

US demands more \$ 4b aid for Russia at Tokyo meet

Proposal shocks rich nations' ministers

TOKYO, Apr 16: European ministers, backed by Japan, are returning home irritated with their American counterparts in Tokyo for suddenly demanding four billion dollar in new aid to help privatise big Russian enterprises, reports AFP.

The mammoth proposal including Washington's offer of half a billion dollar was notably absent from the 43.4 billion dollar programme announced Thursday at the end of Group of Seven (G7) talks on aid to Russia.

The American delegates, Secretary of State Warren Christopher and Treasury Secretary Lloyd Bentsen dropped an unexpected bombshell on the G7 meeting of foreign and finance ministers when they announced the proposal Wednesday.

European countries were particularly irked by the sudden fanfare for large-scale privatisation in Russia, pointing out that they had long been calling for such measures only to meet tough resistance from Washington.

"The G7 landscape has completely changed," said one European "sherpa" in charge of preparing for this year's G7 summit in Tokyo in July.

"When we were discussing the Soviet Union before, the Bush administration always said no. Then we had the surprise announcement of 24 billion dollar," he said, referring to the former president's sudden move last year to fore-shadow western help to Russia without consulting other G7 partners.

"Now the Clinton administration, which is very much in favour of Russia, is saying yes to everything and the initiatives are multiplying."

The Japanese delegation, which had agonised over shelving its territorial dispute with

Russia to enable the G7 meeting of foreign and finance ministers to go as smoothly as possible, was thrown into even more disarray.

"The poor Japanese submitted to frightening pressure from Washington to increase their assistance," the European Sherpa said.

But having no sooner announced a 1.8 billion dollar package of assistance Wednesday, Japan was being urged publicly by Bentsen to "participate in the second stage" of aid to Russia, apparently the four billion dollar package.

Japanese Finance Minister Yoshiro Hayashi was predictably cool. "There are many aspects we have to study. There is much to be worked out," he told a news conference after the meeting. "It is pending for the time being."

The Asahi Shimbun, a leading Japanese daily, was

even more blunt. "It is normal that Japan does not say yes to all the demands of a capricious child," the newspaper said Thursday.

Under the American proposal, the G7 countries — the United States, Japan, Germany, France, Italy, Britain and Canada — would provide two billion dollar, including and 500 million dollars from Washington.

The World Bank and the European Bank for Reconstruction and Development (EBRD) would provide the remaining two billion dollars.

One French delegate noted that the United States not only failed to consult with its G7 colleagues, but also forgot to tell the World Bank and the EBRD.

Italian Sherpa Antonio Badini who described Washington's proposals "bold, impressive but also complex," nevertheless said that the

American idea would probably be one of the main focuses of the summit in Tokyo.

"None of us have the time to review the implications," he said, adding that the idea would have to be "carefully reviewed by the G-7 before summit."

Badini indicated that the decision by the United States to commit 500 million dollars to the large-scale privatisation fund might have detracted from a smaller fund to help small and medium-sized businesses in Russia.

Such a fund, financed by the G7 and the EBRD, could be dispersed rapidly while the more ambitious proposal was far from being worked out, Badini said Wednesday, adding that a figure of 500 million dollar was expected.

In the event only 300 million dollar was allocated to this smaller privatisation fund when it was announced Thursday.

ADB sees 7 pc economic growth in Asia

BONN, Apr 16: The Asian Development Bank (ADB) is forecasting seven per cent economic growth in the Asian region for the next two years, a German newspaper said on Thursday, reports Reuter.

The business daily Handelsblatt, citing a copy of the bank's as yet unpublished report "Asian development outlook 1993" said Asian economic growth would be fuelled by double-digit growth rates in China.

Handelsblatt, foreshadowing a report due to be released on Friday in connection with the Bank's annual meeting, did not

say whether it meant Gross National Product or domestic product.

Southeast Asian exports would rise 15.14 per cent in 1994.

It added that southern Asia would increasingly profit economically from political reforms.

It said China was expected to show a current account trading deficit of 437 million dollar in 1993 after a surplus of 10.4 million dollar in 1992.

Economic growth in the Philippines was forecast at three per cent to four per cent in 1993.

The Asian Development Bank (ADB) made the following projections for world economic growth (percentage change in Gross National Product):

	1991	1992	1993	1994
WORLD	0.1	0.5	1.5	3.5
INDUSTRIALISED COUNTRIES	0.5	1.5	1.9	2.7
UNITED STATES	1.2	2.1	3.2	3.3
JAPAN	4.0	1.5	2.1	2.5
GERMANY	1.0	1.4	0.0	2.7
DEVELOPING COUNTRIES	1991	1992	1993	1994
AFRICA	3.4	5.1	5.5	5.8
ASIA	1.5	2.0	3.0	3.2
LATIN AMERICA	6.1	7.0	7.2	7.4
MIDDLE EAST AND EUROPE	2.8	2.4	2.5	3.0
EASTERN EUROPE AND FORMER SOVIET UNION	0.0	6.1	7.0	7.2
	9.7	16.0	10.0	5.5

BRIEFS

Brazil, Colombia to form common front

BRASILIA, Apr 16: Brazil and Colombia, the world's biggest coffee exporters, have decided to form a common front after international coffee talks broke down in London, Colombia's Foreign Minister said Wednesday. Nohemi Santin de Rubio said Colombia and Brazil may also form a pact with Mexico aimed at raising the now artificially low prices of coffee, following the collapse of negotiations in London. Rubio said they would also seek a meeting of economy ministers from Colombia, Ecuador, Guyana, Peru, Surinam and Venezuela -- all members of the Azarian Cooperation Treaty (TCA), says AFP.

Russian loan default now \$713m

WASHINGTON, Apr 16: Russia has defaulted on 713.7 million US dollar in payments due on US-backed food and feed loans, the US Agriculture Department said. One bank filed two notices of default, totalling 947,000 US dollar on Tuesday. In addition, Barraly's Bank of Miami filed a claim for 947,000 US dollar on a sour loan, total claims were 552.4 million US dollar. Also on Tuesday, USDA paid 10 claims from three banks, says Reuter.

Former Soviet bank to stop operation

MOSCOW, Apr 16: The Vneshekonombank, the key former Soviet Bank dealing with foreign commerce, is to close down most of its activities from next month, the Izvestia newspaper said Thursday, quoting a bank official. The bank has written to its clients and investors informing them that the bank will cease operations from May 1, and requesting them to transfer their funds to other banks.

Greenback firms in Europe

LONDON, Apr 16: The dollar remained strong against most European currencies Thursday but lost ground against the yen on the eve of the first meeting in Washington between US President Bill Clinton and Japanese Prime Minister Kichiro Miyazawa. The dollar ended the day here at 112.95 yen, down from 113.87 yen Wednesday but still above the record low of 112.61 yen it hit Tuesday. The dollar's weakness against the Japanese currency was attributed to a report in the Washington Post that Miyazawa would tell Clinton Tokyo favoured a revaluation of the yen to help cut Japan's huge trade surplus, says AFP.

Dollar opens lower, stocks ease in Tokyo

TOKYO, Apr 16: The US dollar opened lower against the Japanese yen Friday, while share prices on the Tokyo Stock Exchange eased in quiet trading. The dollar started at 113.20 yen, down 0.23 yen from Thursday's close in Tokyo but higher than its overnight finish in New York at 113.10 yen. The yen gained ground on rumours that Japanese Prime Minister Kichiro Miyazawa and US President Clinton may endorse the recent strengthening of the yen as a way to redress Japan's huge trade surplus. Miyazawa was scheduled to meet with Clinton in Washington later Friday for their first summit meeting, reports AP.

Dollar ends higher, gold retreats in NY

NEW YORK, Apr 16: The US dollar moved higher against the German mark but weakened against the Japanese yen Thursday, as international developments jerked the greenback but failed to diminish its recent strength. After two days of losses, the yen flirted with all-time highs against the dollar on renewed speculation that the Japanese government favours a stronger currency to help whittle down the nation's trade surplus with the United States. Gold retreated sharply in the United States and Europe as tensions eased in South Africa, the world's largest producer of gold, reports AP.

Gold finishes stronger in HK

HONG KONG, Apr 16: Gold opened firmer on early buying and short-covering earlier in the Australian market after a weaker close in New York overnight, dealers said. "Gold's fall in New York was due to Middle East and fund selling," a local trading house dealer said. "There is support at US 335 dollar and resistance is pegged at US 338 dollar," reports Reuter.

\$117b package to help cut trade surplus, says Miyazawa

TOKYO, Apr 16: Japan's Prime Minister Kichiro Miyazawa said Wednesday that a record 13.2 trillion yen (117 billion dollar) pump-priming package would help Japan cut its swollen trade surplus, reports AFP.

"We had already taken a measure (to trim its trade surplus) yesterday," Miyazawa told reporters, referring to Tuesday's package for the recessed economy.

"The amount [of its trade surplus in the year] was within our expectations," Miyazawa said, referring to Japan's trade surplus in the year to March 31 hitting a record 111 billion dollar.



US Secretary of State Warren Christopher (L) and US Secretary of Treasury Lloyd Bentsen speak during a press conference after the Group of Seven (G-7) Foreign/Finance ministerial meeting in Tokyo on April 15. Christopher, saying he was 'pleased' with the outcome of the talks on aid to Russia, announced 1.8 billion US dollar in additional support. — AFP/UNB photo

Clinton-Miyazawa first meeting

US to give emphasis on trade gap

WASHINGTON, Apr 16: The Clinton administration says the president's first meeting with Japanese Prime Minister Kichiro Miyazawa will place heavy emphasis on what needs to be done to reduce America's 49 billion dollar trade deficit with Japan, reports AP.

The Clinton White House has taken a harder line than the Bush administration did on the trade imbalance. It is pushing the Japanese to buy more American-made computer chips and other high-technology products, as well as live up to previous pledges concerning purchase of US auto parts and farm goods.

In addition to trade disputes, Clinton and Miyazawa were expected to spend time Friday discussing Western assistance to Russia.

The Japanese on Wednesday unveiled a 1.8 billion dollar package for Russia. But administration officials

complained it was insufficient because it emphasizes credit guarantees to spur sales of Japanese products to Russia rather than providing significant sums of direct foreign aid.

Japanese officials said Miyazawa was bringing no further trade concessions with him beyond what the already announced 115 billion dollar economic stimulus package.

That package of increased government spending and tax breaks is designed to lift Japan out of its worst recession in two decades. Officials hope it will also boost demand for American and other foreign-made goods.

Last year, America's 49 billion dollar trade deficit with Japan accounted for 59 per cent of the total US shortfall of 84.3 billion dollar. Analysts predict the imbalance, if unchecked, will worsen even further this year.

Administration officials said

Thursday that Clinton would press Miyazawa to go beyond the stimulus package. They said the president would raise specific US complaints about Japanese barriers in a number of areas.

But Japanese officials insisted Friday's meeting was a get-acquainted session to build trust between the two leaders and not a negotiating session on specific trade disputes.

Miyazawa, who speaks fluent English, planned private talks with Clinton during the morning before both men were joined by aides for a working lunch. The meetings were to conclude with a joint news conference.

The US Trade Representative Mickey Kantor, who recently pledged to act like a "sledgehammer" to open foreign markets, has been participating in an administration review designed to find out where past market-opening

commitments were not being honored by Japan and other countries.

"Obviously, the president will press hard in any case where he thinks that a violation has occurred," White House spokesman George Stephanopoulos said.

Kantor said he and Agriculture Secretary Mike Espy had sent a letter to Japanese officials protesting barriers that are preventing American-grown apples from being sold in Japan.

Earlier Kantor had written the Japanese to complain that Japan was not honoring commitments made to President Bush last year that Japanese auto companies would step up their purchases of American-made auto parts.

A letter this week from Japanese Trade Minister Yoshiro Mori to US counterparts said Japan's plan to boost auto-parts imports is merely a goal, not a promise.

World Bank ready to give \$4.5b loan to Russia

WASHINGTON, Apr 16: The World Bank has worked out with member governments plans for lending 4.5 billion dollar in the next 15 months to Russia, a bank spokesman said Thursday, reports AP.

The loan, however, will be contingent on Russia stabilising its economy "by bringing inflation under control and making further progress on the structural reform agenda," said spokesman Tim Cullen.

Inflation in Russia has been running much higher than the goal of 10 per cent a year set by the International Monetary Fund.

Structural reform would include new laws to help business and encourage foreign investment, as well as privatisation of state-owned industries and limits on the huge loans now being granted by the Russian government's central bank.

Cullen pointed out that the bank already has committed 760 million dollar in loans to Russia, though only part of the money has been spent.

Lending on the scale announced by the seven major governments in Tokyo would make Russia the bank's biggest borrower.

Asia may lose business in US, Canada

MANILA, Apr 16: Asia could lose business in US and Canadian markets when Mexico becomes a major exporter to North America under the North American Free Trade Agreement (NAFTA), the Asian Development Bank said today, reports Reuter.

With low labour costs and a large population, Mexico represents not only a significant market for potential investors but also a source of cheap imports for the North American market. The Manila-based bank said in its annual outlook.

The cost of labour in Asia has begun to grow because of a labour shortage in some parts of the region as newly-industrialised economies lap neighbours for workers.

The ADB said a further cut in tariff barriers among North American countries could work to be disadvantage of Asia by strengthening Mexico's bid to become a major exporter.

The NAFTA aims to remove tariffs and other trade barriers, develop procedures for settling disputes and deal with the protection of patents and copy rights in Canada, the United States and Mexico.

The agreement was signed last December but has yet to be formally accepted by the three countries.

Gorbachev urges Americans to invest more in Russia

WASHINGTON, Apr 16: Former Soviet leader Mikhail Gorbachev chided American businessmen Thursday for being "quite timid" and urged them to be more aggressive in investing in Russia, reports AP.

"I don't see the aggressiveness I used to see in the past," Gorbachev said at a lunch sponsored by members of Congress.

Gorbachev, who left office with the dissolution of the Soviet Union at the end of 1991, also made swipes at the government of his successor, Russian President Yeltsin, and at the US Congress.

He said among the rumors being spread about him in Moscow were that he has 2 billion dollar in foreign bank accounts, that he was a CIA agent and that he was responsible for the breakup of the Soviet Union.

"I don't understand why they need to do that," he said through a translator. "Maybe as a lightning rod because things are not going well, and they need an issue."

To the congressman in the audience, he said that because "I know how your system works" he was worried that the Russian economy would further deteriorate before Congress lifted Jackson-Vanik and COCOM trade restrictions.

The Jackson-Vanik amendment links free trade to guarantees that those who want to emigrate can do so. COCOM is a group of Western nations that during the Cold War agreed on keeping communist nations from obtaining high technology.

Yeltsin, during his summit earlier this month with President Clinton in Vancouver, also said that lifting the restrictions was overdue.

Gorbachev said the value of potential trade with Russia far outweighed the 1.6 billion dollar package Clinton proposed.

Gorbachev devoted much of his speech to discussing the International Green Cross, a new group he will head with the object of finding global solutions to environmental problems.

Clinton, Hillary pay \$70,228 income tax

WASHINGTON, Apr 16: President Clinton and his wife, Hillary, paid 70,228 dollar in federal income taxes for 1992 on an adjusted gross income of 290,697 dollar — most of it hers, according to their tax returns, reports AP.

Mrs. Clinton, a corporate lawyer, has long been the family's main breadwinner. Clinton made just 34,527 dollar last year as Arkansas governor.

law prohibits her from receiving a salary as head of Clinton's health care task force because of her relationship to the boss.

The couple sent a 4,085 dollar check to the Internal Revenue Service on Thursday to make up the difference between what they owed and the 66,143 dollar they had paid through the course of the year, the White House said. That falls within the 10 per cent allowed by the IRS.

"Took a pretty good lick," Clinton said.

A copy of their tax return was released by the White House on the deadline for filing.

The dollar income figure was 71,542 dollar more than their 1991 earnings. The increase is due to higher profits from Mrs. Clinton's partnership in the Rose law firm and capital gains of 16,336 dollar. Most of the capital gains — 13,199 dollar comes from the sale of her interest in the Rose Building Limited Partnership, which owns the firm's building. Mrs. Clinton left the firm late last year.

The remainder of their income was from interest, dividends, partnership income, capital gains and Mrs. Clinton's directors fees and honoraria.

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Meanwhile a report from Moscow says: President Boris Yeltsin Thursday welcomed the decision by the Group of Seven (G7) industrialised countries in Tokyo to provide political support and financial aid to Russia for its reform programme.

Speaking to a meeting of intellectuals, Yeltsin said the decision showed that the G7 understood the importance of a referendum on the Russian power struggle to be held on April 25.

Western countries had understood that the referendum "will be a decisive turning point not only for Russia but for the entire world," Yeltsin told the intellectuals. "That is why they are ready today to help us and not merely with words as was the case last year," he said.

G-7 with \$ 43.4 aid offers rock-solid support for Yeltsin

TOKYO, Apr 16: Group of Seven ministers unveiled aid of 43.4 billion dollar for Russia on Thursday and offered rock solid support for Boris Yeltsin just 10 days ahead of a referendum on his presidency and reforms, reports AFP.

However they warned, in a joint communique capping two days of talks here on aid to Russia, that curbing monetary and credit expansion there was of "paramount importance" to the country's economic reforms.

Russia, represented here by deputy prime Minister Boris Fyodorov and foreign minister Andrei Kozyrev, is to vote on April 25 on Yeltsin's efforts to shift Russia to democracy and a market economy.

G-7 foreign and finance ministers backed the reform effort and assured Russian people of G7 assistance.

"We want to see a democratic, stable and economically strong Russia, firmly integrated into the community of democratic states and into the world economy," they said in their nine-page statement.

"The Russian people themselves must bear primary responsibility for economic and political reform," they said. "We assure the Russian people of our support in coping with the inevitable hardships of the transition period."

Some but not all bilateral assistance is included in the package which comprises both fresh commitments and old money, including 15 billion dollar in debt rescheduled by the 19 official creditors of the Club of Paris.

Fyodorov lauded the package as a "major step forward" for the country's embattled reforms.

"It's support in the true sense," he said. Western officials expressed satisfaction with the summit result, aimed at targeting aid at specific sectors and avoiding promises of sweeping economic assistance.

"This meeting delivered a clear, political message," Japanese foreign minister Kabun Muto told reporters.

"The G7 supports Russian reforms and reformers," said Muto, whose country temporarily shelved a territorial dispute with Moscow over Kuril islands occupied by Soviet troops in 1945 which had blocked Japanese aid to Russia and announced Wednesday a separate 1.8 billion dollar package for Russia.

"This is the best and most compact package ever put together," German Finance Minister Theo Waigel said. US Secretary of State Warren Christopher, saying he was "pleased" with the outcome of the talks, announced 1.8 billion dollar in additional support to complement 1.6 billion dollar offered during President Bill Clinton's summit with Yeltsin in Vancouver earlier this month.

The overall programme includes 14.2 billion dollar in short and long-term stabilisation funds, an identical amount for structural reforms and essential import plus 15 billion dollar in debt rescheduled already announced.

"Progress towards macroeconomic stabilisation, especially the reduction of Russia's high rate of inflation by bringing monetary and credit expansion under control, is of paramount importance to the success of Russia's economic reform," G7 said.

Officials asked the International Monetary Fund (IMF) to curb credit growth.

British Chancellor of the Exchequer Norman Lamont said the three billion dollar IMF facility was the "most important part of the package," he announced 600 million dollars in bilateral aid Wednesday.

Camdessus hails G-7 support for Russia. Another report from Washington adds: International Monetary Fund (IMF) head Michel Camdessus welcomed Thursday the announcement by the group of seven leading industrial

nations of a 43.4 billion dollar aid package for Russia.

Camdessus stressed the IMF's role in the programme to help Russia and other former communist states convert from a centralized to market economy. "I hope that a successful conclusion will be reached in the very near future," he said.

Yeltsin welcomes aid package. Meanwhile a report from Moscow says: President Boris Yeltsin Thursday welcomed the decision by the Group of Seven (G7) industrialised countries in Tokyo to provide political support and financial aid to Russia for its reform programme.

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Cuba still needs more aid

HAVANA, Apr 16: Time world has responded to a Cuban appeal for aid for the victims of a tropical storm last month but the island still needs more medical supplies, building materials and food, especially vitamins, a United Nations official said on Thursday, reports Reuter.

"I think the response was broad ... it was a good gesture and it was good for the Cubans to see that it was possible," Joachim Von Braunmuhl told Reuter in Havana.

He added the total aid received by Cuba, either through direct bilateral assistance or donations through multilateral agencies could reach 10 million dollar.

"But there's still room for more," Von Braunmuhl said. "The overall situation is pretty dismal and it's not easy for the government to deal with this," he added.