Talks on new coffee accord fails

LONDON, Apr 1: Negot-tations at the International Coffee Organisation (ICO) over a new accord to raise coffee prices failed after 10 days of discussions, Brazilian delega-tion head Rubens Barbosa said Wednesday afternoon. The talks failed because of the inability of the delegates to make a breakthrough on the continuity issuc," he said. The delegates from the world's leading coffee producing and consuming countries had met from March 22 in an attempt to agree a new accord, reports

Malay inflation eases to 4.4 pc

KUALA LUMPUR, Apr 1: Malaysia's Consumer 4.4 per cent in the year to February from 4.5 per cent in 12 months to January, figures out Wednesday showed. While price increases were recorded for all main groups that make up the CPI, the hike in cost of food items, however, rose at a slower pace of 2.8 per cent in the year to February from 3.3 per cent in the 12 months to January, the statistics department said, reports AFP.

Dollar plunges to record low in Tokyo

TOKYO, Apr 1: The dollar plunged to a new record low of 114.30 yen in Tokyo on Thursday at 114.65 yen, down 0.70 yen from the previous day's finish of 115.35 yen. Share prices on the Tokyo Stock Exchange were higher with the Nikkei stock average rising 87.60 points or 0.5 per cent to end the session at 18,679.05. The dollar's previous record trading low in Tokyo was 115.20 yen on March 23 when it also marked a record low finish of 115.33 yen, reports AFP.

Canada's GDP grew by 0.2 pc in Jan

OTTAWA, Apr 1: The Canadian economy, as measured by the Gross Domestic Product (GDP), grew by 0.2 per cent in January, following a 0.4 per cent advance in December, the government reported Wednesday. Statistics Canada said this was the best two-month performance by the Canadian economy in nearly two years. And much of the growth, said the government agency, was due to domestic demand rather than a reliance on an improving US economy, the traditional trendsetter for Canadian economic growth, reports AFP.

Indian farmers stage rally

NEW DELHI, Apr 1: Thousands of Indian farmers staged a rally here Wednesday demanding freedom from state controls, throwing their weight behind GATT proposals on agriculture and threatening a noncooperation campaign. "Death to the licence-permit rule," chanted the nearly 50,000 farmers who gathered at the old Delhi site of a weekly "Thieves Market" after the government refused to allow the rally near parliament, reports AFP.

Israeli air industries

face \$ 60m loss JERUSALEM, Apr 1: The government-owned Israel aircraft industries reported yesterday it ran a 60-million US dollar operating loss in 1992. The deficit followed profits of 22 million dollar in 1991, the company said. A company statement gave four reasons for the loss, including a worldwide slump in the airline industry and an international decline in military purchases, Israel's own Israel Defense Forces also bought less from the industry in the past year, the statement said, writes Xinhua.

Joint venture in fishery

YANGON, Apr 1: The Myanmar Fisheries Enterprise and PL International Private Limited of Singapore formed a joint venture fisheries company here on Monday. The private jointventure company, Myanmar PL International Limited, will carry out prawn farming, processing and marketing of aqua and marine products. The authorised capital of the company is one hundred million kyat (16.6 million US dollar) which were divided into 10,000 shares of 10,000 kyat (1,666 dollar) each, reports Xinhua.

BRIEFS US accuses 44 countries of unfair trade barriers

WASHINGTON, Apr 1: The Clinton administration accuses 44 countries of using unfair trade barriers to keep American products from being sold in their markets, reports Venezuela.

As in previous years, Japan leads the list of alleged infractions followed by the 12-nation European community and

The report, prepared by the office of US Trade Representative Mickey Kantor and released Wednesday, is the first step in a process that ultimately could lead to trade sanctions if the administration decides to open formal investigations on any of the allegations it has made.

The 275- page report covered the gamut of trade practices the United States considers offensive to American producers, from Japan's neartotal ban on rice imports to what the administration charged was improper protection of US copyrights and patents by the government of

In releasing the report, Kantor took a hard bargaining stance, saying that the new administration intended to expand trade through market opening measures backed by the rigorous enforcement of

President Clinton, during last year's campaign, accused the Bush administration of failing to aggressively attack foreign trade barriers. The current administration's approach to the annual inventory of trade barriers is therefore being anxiously watched by gov-

ernments around the world. "We believe that the markets of our trading partners should be comparably open to those in the United States," Kantor said in a statement ac-

company the report. He said the United States would negotiate firmly to open foreign markets and would increase enforcement of intellectual property rights protection in other nations.

Ira Shapiro, general counsel for the trade office, told reporters that no decisions had been made on whether to open up investigations on any of alleged abuses cited in the report and that the first such announcements would not come until April 30. Japan's alleged barriers

took up 28 pages in the report, a 47 per cent increase from last year's document. Alleged barriers by the European Community covered 16 pages, down from 17 pages in last year's report, China came in third in the number of

pages of complaints with 12. Eighty per cent of America's trade deficit of 84.3 billion dollar was accounted for deficits of 49.4 billion dollar with Japan and 18.3 billion dollar with China. The United

States enjoyed an 8.8 billion

dollar surplus with the EC The EC, in response to the US report on barriers, issues its own report on barriers that the United States erects to protect its own industries from imports. Last year's report on alleged US infractions

ran to 95 pages. The United States is not innocent either on the subject of trade barriers," said EC spokeswoman Ella Krucoff.

Kantor pledged that the new administration would use the information contained in this annual review to dismantle trade barriers that are robbing US companies of sales.

EC should harmonise economies'

BRUSSELS, Apr 1: European Community nations must step up efforts to harmonise their economies in order to restore economic confidence and growth, a major European Employers' Federation said here Wednesday, reports AFP.

The Union of Industrial and Employers' Confederations of Europe (UNICE) called for lower current spending, higher investments, and har monisation of interest, exchange and inflation rates.

The UNICE President Carlos Ferrer said: "we must resist the temptation to abandon sound monetary and bud getary policies in the search for short-term, quick-fix solu

Speaking after a UNICE ex ecutive committee meeting, he said quicker European integration was the best path to economic recovery and job creation.

China to become world's 5th economic superpower

WASHINGTON, Apr 1: The Chinese economic area", including Hong Kong and other areas tied to China economically, is likely to become the world's fifth economic superpower, after the US European Community Japan and Germany, according to World Bank experts, reports PTI.

Urt Dadush, chief of the in ternational economic analysis and prospects division of the World Bank, told a World Bank seminar for the media that in the next few years, China's gross domestic product would equal that of the United States, though per capita GDP, because of the larger Chinese population, will still be onefifth or one-seventh of the US

Last year, he said, China's economy grew more than 13 per cent. For the purpose of calculating the growth of the Chinese economy, the bank is estimating that its economy will continue to grow at an average of eight per cent in the next few years and that if purchasing power parity is taken into account, the World Bank figure of 370 dollar per capita should be ignored. The 370 dollar figure. he explained, has been distorted by exchange devaluation.

AFP reports from Tokyo: Japan will send a senior for eign ministry official next week to China ahead of July's summit meeting of the Group of Seven (G7) industrialised nations, the ministry said

Wednesday. Deputy Foreign Minister Koichiro Matsuura will visit Beijing from April 4-6 to discuss assistance to Russia and other possible main topics of the Tokyo summit, it said.

Matsuura, who chaired preparatory talks for the summit held in Hong Kong this month, is expected to meet Chinese Vice Premier Qian Qichen, officials said.

India cancels WB loan for dam project

NEW DELHI, Apr 1: India cancelled a World Bank loan for huge dam project because it was tired of ding-dong negotiations on the controversial irrigation scheme. Water Resources Minister Vidya Charan Shukla said Wednesday, repots AFP.

Shukla also ruled out any review of the project, which has come in for strong criticism from environmental and human rights activists who charge that it will displace nearly 250,000 villagers in central and western India.

India informed the World Bank on Tuesday that it would not need the last instalment of a 450 million dollar loan for the Sardar Sarovar Project (SSP), which seeks to harness the waters of the Narmada

Shukla told reporters the decision not to ask for the remaining 170 million dollar from the World Bank came following talks on whether we should continue this kind of ding-dong negotiations ... not coming and going.

He said the cancellation was not a victory for opponents of the projects. We will not allow any hindrance in the completion schedule of the project.

Shukla said although he acknowledged the possibility of some adjustments.

The World Bank ordered a review of the three billion dollar project last year and an independent commission set certain benchmarks for the Indian government to meet on protecting the environment and resettlement.



WASHINGTON: US President Bill Clinton (L) speaks during a cabinet meeting Mar 31 at the White House as Defence Secretary Les Aspin (C) and Commerce Secretary Ron Brown listen. Clinton urged Congress to cap a "historic six weeks" and approve his budget blueprint and jobs package before the congressional spring recess. -AFP/UNB photo

House okays Clinton's \$ 1.5 trillion budget

House of Representatives passed President Bill Clinton's 1.5 trillion dollar budget on Wednesday and sent it to the Senate, which was expected to act quickly on the first part of the President's economic programme, reports Reuter.

"We come to the point of moving the President's new vision forward," said House budget committee chairman Martin Sabo, a Democrat from Minnesota, who urged support of the budget.

This is not the end, it is the beginning."

Republicans disagreed totally, as reflected in the partisan 240-184 vote. No Republican voted for the measure and only 12 Democrats voted against it.

"Some think King Kong government - big and powerful - is the way to solve America's problems," said repRepublican from Ohio. "We'll find out if that's true over the next few years. But first, the remainder of

the Clinton programme must be passed. The Senate got bogged down on the next step of the Clinton plan, a 16.3 billion jobs bill, and was expected to temporarily set it aside and move quickly to the budget. The budget requires no

presidential signature because it merely sets spending limits and outlines taxes Congress must pass this year.

Congress seemed to be responding quickly to a call by the President earlier in the day with its action in the bud-

The House and Senate compromised on the small differences between their budget packages at the expense of some deficit reduction.

US criticises WB for loans to Iran

Outflow of capital from Russia may

bring disaster if not stopped

WASHINGTON, Apr 1: The Clinton administration criticised The World Bank and US allies Wednesday for loans to Iran despite its terrorism record, growing arsenal of powerful weapons and mounting debt, reports AP.

"We think it's inappropriate," the Sate Department spokesman, Richard Boucher, said. The United States actively opposed the loans but does not have veto powers in the bank.

A bank spokesman, Bill Brannigan, said loans could be cut off if the United States and other major countries determined that Iran had been breaking the embargo against trade with Iraq and got the

MOSCOW, Apr 1: Financial

aid from the west poured into

Russia last year but at the same

time Russian exporters trans-

ferred their earnings into for-

eign bank accounts abroad, fig-

Capital outflow spells disas-

ter for Russia if not stopped,

and financial experts say more

bilise the economy and bring

the fleeing billions of dollar

Russia is hoping western

aid, in particular a ruble stabil-

isation fund, will help restore

the confidence of foreign in-

vestors in the economy while

prompting their businessmen

to place their earnings into

modernising and reviving the

The Interfax news agency

country's ailing industry.

western aid is needed to sta-

ures show, reports AFP.

bank's Board of Executive Directors to pass a resolution. The board represents the 175 countries that own the bank. Voting is weighted according to shareholdings in the bank. Brannigan said he could nor

remember any such procedure in the past. Under its charter, the bank is required to avoid political considerations in granting its loans.

The latest loan to Iran was approved by the board Tuesday shortly after Secretary of State Wareen M Christopher branded the country as an international outlaw and publicly urged US allies not to support loans to Tehran.

Christopher indirectly criticised France, Germany and

on Tuesday quoted a " senior

Russian Foreign Ministry offi-

cial" as saying that Moscow

was hoping to get a one-bil-

lion- dollar ruble stabilisation

fund as part of a US aid pack-

age to be released at the

Vancouver summit of

President Boris Yeltsin and US

President Bill Clinton on April-

provided 12 billion dollar in

financial assistance and an ad-

ditional seven billion dollar in

debt relief, according to re-

cent figures provided by the

The aid effort was, however,

International Monetary Fund.

undermined by several fac-

tors, one being the acute flight

of capital from Russia, which

has totalled as much as 20 bil-

lion dollar, according to vari-

ous financial sources.

In 1992, western countries

other US allies for supporting the World Bank loans to Iran. "Iran is one of the principal sources of support for terrorist groups around the world," he

Boucher said Wednesday, "We've done more than merely vote against the loans. "We've actively opposed the resumption of World Bank business asusual lending to Iran. We think it's inappropriate, given Iran's record of terrorism, its building of weapons of mass destruction, and in addition, its

mounting debt arrears." He went on: "We've made that position known to other governments. We've lobbied against these loans. But the fact is that our vote alone

Foreign economic Trade

Minister Sergei Glaziyev ac-

knowledged during a news

conference last month that

hard currency earnings sta-

shed in accounts abroad

amounted to between six and

were generated from the ille-

gal export of raw materials and

energy products, mostly oil,

termed "parallel trade."

resulting in what Glazivev

Prime Minister Viktor

Chernomyrdin in January also

lifted the veil on another form

of capital outflow when he said

industry had used billions of

roubles issued by the central

bank to buy dollar that were

later kept in foreign bank ac-

counts for "investment pur-

say about 20 billion dollar in

Western financial sources

Hard currency revenues

10 billion dollar.

doesn't constitute a veto, and we'll continue to pursue that."

The World Bank on Tuesday approved a 165 million dollar loan to improve Iran's electric power grid. Earlier in the month, the bank approved loans to Iran of 157 million dollar for irrigation and 141 million dollar for health and family planning.

On another front, Boucher said the United States was talking to other countries about leveling a worldwide oil embargo and other sanctions on Libya for refusing to sur render the suspected bombers of a Pan Am 103 passenger

Russian capital were trans-

ferred abroad, basing their es-

timates on export revenues

over the past year that reached

porters must sell half of their

hard currency earnings on the

"I don't think they (expor-

ters) are all buying houses in

Spain," says one western

financial expert. "There are

people who have become

wealthy. But the situation is so

volatile that investment in

production is too risky right

While financial officials ac-

knowledge that aid is needed

to revive Russia's economy,

racked by a devaluating cur-

rency and plummeting produc-

domestic moncy markets.

Under Russian law, ex

42 billion dollar.

Japanese banks acquire \$ 5.9b bad loans

TOKYO, Apr It A new wehr cle set up by Japanese banks to absorb non-performing debts announced Wednesday it had acquired bad loans worth 682 billion yen (5.9 billion dollar) at two thirds of their face value since late January, reports AFP.

Cooperative Credit Purchasing Co Ltd, owned jointly by 21 banks, said it purchased the non-performing loans for 452 billion yen. The figure was in line with forecasts by Shinichro Goto, seconded from Mitsubishi Bank Ltd to head the joint company when it was set up after prodding from the finance ministry

During the first two months of the vehicle's operations, 35 financial institutions managed to get 229 bad loans off their balance sheets.

'DPRK's GNP shrinks by 30 pc in '92'

TOKYO, Apr 1: North Korea's gross national product (GNP) may have shrunk 30 per cent last year, more severe than previously estimated, east European and Russian diplomats in Pyongyang said in reports according to the Kyodo news service, says AFP.

The news agency, dispatched from Beijing, said the reports showed the economic contraction was six times bigger than the five per cent estimated by South Korean and western countries earlier this

Kyodo said the figures suggested that North Korea had an economic crisis far more severe than previously believed. Pyongyang in recent years has stopped reporting economic statistics.

WB takes action to lend Russia to boost oil, gas development

WASHINGTON, Apr 1: The World Bank has taken action that opens the way for both US and World Bank efforts to boost oil and gas development in Russia, reports Agency.

The Banks board of directors agreed March 30 to waive its "negative pledge clause that requires countries signing loan agreements with the World Bank to agree that the Bank gets rights to first payments in the case of overdue debt.

By waiving the clause, the World Bank removes impediments to potential loans from the Export-Import Bank of the United States (Eximbank) and the Export-Import Bank of Japan, a World Bank

spokesman said March 31. In addition, the World Bank has been considering a 1,300 million dollar credit package

to help develop Russia's Tyumen oil fields in Siberia, though action on it by the Bank board is not likely before June, the spokesman said. For is part, the Eximbank is

considering a 2,000-million dollar package of direct loans and guarantees for commercial bank loans to finance US exports of oil and gas equipment.

There are some 35,000 idle wells in Russia and US equipment could be vital in restarting many of them.



NEW DELHI: Women farmers calling for freedom from state control demonstrate March 31 in the capital where they threatened a non-cooperation campaign if their demands are not met. Nearly 50,000 farmers both men and women - gathered at the site of a weekly "thieves market" after the government refused to allow the rally - AFP/UNB photo. near parliament.

Arab banks making record profits after Gulf War ABU DHABI, Apr 1: Gulf made by the Saudi American

banks have started to reap the fruits of a post-war business some of them making record profits in 1992, economists

and bankers said, reports AFP. Saudi banks emerged with the best performance, with their profits soaring by around 73 per cent to 3.67 billion riyal (978 million dollar) in 1992 from 2.12 billion riyal (565 million dollar) in 1991.

Five of the Kingdom's 12 commercial banks announced a record cash dividend to shareholders of around 2.17 billion riyal (578 million dollar) while two of them said they were doubling their capi-

The largest profits were

Bank, which netted 910 million riyal (242.6 million dollar) upturn in the region and a de- in 1992 compared with 751.6 cline in interest rates, with million rival (204.7 million dollar) in 1991. It was followed by the Saudi Riyadh Bank, whose earnings nearly doubled to 198 million dollar.

"Most Saudi banks made record profits in 1992 because of an economic upswing after the Gulf War and a decline in interest rates coupled with a big increase in loans to both the private and public sectors," Henry Azzam, Chief Economist at the Saudi National Bank, told AFP by telephone from

He said the rise in loans was due to a sharp increase in trade, mainly imports, and an expansion in the construction

"Many banks also benefited from treasury bonds as they carned much from the decline in interest rates on these bonds over the past two years."

Only two banks, the Saudi National Bank (SNB) and Al-Jazeira, have not yet release their 1992 balance sheets. SNB has not released its balance sheet for the past three years but bankers expect it to do this year with profits.

Although the number of banks in Saudi Arabia is relatively low, their assets of about 55 billion dollar account for nearly 17 per cent of the total assets of the Arab world's 350 commercial banks.

In Kuwait, where banks are

still recovering from the iraqi

invasion, the biggest bank, the National Bank of Kuwait, reported a net profit of 42.5 million dinar (140 million dollar) in 1992. The figure is higher by two per cent over the combined profits of 137 million dollar in 1991 and 1990. It was the first bank in the

oil-rich Emirate to release its 1992 balance sheet but more than 10 banks and companies have announced cash dividends to shareholders of 172 million dollar.

Interest rates on deposits now range between three and four per cent compared with about nine per cent five years ago while rates on loans exceed seven per cent. The decline was caused by a drop in rates on the US dollar, to which most Gulf currencies are linked.

"The wide gap between both rates in one of the main reasons for the increase in bank profits," said Zuhair Kaswani of Al-Sharhan Centre, an United Arab Emirates (UAE) real estate and broker house. "Another important reason is a large growth in the trade and construction sectors.

Most of the UAE banks that have released their 1992 balance sheets have reported record profits while others expect a 10 to 20 per cent rise. The biggest profits were made by the Bank of Oman and Emirates Bank International, which netted 56.4 million and 60.4 million dollar respec

OPEC output quotas halt prices: Kuwait KUWAIT, Apr 1: Kuwaiti Oil (OPEC) cut its overall output Minister Ali Al-Baghli said on cetling to 23.58 million barrels

Wednesday new lower OPEC output quotas had halted slide in oil prices, reports

"It is true that they did not have any positive impact on prices, but still, it stopped the prices from sliding further down," Baghli said in a telephone interview.

Baghli contacted Reuters to clarify remarks he made to reporters at parliament's weekly session on Tuesday in which he said the new quotas agreed in February had failed to have a

positive impact on prices. The Organisation of Petroleum Exporting Countries

per day (BPD) from March 1, having pumped around 25.55 million BPD in February, to try to raise prices to a target of 21 dollar a barrel. The accord siphoned some excess supply from a glutted

market and put a floor under

prices that had been sliding gradually for months. Baghli said on Wednesday he also wished to state that he

was not the author of a proposal, currently being studied by Gulf Arab otl producers, that would impose a levy on imports on countries imposing energy taxes.