

# BRIEFS

## Oman, UAE to set up investment body

ABU DHABI, May 3: Oman and the United Arab Emirates have agreed to set up a joint investment body to boost economic development in the two Gulf states, the Oman news agency, monitored here, reported yesterday. The agreement was signed yesterday by Oman's Minister of Trade and Industry, Maqbool bin Ali Sultan, and UAE Minister of Economy and Commerce Saeed Ghabash. The body, Oman-Emirates Investment Company, will have a capital of 30 million Omani rial (76 million US dollar), reports Xinhua.

## Iraq owes Egypt \$300m for imports

ABU DHABI, May 3: Egypt lost more than 300 million dollar in unpaid exports to Iraq and is making contacts to recover the money, an Egyptian official was quoted on Sunday as saying. The goods were exported before Iraq's 1990 invasion of Kuwait, the Secretary General of the Egyptian Chambers of Commerce Federation, Mustafa Zaki, told the United Arab Emirates daily Al-Ithad. "The total losses of Egyptian exporters to Iraq exceed 300 million dollar as it has not paid back due to the economic sanctions imposed by the United Nations," he said, reports AFP.

## Kenyan trade unionists arrested

NAIROBI, May 3: Two senior trade unionists were arrested hours after they urged workers on May Day to stage a general strike this week, newspapers reported Sunday. Joseph Mugalla, Secretary General of the Central Organisation of Trade Unions, and James Bolo, head of the Kenya Leather and Shoe Workers' Union, were arrested late Saturday. The central organisation groups all trade unions in the East African nation. Mugalla told a May Day rally in Nairobi to begin the strike at midnight Sunday and to beat up colleagues who ignored the strike call, reports AP.

## China boosts int'l telecom

URUMQI, May 3: China has made great strides in promoting international telecommunications, according to a recent Asian and European Land Optic-Fiber Conference held in this capital of northwest China's Xinjiang, Uygur autonomous region. To date, China has opened some 15,680 international telecommunications lines through Beijing, Shanghai and Guangzhou. 876 domestic cities have entered the international telecommunications network, says a Xinhua report.

## S'pore investment team to visit China

SINGAPORE, May 3: An investment mission from Singapore's precision engineering sector is scheduled to embark on a 10-day visit to northern China on Tuesday, the Trade Development Board (TDB) has announced. Singapore companies in the precision engineering sector should seize the opportunities China's electronics sector offers, said Lim Tow Cheng, TDB Manager for Export Development of the electronics industry, says an AFP report.

## Indonesia to build more palm oil plants

JAKARTA, May 3: Forty-one more palm oil processing plants will be built in Indonesia this year to raise the country's capacity of palm oil processing. In 1992, the total capacity of the 127 existing palm oil processing plants reached 4,568 tons of kernels per hour. Indonesia's palm oil cultivated area covered 1.47 million hectares, says Xinhua.

## Aircraft builders eyeing Hanoi's market

HANOI, May 3: The world's largest aircraft manufacturers are beating a path to the door of Vietnam Airlines, and a look at the carrier's shopping list shows why. The Vietnamese national carrier wants to buy eight long-haul jets in 1994 and then keep increasing its fleet by half during each of the next five years, said Luong Hoa Nam, Director of Fleet Development, International Air Traffic in and out of Vietnam has exploded over the past 18 months, while the US trade embargo has kept modern aircraft out of Vietnam's reach, reports AFP.

# Third World urged to continue reforms to attract more private investments

WASHINGTON, May 3: High-level finance officials from rich and poor countries Sunday urged developing countries to move ahead with economic reforms that would help attract increased private investment and offset scarcer official aid, reports AFP. The Joint Development Committee of the International Monetary Fund (IMF) and the World Bank proposed a catalogue of policy actions by governments and international institutions to boost the number of countries targeted by overseas investors "as quickly as possible". A "high level of investment in the private sector is important to sustainable economic growth in developing countries," including eastern Europe's economies in transition.

The 24-nation panel said in a communiqué. It stressed the "complementary" but "crucial" role of private foreign flows and Official Development Assistance (ODA) and recognised that for poorer countries and those at present unable to attract private capital, ODA remains "essential". In the light of the recent stagnation of ODA flows, despite increased needs, the panel asked donor countries "to do their best to increase their aid as circumstances permit, particularly where it still falls short of 0.7 per cent of GNP". The average ratio for the 22 top industrial donors at present is about 0.35 per cent, with the United States at less than 0.2 per cent of GNP, development officials attending the talks noted. French Finance Minister Edmond Alphandery echoed the feelings of many western ministers at the meeting when he stressed the budget problems facing many donor countries and called for increased recourse to private money. "It would be illusory to rely primarily on bilateral contributors at this time," he said. The committee strongly urged the donors to ratify without delay the recent agreement to replenish the World Bank's soft-loan affiliate, the International Development Association (IDA), main source of external finance for the poorest nations. It also asked the IMF to complete by next November its work on a successor to ESAP (Enhanced Structural Adjustment Facility) which provides balance of payments support on soft terms for these countries. The panel — composed of finance or development ministers of industrial and developing countries — said foreign direct investment (FDI) was "the most valuable form of private external finance". It was associated with access to technical knowhow, managerial expertise and wider markets in the West. Against this background, it voiced "increasing concern" about the continued delays and "risk of breakdown" in the Uruguay Round of trade negotiations in Geneva. A failure could entail "a downward spiral of increasing protectionism" and narrow the markets for goods from developing countries, reducing their incentive to liberalise their economies. Although FDI in developing countries nearly doubled to around 20 billion dollar in the 1980s, private flows were concentrated in a small number of countries. Nearly half went to Brazil, China, Hong Kong, Mexico and Singapore, and a dozen Latin American and East Asian countries accounted for about three-quarters of the total, financial experts said. The committee recognised this, but told Third World governments at large to do what was needed to create conditions attractive to foreign investors, including a stable political climate, sound economic management and a "legal and institutional framework which encourages investment with out discrimination".

## ADB planning new loans to Hanoi after US embargo goes

MANILA, May 3: The Asian Development Bank (ADB) is preparing to resume lending to Vietnam once US objections are lifted, and will release special funds to rebuild Cambodia if this month's elections succeed, officials say, reports AFP. The ADB, which starts its annual meeting here Tuesday, is prevented by a US economic embargo on Hanoi from extending new loans after a nearly 20-year impasse. The United States and Japan are the biggest contributors to the ADB. Vicente Jayme, a member of the ADB board of directors, said the proposed doubling of the bank's 23.2 billion-dollar authorised capital — the main issue at the Manila meeting — assumes renewed lending to Hanoi. "The capital increase looks at a period of five years ahead, so I imagine that within the five years the relationship should normalise between Vietnam and the United States," said the former Philippine finance minister. Washington has vowed to maintain a trade and economic embargo on Hanoi, which launched successful market reform in 1986, until it fully accounts for more than 2,200 US servicemen listed as missing or imprisoned in the Vietnam war. Talks on normalising ties hit a new snag last month after the US press reported a document recently found in Russian archives revealed Hanoi held over 800 American prisoners more than it acknowledged. But there are mounting calls from other major aid donors for Vietnam to be welcomed back into the international mainstream. The last ADB loan to Vietnam was a seven million-dollar package for the Industrial Development Bank of then South Vietnam. It was approved in December 1974, five months before the communist North captured the US-backed South, triggering the US trade embargo. The Vietnamese invasion of Cambodia in 1978 also prompted the suspension of multilateral and bilateral aid programmes. Hanoi pulled its troops out in 1989.

## China expects bumper harvest this year

BEIJING, May 3: China is expecting a bumper harvest this summer, barring any major natural disasters in the next two months, an official newspaper said Monday, reports AP. A report from the State Statistics Bureau said this year's output will likely match last year's 440 million tons, even though farm acreage has decreased by one per cent, according to the China Daily. China has been experiencing bumper grain harvests for the last three years. Stock piles are unusually high, with about 50 million tons in storage now, according to the official Xinhua News Agency.

## Dollar falls against major European units

LONDON, May 3: The US dollar fell against other major currencies in early European trading Monday. Gold prices rose, reports AP. Financial markets were closed in Britain for a Bank Holiday. Markets were also closed until Thursday in Japan for a series of national holidays. Dollar rates in continental European on Monday compared with late Friday's London rates: 1.5855 German mark, down from 1.5880; 1.4325 Swiss franc, down from 1.4335.

## Pakistan to export cement plant to Kazakhstan

ISLAMABAD, May 3: Pakistan will supply a dry process cement plant with a capacity of 1000 to 2000 tons per day to Kazakhstan under an agreement signed recently between the two countries, according to official sources here Monday, reports Xinhua. Under the agreement signed by a Pakistan delegation during its recent visit to Kazakhstan, Pakistan's heavy mechanical complex shall design, engineer, manufacture and supervise the erection and commissioning of this plant, the sources said. This will be the biggest single plant and machinery order secured by Pakistan so far and the successful implementation of this project will open new vistas for Pakistan to supply cement plants in other developing countries including other Central Asian republics, the sources said. The heavy mechanical complex, which was set up initially for import substitution of capital goods in general and cement and sugar plants in particular, has acquired the know-how and capability to manufacture and supply world class plants in these fields.

## US corporations receive huge govt subsidies in many forms

The United States, which accuses foreign governments of subsidising their industries and competing unfairly, has itself been providing hundreds of billions of dollar worth of subsidies to US corporations, including through tax breaks, bailouts of bankrupt companies and financial institution, expenses for research and development (R&D), and other handouts. Some industries like nuclear industry companies, for example, would have shut down except for such federal subsidies. This has been revealed in a series of reports published recently in the Multinational Monitor, a periodical of the Washington-based Essential Information Incorporated founded by consumer advocate Ralph Nader. Although the US government accuses its trade partners of subsidising their corporations and thereby providing a trade advantage, it has itself been subsidising US companies through tax breaks and financial bailouts. The report shows that the US nuclear industry obtained almost 100 billion dollar of subsidies in the past four decades, that much of 76 billion dollar of public-funded R&D was passed on directly to private corporations, that savings and loans companies were bailed out to the tune of 300 to 500 billion dollar and that forest and mining companies also received huge subsidies. These reports of massive subsidies to US companies are especially interesting in light of the US governments accusations against trading partners for providing subsidies to their corporations. The US has for example claimed that subsidies or state assistance have given European and Japanese steel and other companies unfair trade advantage. In recent years the US has threatened retaliatory action against several countries to curtail their alleged unfair practices. Third World countries have also been threatened with trade sanctions. Apart from EC and Japanese steel companies, Brazil, South Korea and several other Third World countries have been hit. Retaliatory actions or complaints by private parties under S.301 of the US trade law, involving long and expensive litigation, are also constantly invoked. According to the Multinational Monitor report, politicians in the US do not use the standards or rhetoric of free trade or 'bootstrap capitalism' when it comes to saving the banking or nuclear industries, or aiding the pharmaceutical industry in the US. The largest government subsidies to big business are found in the tax code, says the report. In the 1950s and 1960s, corporate income tax supplied 25 per cent of all federal government revenues, but by 1991, only seven per cent of government revenue came from corporations. To make matters worse, a foreign investment incentive package by host governments for companies moving South that includes 100 per cent exemption from corporate income tax; 100 per cent exemption from all import and export duties; and 100 per cent exemption on all dividend and equity taxes. The article also says that the terms of the welfare debate shifts when these hundreds of billions of dollar worth of corporate subsidies are compared to subsidies to citizens, such as the mere 14.3 billion dollar allocated for Aid to Families with Dependent Children or the 53.3 billion dollar allocated for Medicaid in 1991. As the Clinton administration establishes its priorities, it should balance the tremendous costs of corporate welfare against meagre federal allotments to social welfare and direct its efforts against the real drain to the federal treasury: the corporate welfare cheats, concluded the report—Third World Network Features

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## Kuwait seeks bigger oil output quota

SINGAPORE, May 3: Kuwait wants the Organisation of Petroleum Exporting Countries to let it produce more oil to help pay for damage from the Iraq-Kuwait war, the nation's Oil Minister said Monday, reports AP. OPEC limits production by each of its members in efforts to firm up oil prices. Kuwait wants its daily quota, now 1.6 million barrels, raised to at least two million as of July, said Ali Ahmed Al-Baghl, who is also chairman of Kuwait Petroleum Corp.

## French firm offers expertise to develop Indian jets, choppers

BANGALORE, May 3: France has offered advanced equipment and sub-systems for a fighter jet and light helicopter being developed by India's Aerospace Industry, an Aerospace industry spokesman said Monday, reports AFP. A delegation of the organisation of the French Aeronautics and Space Industry (GIFAS) made the offer last week during a visit to this southern Indian city which is the hub of India's Aerospace industry, the spokesman said. Delegates also offered to co-produce Aerospace gadgets, and help upgrade capabilities of India's Air Force's Mig-21 fighter planes and Jaguars. GIFAS's visit to Bangalore was designed to demonstrate French expertise in developing avionics, radar and other communications, computer software, and mechanical and electrical systems. The team met experts at the Society of Indian Aerospace Technologies and Industries (SIATI), Hindustan Aeronautics Ltd, and Aeronautical Development Agency, and held an exhibition of French Aerospace technologies. Delegation leader Bernard Dubois said Indian experts had shown "strong interest" in the French offer of cooperation in the Light Combat Aircraft (LCA) and the Advanced Light Helicopter (ALH) projects. "We are (also) ready for joint ventures, for licensed production or co-production,



MANILA: Squatters pick up scrap materials from piles of garbage dumped at Manila's dumpsite April 30. President Fidel Ramos ordered on May 1 the closure and levelling to turn the huge dumpsite into a low-cost housing project. About 20,000 people make a living by scavenging at the 40 year old dumpsite known as Smokey Mountain which has become the symbol of Philippine poverty.

## Brazilian President Franco's economic plan under attack

RIO DE JANEIRO, May 3: The economic plan unveiled by President Itamar Franco this week is full of good intentions, but contains no concrete measures to bring down an inflation rate of more than 25 per cent a month, reports AFP. Franco has been under fire from the leftwing opposition and the press for "indecisiveness" and "passivity" in the face of the country's economic troubles since taking office seven months ago, but when he finally unveiled a plan last week it set out two apparently contradictory strategies. It calls for an economic stimulus effort involving the injection of eight billion dollar into the economy while bringing inflation down to 17 per cent a month by December. But it does not offer any real solution, analysts here say, either to the inflation problem or to the other major issue for the Brazilian economy, the country's foreign debt, which will no doubt have to be rescheduled yet again. Conservative economists immediately attacked the package as likely to lead to hyperinflation, but businessmen here who have suffered the effects of six austerity plans in seven years which have achieved little visible result welcomed its laissez-faire aspects.

## Russia must deal with economic problems to get loans: WB

WASHINGTON, May 3: The World Bank said here today that Russia must try to deal with its economic problems, especially inflation, in order to get loans from the world's lending institutions, reports Xinhua. Certain loans will not go forward unless macroeconomic programmes are in place, World Bank President Lewis Preston said at a press conference here today after the closing of the spring meeting of the World Bank and the International Monetary Fund (IMF). The resolution of political and social crises will have significant bearing on what actually goes out, the President stressed. The bank President said the World Bank and the IMF have been working for two thirds of the 28 billion US dollar of loan promised by the seven industrial nations two weeks ago in Tokyo. Preston also said that a lot of preparation has been going on in Russia's market transformation effort. He said that while over the next 18 months four billion dollar of loan from the World Bank will be delivered to Moscow, the loans promised by the World Bank and the international community are in commitments, not in disbursement.

## Clinton's health care plan may cost extra \$150 b

NEW YORK, May 3: President Clinton's health-care plan may cost 100 billion dollar to 150 billion dollar a year in new public and private spending by the government, business and consumers, a newspaper reported Monday, according to AP. The final cost estimate of the plan, designed to give all Americans comprehensive health care, will depend on the scope of guaranteed benefits. The New York Times reported, citing figures submitted to the White House by government financial experts. The estimates appear in confidential work papers from the president's Task Force on National Health Care Reform chaired by Hillary Rodham Clinton. The financial experts from the federal Health Care Financing Administration which runs Medicare and Medicaid — estimated the cost of three possible packages of benefits covering hospital and physician services and prescription drugs. The least expensive plan would cost 99.5 billion dollar while the highest-priced option would reach 150.6 billion dollar, the experts said.

## Asian units decline as Fed Reserve comes to aid of the dollar

HONG KONG, May 3: Most Asian currencies declined against the dollar this week in the wake of Federal Reserve intervention to support the Greenback, reports AFP. However, the yen's fall against the dollar is expected to be reversed in the longer term if Japan fails to reduce its trade surplus, stimulate domestic demand and cut interest rates. Japanese yen: The Japanese yen fell this week to close at 111.10 yen to the dollar Friday, down 0.90 yen from a week earlier. The Japanese currency opened at 110.35 to the dollar on Monday, but plunged Wednesday amid US Federal Reserve intervention and US Treasury Secretary Lloyd Bentsen's remarks in favour of a strong Greenback. The market was barely affected by the results of a meeting of the finance ministers of the Group of Seven (G-7) industrialised nations, which ended Thursday without any specific reference to the yen-dollar rate. On Friday, market participants took a wait-and-see attitude ahead of national holidays. Local financial markets will be closed Saturday through Wednesday. Australian Dollar: The Australian dollar weakened against the US unit this week, and dealers said the Aussie could fall further. The currency closed at 71.07 US cent, down from 71.10 the previous Friday. It had fallen below 71 cent twice during the week. However, on the Reserve Bank's trade-weighted index, which measures the Australian dollar against a basket of currencies, it ended at 52.4, up from 52.2. The government-owned Commonwealth Bank said the Aussie dollar "seems to have settled within the 71.00-72.00 US cent range", but some dealers predicted it would fall further. Singapore dollar: The Singapore dollar weakened against the US dollar to stand at 1.6195 to the Greenback on Friday, compared with 1.6175 last week. Dealers attributed the Greenback's strength in Singapore to end-month buying.

The Singapore dollar was also weaker against sterling, at 2.5640 the pound, compared with 2.5470 last week. Thai baht: The central bank's Exchange Equalisation Fund (EEF) on Friday fixed an official mid-rate of 25.20 baht to one US dollar, compared with last week's close of 25.18 baht for one dollar. The dollar strengthened slightly against the baht because of intervention by the US Federal Reserve and comments by G-7 leaders that exchange rates should be based on actual economic performance, a banking official said. Philippine peso: The Philippine peso continued to depreciate against the US dollar this week amid continued signals from the government that it would not intervene to support the currency. The peso stood at 26.682 to the US unit on Friday, from 26.232 a week earlier. Indonesian rupiah: The Indonesian rupiah gained against the dollar to close the week's trading Friday at 2,074 rupiah to the US unit, from 2,007 the previous week. Hong Kong dollar: The Hong Kong dollar stood at 7.7295-7.7305 to the US dollar Friday. The effective exchange rate index for the Hong Kong dollar stood at 111.8. South Korean won: The won remained stable against the US dollar in moderate volume this week, trading unchanged from a week earlier at 796.00 to the Greenback. The won had weakened to 796.10 per dollar on Tuesday before gaining to 795.90 on Thursday. Taiwan dollar: The Taiwan currency rose to close Friday at 25.905 to the US dollar, up 2.5 Taiwan cent from the previous week's finish of 25.93. New Zealand dollar: The New Zealand dollar ended the week at 54.22 US cent, up from the previous week's close of 54.08 cent. Dealers said the Kiwi was experiencing a gradual export-led upward trend, although trading was relatively quiet this week. Dealers predicted the New Zealand unit would trade between 54.15 to 54.40 US cent next week. Malaysian ringgit: The ringgit closed higher against the US dollar this week at 2.5667 from 2.5704 previously.

## World cotton consumption to rise

WASHINGTON, May 3: World cotton consumption is estimated at 18.7 million tons in the season of 1992 to 1993, higher than the previous season, it was reported here, reports Xinhua. But cotton production during the period is predicted to be 600,000 tons less, and cotton prices are expected to continue rising. The International Cotton Advisory Committee said barriers to world trade in textiles and apparel had prevented low-cost cotton products from moving freely to areas of great demand.