enemy is the Clinton administration and a mere suggestion that the President might propose higher taxes on tobacco products to help pay for a national health insurance plan. The tax could increase the price of a pack of cigarettes to more than four dollar, and farmers fear that would cut consumption of their cash crop, reports AP.

Delhi, Jakarta, Beijing to get ADB loan

MANILA, Mar 30: The Asian Development Bank (ADB) on Tuesday approved loans for a gas project in India, relending in Indonesia and railway building in China. The Manila-based bank said it has approved a 300 million dollar loan to India's Oil and Natural Gas Commission for a project to save energy by reducing natural gas flares from oil fields and using the conserved gas more efficiently, says AP.

Dollar gains, shares fall in Tokyo

TOKYO, Mar 30: The US dollar moved slightly higher against the Japanese yen in late morning trading Tuesday, while share prices on the Tokyo Stock Exchange fell following a sharp rise the previous day. The dollar gained 0.06 yen to 116.92 in late morning trading after opening at 116.85 yen, down 0.03 yen from Monday's close and unchanged from its overnight close in New York.

The U.S currency was narrowly, between 116.70 yen and 116.95 yen, as players were reluctant to make big moves, reports AP.

Call for speedy rise in oil prices

NICOSIA, (Cyprus), Mar 30: A former OPEC secretary-general has called for a speedy increase in oil prices to 25 dollar a barrel, the Middle East Economist Survey report said today. The report printed an article by Venezuelan Francisco Parra that was based on a seminar presentation earlier this month, in which he argued that factors holding down oil prices in the past two decades no longer existed.

The Organization of Petroleum Exporting Countries has set a the price at 23 dollar (apart from a sharp and temporary rise in prices during the Gulf crisis, it has been unable to attack the price level), report AP.

Delta air lays off staff, aircraft

ATLANTA, (Georgia), Mar 30: Delta Airlines announced Monday that it was laying off 600 pilots, the first layoffs in 36 years, and removing 28 aircraft in its fleet from service. Like other US carriers, Delta, the third-largest airline in the country, has been struggling to compete in the financially troubled industry. Ron Allen, the company's Chairman, said the job cutbacks were made necessary by the reduced fleet size, reports AFP.

Iraq boosting contact with French, other firms to clinch oil deals

NICOSIA, Mar 30: Iraq is boosting contacts with French and other oil companies in a bid to clinch oil deals and create incentives for lifting UN sanctions, a specialised newsletter reported here Monday, according to AFP.

Representatives of western and other oil firms, notably France's ELF and Total, have paid more frequent visits to Baghdad in the past few weeks, according to the Middle East Economic Survey (MEES).

Talks have "focussed on possible upstream agreements or crude oil sales after the sanctions are lifted," it said.

"It said discussions were underway with the French companies on production sharing deals for development of some of the giant southern oilfields, with Total on Nahr Umr and ELF on Majnoon islands.

MEES added that "Baghdad still hopes that similar arrangements could also be made with some major American firms as a way of providing an incentive to persuade the US" to back a removal of sanctions.

The international embargo was slapped on Iraq four days after its August 2, 1990 invasion of Kuwait and has included a ban on oil exports.

The United Nations Security Council will meet this week for its regular bimonthly review of the sanctions, which MEES said would likely be renewed.

"The US backed by the UK, France and Russia, will insist on this renewal of sanctions on the grounds that Iraq has failed to implement all the relevant Security Council resolutions," MEES said.

The Nicosia-based newsletter noted that Iraq had to date failed to comply with all UN resolutions calling for the elimination of its mass destruction weapons, an argument to be raised by Washington.

MEES also reported that the US will insist at the embargo review session that there be "no change whatever in the provisions of resolutions 706 and 712 which impose highly restrictive conditions for any resumption of oil exports from Iraq, and will reject Iraqi efforts to have these restrictions relaxed."

Iraq reject the two resolutions, arguing that they violate its sovereignty.

Kuwait for Iraqi oil sale

Reuter reports from Geneva: Kuwait called for international pressure on Iraq to agree to sell oil, so part of the proceeds could be used to compensate civilians, organisations and government which suffered losses due to the 1990 invasion.

In and address to the United Nations Compensation Commission, a senior Kuwaiti official also said it was time to consider transferring part of Iraqi assets frozen abroad into a special UN fund set up to pay Gulf War reparations.

Abdulrahman Al-Houty, chairman of Kuwait's public authority for assessment of compensation for damages resulting form Iraqi aggression, made the plea at the start of the commission's private, week-long governing council.

He also urged Baghdad to release anyone still held two years after the Iraqi defeat.

"It is Iraq's responsibility to compensate fully those who have suffered losses," he said in a speech obtained by Reuters.

So far, the commission has received 700,000 claims from individuals and corporations who suffered losses due to Iraq's invasion and occupation of Kuwait.

Kuwaitis have registered more than 200,000 claims, according to Al-Houty.

Carlos Alzamora, the executive secretary of the commission, has said he expects 1.2 million claims worth over 100 billion dollar to be filed before the final deadlines expire early next year.

Most claims are from individuals forced to depart, but other categories include those who suffered serious personal injury or lost a close relative, housing or property. Corporations or public enterprises may also seek reparations.

Al-Houty said: "I shall address here an issue that concerns not only Kuwait but also all the victims of Iraq — that is Iraq's failure to comply with the UN Security Council's resolution to provide the needed funds through selling of its oil to compensate the victims for damages inflicted upon them.

"I call upon the members of this council to build up pressure on Iraq to honour its obligations," he told the five-member council, currently chaired by Spain.

UN sanctions imposed after the ceasefire ban the sale of oil Iraq's main supplies and to begin paying war reparations.

A UN Security Council resolution authorises up to 1.6 billion worth of Iraqi oil sales — of which 30 per cent would be paid to the commission in order to pay claimants. But so far, Baghdad has refused to the UN terms.

'Iran receives Iraqi oil'

AP reports from Washington: Iran recently violated international sanctions against Iraq by receiving delivery of large shipment of Iraqi oil, the US State Department said Monday.

Department spokesman Richard Boucher provided no further detail, except to say that US officials raised the issue with Iran through diplomatic channels.

In reporting the shipment in its Sunday editions, The Washington Post said Iran responded to US protests by insisting that it was respecting the sanctions against Iraq, which were imposed after its invasion of Kuwait in 1990. According to intelligence reports, the shipment supposedly involved dozens of tanker trucks, the Post said.

Clinton names new AID head

WASHINGTON, Mar 30: President Bill Clinton on Monday nominated former State Department Assistant Secretary Brian Atwood as head of the Agency for International Development (AID), writes Reuter.

"I am confident that he will be the kind of effective administrator that our foreign assistance programmes need at this time," Clinton said in a statement. "His proven effectiveness and his commitment to democratic change make him an ideal choice."

Atwood served as assistant secretary of state for congressional relations during the administration of former President Jimmy Carter. Since 1985 he headed the National Democratic Institute for International Affairs, a political development group.

He has served as dean of professional studies and academic affairs at the foreign service institute and as vice president at international reporting and information services.

He also has served as a foreign service officer at the American ambassador in the Ivory Coast and Spain and worked for a US senator from Missouri.

Our patience is not unlimited: Kantor

US gives EC breathing space to avoid sanctions over trade dispute

BRUSSELS, Mar 30: The United States gave the European Community a 22-day breathing space here Monday to avoid sanctions over an increasingly strident trade dispute, but warned "our patience is not unlimited," reports AFP.

The US Trade Representative Mickey Kantor said he would block European firms from bidding for US federal supply contracts worth 50 million dollar unless the EC agreed by April 20 to end discrimination against US tenderers.

He made the announcement after a three-hour meeting with EC Trade Commissioner Leon Brittan.

It was the second suspension of sanctions in 10 days. Kantor had announced on March 19 that the sanctions, due to be imposed three days later, would be held back until after hastily-arranged talks here this week.

But he said after Monday's meeting that prospects of a deal were still "daunting" and that some of the European demands were unacceptable.

The US embassy added in a statement: "our patience is not unlimited, but given today's somewhat promising developments, we believe further negotiations are justified."

Kantor and Brittan agreed to meet in Washington on April 19 and 20 to seek a deal whereby the EC would give US firms free and equal access to its market for public utilities such as telecommunications and power-generating equipment.

In exchange, the United States would guarantee greater access for European firms to the US public tender market, particularly at "Sub-Federal" state and city level, for transport and energy gear.

"The proposals we have put forward are fair and balanced in our view and meet the concerns of the EC about the US market as well as the concerns of the United States about the European market," Brittan said.

European officials said later that, even if a deal was struck by next month's deadline, Brittan would still face the difficult task of getting it getting it ratified by EC foreign ministers.

France has just thrown out its socialist government and has been threatening to tear up a landmark EC-US agreement on curbing agricultural subsidies.

Spain's socialist government faces elections next year and is angry about anti-dumping duties recently slapped on foreign steel imports by the United States. The struggling Spanish steel industry will be particularly hard it.

The EC officials say other European governments, too, might jump at the chance to raise more protectionist barriers in reaction to the US pressure, despite the risk that this could escalate into a trans-Atlantic trade war.

Kantor denied after Monday's meeting that the new US administration of President Bill Clinton was being aggressive, but added: "If it means we insist on open markets and free trade, then we don't care how we do it."

The two sides also agreed Monday on the immediate acceleration of tariff reduction talks — one of the issues holding up the stalled Uruguay round of trade talks under the General Agreement on Tariffs and Trade (GATT).

Kantor is meeting Jacques Delors, President of the EC's Executive European Commission on Tuesday.

LONDON: Britain's Prime Minister John Major greets Pakistan Prime Minister Nawaz Sharif at No 10 Downing Street March 29. Sharif is in London on an official visit. —AFP/UNB photo

EC may develop into military bloc, say EFTA states' parties

VIENNA, Mar 30: Green parties from five European Free Trade Association member states said they have begun a campaign against joining the European Community, saying the EC is undemocratic and could develop into a military bloc, reports Reuter.

Johannes Voggenhuber, Europe spokesman of Australia's parliamentary Green party, told a news conference on Monday that ecologist politicians from Finland, Sweden, Norway, Austria and Switzerland formed the anti-EC group at the weekend.

The group is " fundamentally opposed to EC entry," but its goals included pushing for reform of the EC as a precondition for seeking membership, Voggenhuber said.

Singapore's trade deficit rises to $ 1.2b

SINGAPORE, Mar 30: Singapore's trade deficit grew to 2.1 billion Singapore dollar (1.2 billion US) in February from 1.5 billion dollar in January (914 million US), official figures showed Monday, reports AFP.

Total exports rose six per cent to 8.51 billion dollar, but imports climbed 11.1 per cent to 10.63 billion dollar, according to the Statistics Department.

Non-oil domestic exports, including integrated circuits, and computer and telecommunication equipment, improved 7.1 per cent over January to 5.48 billion dollar, on increased demand from the United States, the European Community, Malaysia and Japan.

Conservative govt wins support for widespread closure of coal mines

LONDON, Mar 30: Britain's Conservative government won a key parliamentary vote on Monday night endorsing its plans for widespread shut downs of state-owned coal mines, reports Reuter.

Prime Minister John Major led his government to a 319-297 vote victory, overcoming a rebellion in his own party over a temporary reprieve for 12 of 31 coalmines earmarked to close.

Would be rebels felt betrayed that the government reprieve announced last Thursday might be short-lived and that the mines and their 15,000 jobs could go within a year. But they were won over by government concessions on subsidies and tax-breaks for investment in towns hit by mine shutdowns.

The outlook for the British coal industry remains bleak. As few as 19 of the 50 mines operating now are expected to survive a drive to privatise state-owned British coal in the middle of a shift to gas for generating electricity.

An earlier AP report says: Trade Secretary Michael Heseltine on Monday defended a plan to reprieve 12 money-losing coal mines by subsidising production.

A handful of rebel legislators rejected the move as inadequate, and threatened to oppose the government plan in a late-night vote in parliament.

But when the votes were counted, the House backed the government's plan by 319 votes to 297, a comfortable majority of 22. It threw out by 320 votes to 295 a motion by the opposition Labour Party condemning the plan.

Earlier, several thousand demonstrators, headed by miners' union leaders rallied in London and marched to the House of Commons to protest the plan.

But the protests, in and out of parliament, were mild compared with the anger sparked by the Conservative government's original plan, announced in October, to shut down swiftly more than half Britain's coal mines.

Investment falls in Japan

TOKYO, Mar 30: Japan's economic slowdown is curbing investment in plants and equipment and acquisition of industrial sites but not all companies are shedding labour, according to surveys published Monday, reports AFP.

Corporate investment in plants and equipment in fiscal 1992 to March 31 has dropped an estimated 3.9 per cent from the previous year and it is expected to slip 4.0 per cent in fiscal 1993, the Long-term Credit Bank of Japan said.

The Ministry of International Trade and Industry said the number of industrial sites newly acquired across the country in 1992 fell 29.4 per cent from the previous year to 2,469 and was expected to post a bigger drop in 1993.

But a survey by the Labour Ministry showed that 43 per cent of manufacturing companies were retaining surplus labour in anticipation of a labour shortage with Japan's work force beginning to shrink after peaking in 2000.

The Long-term Credit Bank said in its survey on 1,550 firms that investment cuts were planned by almost all industries except for electric power and gas utilities and the transport sector.

"It is highly possible that investment plans for fiscal 1993 will be further revised downward," said an official of the bank citing a tendency in the materials industries such as the steelmaking sector to curtail investment.

But he said investment might increase in fiscal 1994 when corporate earnings were expected to improve. "But the sentiment toward investment might remain cautious and we cannot expect a strong recovery."

Clinton settles $16.3b job bill dispute

WASHINGTON, Mar 30: President Clinton and conservative Democrats settled their dispute over the administration's 16.3 billion dollar jobs bill on Monday, but promptly suffered a setback that showed the measure would not be easy to push through the senate, reports AP.

Ending a standoff that began last Thursday, conservatives agreed to back the legislation after Clinton sent them a letter noting that much of the spending would not occur until later this year and pledging to pressure Congress to meet its deficit-reduction goals.

No sooner had the Democratic peace pact been reached than the Senate gave preliminary 48-44 approval to a republican provision slicing 104 million dollar from the bill. But with seven Democratic senators having missed the evening vote, Democrats eager to erase the surprising defeat scheduled a second vote on the amendment for Tuesday.

The Republican provision, aimed at embarrassing Clinton, would forbid the bill from being used for tennis courts and other projects for which the nation's mayors have sought federal funds.

Five Democrats deserted and voted "no": Sens. James Exon, Robert Kerrey, Bob Graham, Sam Nunn, and Richard Shelby.

When the outcome became clear, Sen. Robert Byrd, the jobs measures sponsor, voted for the Republican amendment, giving him the right to seek a second vote, which he did.

Republicans, angry that Democrats had erected a procedural roadblock to Republican amendments, were threatening to delay work on the measure. But bipartisan talks aimed at ending that battle were continuing.

Before the Republican amendment was approved, Senate Majority Leader George Mitchell, D-Maine, expressed delight that the dispute between Clinton and Democratic conservatives had been resolved.

"I'm heartened by this result," Mitchell said of the agreement between the White House and conservative Democrats. "I believe it significantly enhances the prospects for early enactment of this important element of the president's economic recovery programme."

The peace treaty meant that most of the Senate's 57 majority Democrats would back the jobs measure when it was time for final passage. But in a surprise, Kerrey, a moderate, announced he opposed the bill anyway, saying, "It's economic significance is at best marginal."

Parliament okays Deng's market reforms

BEIJING, Mar 30: The parliament voted Monday to enshrine leader Deng Xiaoping's market reforms in the Chinese constitution, officially ending more than four decades of rigid economic planning, reports AFP.

The National People's Congress passed amendments declaring that "the state practices socialist market economy" and making Deng's semi-capitalist "Theory of building socialism with Chinese characteristics" the country's main goal.

But the new economic freedom will not effect China's political system.

Tokyo will back Hanoi to normalise ties with world financial institutions

HANOI, Mar 30: Japan has promised its backing to help Vietnam normalise its relations with international financial bodies, the Vietnamese foreign minister said here Monday, reports AFP.

Nguyen Manh Cam told a press conference that Japan also "wanted the United States to lift its economic embargo against Vietnam and normalise relations.

In talks during a visit to Tokyo by Vietnamese Prime Minister Vo Van Kiet the Japanese government promised to continue backing the normalisation of relations with international financial organisations such as the World Bank and the International Monetary Fund.

The IMF officials are to meet in April and could discuss Vietnam's readmittance to the body.

Until recently Japanese relations with Vietnam had been limited by its adherence to a US embargo and the issue of Cambodia, which Vietnam invaded in 1979 to oust the Khmer Rouge.

"We reckon the normalisation of relations and the lifting of the embargo will happen but if they happen soon it will be better for both sides," the Foreign Minister said.

Washington imposed an embargo on Hanoi during the Vietnam war and tightened the economic noose after Vietnam's invasion of Cambodia.

The disputed Spratley islands were not raised in the talks, Cam said, adding that "the Japanese government understands Vietnam's position" on the archipelago, which is also claimed by China and several other countries.

The Vietnamese press Monday unanimously saluted improved relations between Vietnam and Japan Following Kiet's visit.

The first visit to Japan by the Vietnamese Premier since the fall of south Vietnam in 1975 "opened a new, promising chapter in relations between the two countries," the official Nhan Dan daily said.

Asians to pay more for electricity in next decade

SINGAPORE, Mar 30: Asian consumers will have to pay more for electricity in the next decade if a crippling power squeeze in many countries is to be solved, analysts and financiers say, reports Reuter.

"The bottom line will have to bite the bullet because these fee increases will be used to finance other power projects and in solving the crisis," said Manny Macatangay, an analyst at the Centre for Research and communication in the Philippines.

The Asian Development Bank estimates the power shortfall in countries particularly hard hit — India, China, Pakistan and the Philippines — ranges from 15 to 25 per cent of current supply.

The bank estimates investment needed to meet Asia's needs will amount to US 500-900 billion dollar over the next 10 years, depending on economic and population growth.

In the Philippines, one of the worst-hit countries, President Fidel Ramos reached a deal with Congress on Thursday allowing him "calamity powers" to relax environmental laws to help overcome electricity shortages.

Ramos has said breakdowns at existing plants may endanger plans to end the power cuts which are stunting economic growth and forcing many firms without back-up generators to lay off workers.

In Malaysia, which suffers sporadic blackouts, there is talk of a possible crisis and consumers are being urged to conserve electricity.

The Malaysian power utility is under heavy fire and politicians are calling for another supplier to be set up.

The immediate solution in many countries where state utilities strain to meet ever increasing demand is privatisation and purchase of power from private suppliers, analysts said.

Malaysia has asked Singapore and Thailand to supply 200 megawatts each and is allowing two independent power producers to generate electricity.

Thailand has embarked on a policy to dismantle its state electricity monopoly by partial privatisation and public listing over the next four years.

China is allowing 100 per cent foreign ownership of power stations in an attempt to deal with severe power shortages in booming cities like Shanghai, Beijing and Guangzhou.

Privatising state utilities will base the power crisis but Asian consumers are likely to bear the brunt of the cost.

"When utilities buy from a private power entity, they will pay a higher rate that they are used to and ordinarily would pass on the change to the consumer," said Martin Locke, Director of Banking Project Finance with Morgan Grenfell (Asia) Ltd.

Asian users will no longer be able to rely on government subsidies on power because funding from some lenders is drying up.

Recently, the Washington-based World Bank warned developing countries that it would curtail future lending for badly-run, state-owned power monopolies.

"We don't feel ... a sector like energy should be subsidised," said Robert Saunders, Principal Author of the World Bank's latest policy papers. The bank plans to encourage private investment in utilities in developing countries.

"Our overriding consideration is that we want to stretch the development," Shehzad Sadiq, the Asian Development Bank's Energy Industry Director said.

Some analysts say privatisation will ban increased competition and possibly cheaper prices in the long run.

"Many countries are operating inefficiently so with the private sector coming in, they'll be more competitive, I don't think it means consumers will have to pay more, they may pay less," said Shankar Sharma, and analyst with the Institute of Southeast Asian Studies in Singapore.