

BRIEFS

Two new GATT members accepted
GENEVA, Apr 20: The Czech and Slovak republics have formally been accepted to the world trade watchdog GATT, bringing the group's membership to 109 states, GATT said Friday.

Dollar plunges in Tokyo
TOKYO, Apr 20: The dollar plummeted as low as 110.90 yen in Tokyo this morning, despite rumours that the Bank of Japan intended to support the US unit against the Japanese currency.

Gas field found in Senegal
DAKAR, Apr 20: The Petrol Company of Senegal has discovered a large natural gas field, the government said Monday.

Beijing to introduce plastic garbage bags
BEIJING, Apr 20: Many residents in China's capital will have to use plastic garbage bags beginning in May as the municipal government tries to clear its streets and alleys of open trash containers.

\$1b uplift plan for Beijing city
BEIJING, Apr 20: One of the busiest streets in this people-packed Chinese capital will be the site of a one billion dollar development project including office and shopping towers, the China Daily newspaper said Tuesday.

Cigarette sale up in Japan
TOKYO, Apr 20: Cigarette sales in Japan rose 0.2 per cent in fiscal 1992 ending March from the preceding year to a record high of 328.9 billion sticks, the Tobacco Institute of Japan said Monday.

IBM may give grim business figures
NEW YORK, Apr 20: No one is expecting good news in IBM's first-quarter earnings. But they can't blame the boss, IBM investors, analysts and employees will be looking as much at comments by new chairman Louis V. Gerstner Jr as at the size of an expected loss in the company's first-quarter earnings report.

Political crisis may hit Pak economy

KARACHI (Pakistan), Apr 20: Pakistan's ambitious economic reform programme is likely to be shattered by the dismissal of Prime Minister Nawaz Sharif by President Ghulam Ishaq Khan, economists and businessmen said on Monday.

forms that made the rich richer and the poor poorer, and of blindly adopting policies that benefited only his favourites. During his 30 months in office, Sharif introduced a string of economic reforms, including the lifting of curbs on foreign investment in the stock market and on repatriation of profit and capital gains.

terprises to the private sector. Ishaq Khan attacked Sharif's privatisation policy as giving opportunities to his cronies to make a quick profit and said the government had attracted little foreign investment. Ex-Finance Minister Sartaj Aziz defended the privatisation policy and said 'it's been a very transparent and efficient process'.

tainly? a foreign bank executive told senior staff. The street value of the dollar jumped 3.48 per cent to 29.75 rupees from 28.75 overnight, although the official rate was fixed at 26.7000/26.8335. 'There is panic in the foreign exchange market', said market analyst Naazish Lutfi Siddiqui. 'It is a black Sunday for Pakistan's economy'.

lections due on July 14. 'The market got a big boost under Sharif', he said. After Sharif's reforms share capitalisation rose to 7.37 billion dollar in June 1992, from 2.8 billion dollar when he took over in November 1990, the Karachi Stock Exchange (KSE) said.

Taiwan-China '92 trade deficit \$ 9.42b

TAIPEI, Apr 20: A top official Monday said he was amazed to find that Taiwan's indirect surplus trade with China in 1992 was 9.42 billion US dollar, almost the total of Taiwan's trade surplus last year, reports AFP.

Taiwan had over stood at 9.42 billion dollar, close to the 94.8 billion surplus Taiwan posted with the rest of the world. China registers \$ 1.2b trade deficit AFP adds from Beijing: China registered a 1.2 billion dollar deficit in its foreign trade in the first quarter of 1993 on continued strong import growth, a government spokesman said Monday.

Bank of France cuts interest rates

PARIS, Apr 20: The Bank of France cut its two main interest rates Monday further lowering the cost of money after the new conservative government took power in late March, reports Reuter.

The central bank said it was cutting its intervention rate, which sets a floor under market interest rates, to 8.75 per cent from 9.10 per cent. It also reduced its emergency repurchase rate, which forms an interest rate ceiling, to 9.75 per cent from 10 per cent.

The intervention rate had been held at 9.10 per cent since November 12.



Situation aggravated in the East German wage conflict. The country's biggest union prepared to call a strike ballout where they demanded 26 per cent wage increase, but actually decision was taken to raise wage by nine per cent which was unacceptable to the Union

\$42b plan for EC economic growth

LUXEMBOURG, Apr 20: The European Community accepted a 35 billion ECU (42 billion dollar) economic growth plan to boost employment and investment at a meeting of EC finance ministers here on Monday, reports AFP.

EC Finance Commissioner Henning Christophersen, presenting the plan on behalf of the EC's executive European Commission, said it would add 0.6 per cent to annual growth in 1994, and boost fixed investment by three per cent. The ministers said in a statement without new policy

measures, the community will be faced with a continuously high level of unemployment in coming years. Christophersen said the initiative would translate into 450,000 new jobs. The EC's unemployment rate is currently over 10 per cent, with around 15 million people out of work. But a consultative grouping of European businessmen and trade unionists issued a separate statement criticising the initiative as inadequate.

the EC's consultative economic and social committee, told a press conference in the margins of the meeting that the plan represented no new added value to existing projects. The growth initiative was ordered by an EC leadership summit at Edinburgh last December for a coordinated strategy in 1993 and 1994 to pull the EC's 12 national economies out of recession. It comprises financial support for new investments and particularly the acceleration of transport, telecommunication,

energy and environmental projects in the EC's more depressed areas. Ministers of the seven-nation European Free Trade Association (EFTA) were also present at Monday's meeting in order to describe their growth efforts and try to slot them into a broader western European recovery strategy. The European Commission predicts that, even with the growth initiative, the EC's gross domestic product (GDP) will rise only 1.8 per cent next year, up from a predicted 0.8 per cent this year.

Malaysia seeks ROK support for regional trade

KUALA LUMPUR, Apr 20: Prime Minister Mahathir Mohamad welcomed Tuesday South Korea's support for his proposal to establish a regional group to discuss trade issues, reports AP.

Mahathir told reporters the support would help make the caucus, which would include East Asian nations and has been criticised as a trade bloc, a reality.

Mahathir said he had explained the proposal to visiting South Korean Foreign Minister Han Sung-jo Monday. He said he will brief South Korean President Kim Young-sam on his proposal when he visits Seoul next month.

Han on Monday said that South Korea has a 'very positive' view of the idea, and said that when plans for the caucus become more concrete, 'certainly we will be participating in it.'

The Association of Southeast Asian Nations (ASEAN) is studying the proposal and is scheduled to discuss it during its annual foreign ministers conference in Singapore in July.

Oman to explore oil in Taiwan, Bangkok with int'l firms

MANAMA, Bahrain, Apr 20: Oman will join with two international oil companies in setting up oil refineries in Taiwan and Bangkok, further projects in its drive for overseas investments in downstream operations, the daily Al-Hayat reported Monday, says AP.

The London-based Arabic daily, which also is published in Bahrain, said the Taiwan deal involves the Bermuda-based branch of the US Caltex oil giant. The Bangkok operations will be in conjunction with a company called Partex.

Oman recently reached an agreement in principle for joint refinery development in India and is planning to participate in a refinery in neighboring Yemen.

Oman also is involved in oil prospecting and oil-industry development in Kazakhstan, Azerbaijan and Russia.

Oil Minister Saad al-Shanfari said Sunday in a radio interview that his country was considering a similar deal with China. He gave no details in the interview, carried by the Omani News Agency.

An oil delegation from Beijing currently is in Oman. The Sultanate produces about 750,000 barrels of oil a day, and its proven reserves are around five billion barrels.

Shanfari repeated that his country may soon increase production to 800,000 barrels a day.

Asia to help develop Third World economy

TOKYO, Apr 20: Asian economies will continue to enjoy high rates of economic growth in the remaining 1990s, making a major contribution to the growth of the world's developing nations as a whole, a World Bank report released here today predicted, reports PTI.

Developing nations will show a strong 4.7 per cent annual economic growth over the next decade, considerably higher than the performance of the last decade, which averaged 2.7 per cent, the Japanese Kyodo news agency quoted the report as saying.

The chief factors contributing to the improved prospects are the implementation by many more developing countries of 'often painful' economic policy reforms, and the effective addressing of debt problems by middle-income countries.

Another significant factor, the report noted, is the likelihood of continued sound economic growth in the East Asian economies, whose relative economic weight increased greatly during the 1980s. Continued high rates of savings and strong inflows of foreign direct investment will support exporters and enhance domestic efficiency in this area, it said.

In part, this growth derives from the buoyancy of the Chinese economic area which is becoming the fourth growth pole of the global economy, the report said.

US will do 'every effort' to help Poland: Gore

WARSAW, Apr 20: Vice President Al Gore promised Polish President Lech Walesa on Monday that the United States would make 'every effort' to help Poland's transition from a communist to a market economy, says AP.

Walesa and an hour's meeting with Gore. Afterwards, he said he 'tried to convince the vice president to have a greater American presence in Europe' because of the turmoil caused by the transition of former Warsaw Pact nations to democracy and market economies.

'Right now, Europe is looking for solutions,' Walesa said. 'Mistakes can be made by Europe but, if we work together with America, these mistakes will be fewer.' Gore was in Poland for ceremonies marking the 50th anniversary of the Warsaw ghetto uprising by Jews against Nazi



occupation forces. In a speech Sunday before flying here, Gore drew a parallel between the Holocaust and Serbia's war of 'racism' in the former Yugoslavia.

US, UK hope to reach air travel treaty

LONDON, Apr 20: The top aviation regulators from the United States and Britain held their first meeting Monday, but declined to address specifics on a more liberal air transportation treaty both sides claim to want, says AP.

US carriers have been clamoring for greater access to London's crowded airports since the US government this year approved a British Airways investment in USAir group Inc.

The so-called Big Three US airlines—American, United and Delta—strongly opposed the deal that they claim will cost them hundreds of millions of dollars in lost revenues as passengers fly with USAir

and British Air. But neither US Transportation Secretary Federico Pena nor British Transport Secretary John MacGregor would say how soon more transatlantic flights to London might be allowed from the US side. Britain now limits the number of flights into London by US carriers.

MacGregor said no specifics had yet been discussed. Pena said he still must sift through several competing requests for more London service from American, United, Delta and Northwest, saying he anticipated there could be more filings from competitors who want more London flights.

Chinese farmers eyeing 'big' market

BEIJING: Even after decades of bureaucratic centralism, Chinese farmers have not lost their knack for making money, according to IPS.

Not satisfied with selling cabbages and eggs, they are setting up airlines or bidding for lucrative fishing ventures off the African coast.

In the north-eastern province of Shandong, a group of farmers pooled their resources last year to form an airline company. They hired two Russian cargo aircraft and bought six square kilometres of land in Fushan district for an airport.

They also set up an aviation firm for aircraft maintenance, fuel supply, ground service and international cargo handling. In nearby Muping county, another group of farmers invested 23 million yuan (four million dollar) to build a cargo ship dock. They then began a joint venture with a Hong Kong fishing firm.

With a co-investment of more than US \$8 million, they bought 14-year fishing rights in the Madagascar Starits, which will bring an estimated two million dollar in annual profits.

Shandong authorities say more than half of high-technology enterprises in the port city of Yantai are run by local farmers who also have business stakes in other provinces and overseas.

The birthplace of venerated Chinese sage, Confucius, Shandong is known all over China for its upright morality. Its frugal people are said to prize honour and spurn profits.

But prospectus of a richer life has changed all this. Shandong people from all walks of life are trying to get rich quick.

Local officials say there are now more than 100,000 non-governmental units with a total assets of about 10.4 million dollar. The China Daily said even bureaucrats in Yantai have abandoned their careers and opened up more than 200 companies and stores.

'With many friends still serving in the government and a

large circle of acquaintances, they pose great challenges to other private entrepreneurs," said the state-controlled paper.

Not to be left behind, army personnel have joined the rush to open businesses. In one military institution, more than 90 per cent of officers are said to be involved in private ventures.

University students are also taking advantage of their skills in computer programming, public relations, foreign language translation and marketing to earn money.

Businessmen are the most ardent supporters of China's economic reforms. They have witnessed the governments attitude towards private economy change from severe ban to reluctant tolerance and finally to encouragement, says newspaper columnist Tan Hongkai.

A recent report by the China Market Service and said 93 per cent of private entrepreneurs with an average registered capital of more than one million yuan, 1,81,000 US dollar in their hopes on faster economic reforms to improve their social status.

But many complain they are losing out to a rigid market mechanism and willful suppression by the state. In the China Market Service survey, more than half of respondents felt they are at a disadvantage when pitted against state enterprises.

The more optimistic ones are in the 31-45 age group. Younger businessmen have not accumulated enough wealth while older ones are too deeply steeped in the memory of frequent policy reversals in the years of leftist dominance, says Tan.

The survey also showed that entrepreneurs are worried about prejudiced public opinion and unfair treatment by local officials. Says Tan: Decades of biased propaganda has fostered a popular concept that the private economy is a social vice.

Many people tend to blame private enterprises for market disorders. Even the impotence of state-owned enterprises is attributed to the comeback of the alien force, he adds.

Gulf oil producers warn West against imposition of energy taxes

Proposals to impose new taxes on petrol and domestic fuels have been criticised by the oil-producing Gulf states. They argue that an import fee would mean higher prices and will hit oil demand and consumption, adversely affecting the export of their main commodity. The oil ministers of the six-state Gulf Cooperation Council have vowed to resist the levies, and some are even talking of imposing taxes on imports from the industrialised nations.

Several industrialised nations are now planning to impose new taxes on petrol and domestic fuels, to curb consumption of imported oil or to check environmental pollution, up setting even moderate oil producers. The Gulf producers have warned, quite uncharacteristically, of possible retaliation against the United States, Japan and Europe.

The oil ministers of the six-state Gulf Cooperation Council (GCC) meeting in Jeddah vowed to resist the levies, asserting that they will protect their oil interests and the continued flow of that basic commodity without any restrictions, whether in the form of taxation otherwise.

The oil ministers of Saudi Arabia, Kuwait, the United Arab Emirates (UAE), Qatar, Oman and Bahrain pointed out that discriminatory new taxes were being outlined at a time of continued subsidies to alternative energy sources of greater harm to the environment, such as coal and nuclear power. Bahrain's Oil Minister Youssef Shirawi warned

that the six partners would slash output and abandon their expensive oil development plans. 'If this tax is imposed, GCC states will curb oil exports and development of production facilities.' Kuwait's Ali Ahmad al-Baghl said that committees were studying various alternatives, including imposing taxes on GCC imports from the industrialised nations, whose goods remain largely untaxed here.

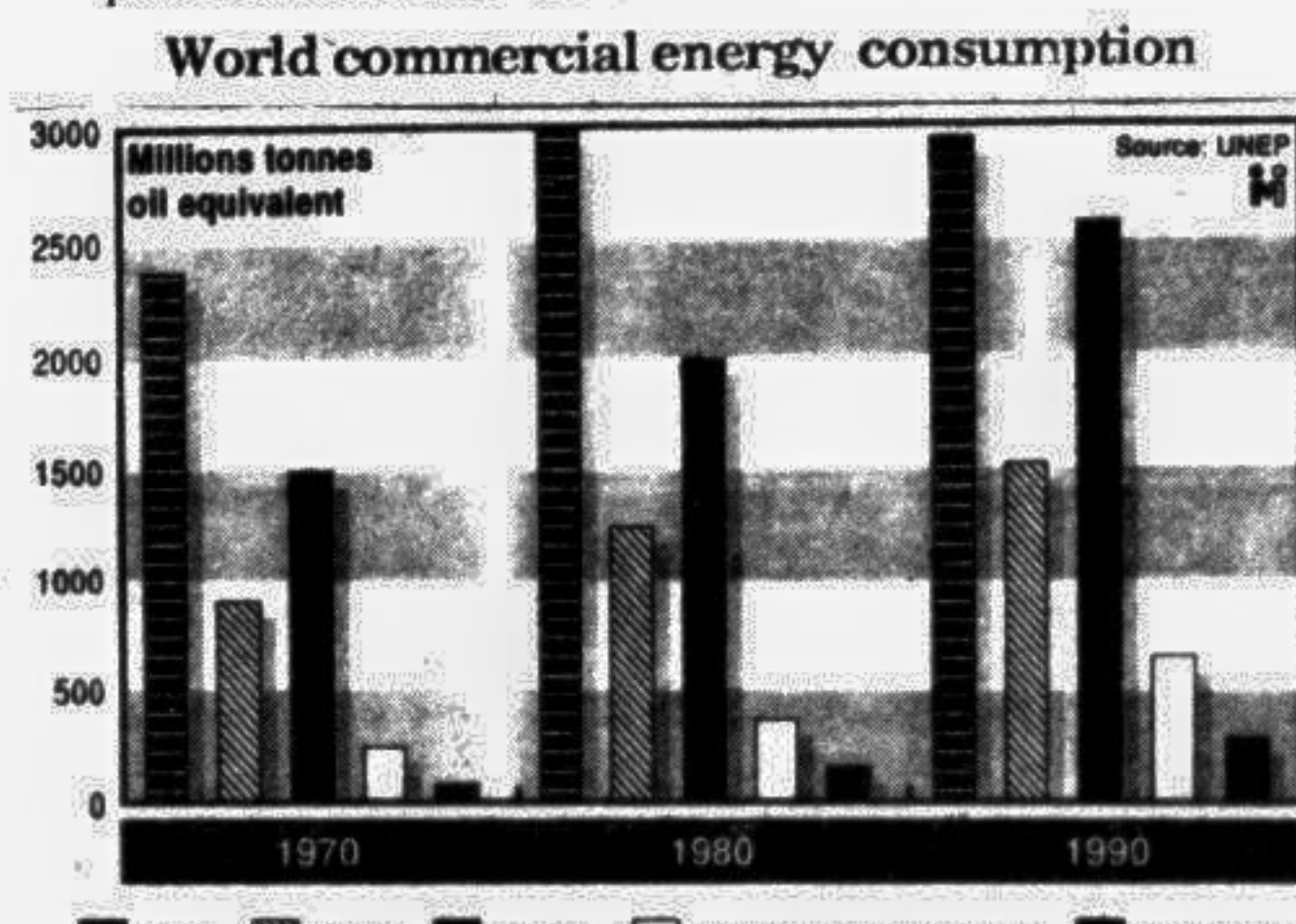
The Gulf states believe US President Bill Clinton's energy tax proposal will encourage the European Community to go ahead with its carbon-tax plan even more vigorously. Other industrialised countries could follow with similar measures.

Saudi Oil Minister Hisham Nazer, in a February speech in the US oil-producing state of Texas, said that some kind of 'petrophobia' was gripping the world and that oil was being discriminated against.

'For us, as a major oil exporter to the US and reliable supplier as well as a long-time friend, such as import fee would harm our exports and investments in the US'. An official OPEC commentary subsequently said that Nazer's speech was 'a polite but firm reminder that oil producers have legitimate interests too'.

The feeling here is that the Western governments are resorting to energy taxation simply to raise revenue, using environmental concerns merely as a cover to cut their burgeoning deficits. Other forms of wasteful expenditure and other sources of pollution are being left untouched. According to OPEC

sources, coal, which emits more carbon dioxide, would be taxed under the Clinton scheme at only 25.7 cents per million British Thermal Units compared to 59.9 cent for oil.



The oil producers say the higher costs will hit oil consumption, adversely affecting the export of their main commodity. The link between higher oil prices and lower demand is well established. According to a

report by the London-based Centre for Global Energy Studies, a think-tank set up by former Saudi Oil Minister Sheikh Ahmed Zaki Yamani, the West's consumption in 1990 would have been greater by 15 million barrels per day, or 40 per cent, had current taxes on oil not been levied.

A recent OPEC commentary stressed the need for urgent action by the organisations 12 member states to forestall the new taxes. It can be done by curtailing production and driving up oil prices. If they fail to do so, 'a carbon tax, a green tax or a purple tax, whatever name is used, will be easier for consumer governments to impose.'

If the Gulf producers retaliate by restricting pumping and raising international oil prices, the Western plans to pull their economies out of a deep recession may be put in jeopardy. The energy tax is compelling such pro-West countries as Saudi Arabia, Kuwait and the UAE — which have preferred to produce more to keep prices stable and within reasonable limits — to join hands with countries like Iran, Algeria and Libya, which have consistently pressed for drastic reductions in production in order to push up oil prices.

Saudi Arabia and its GCC partners in February decided to significantly slash oil production, to boost the prices to the OPEC Bench-mark level of 21 dollar a barrel. It was the first time in recent history that a sharp shift in oil policy took place. — GEMINI NEWS