

BRIEFS

Japan for lifting ban on whaling

TOKYO, May 11: A senior Japanese official today renewed his country's call for lifting the ban on commercial whaling. Addressing the opening session of the International Whaling Commission (IWC) in Tokyo, Farm Minister Masami Tanabu said Japan is opposed to the idea that whales are treated as sacred animals and cannot be hunted. He noted every nation should respect other nations' dietary habits and culture. Eating whale meat is regarded as a cultural tradition in Japan. More than 300 delegates from some 30 member nations are attending the 45th IWC general meeting, reports Xinhua.

Copper price fall to cost Chile \$ 450m

SANTIAGO, May 11: The drop in copper prices is going to cost Chile about 450 million US dollar this year, according to Chile's Finance Minister Alejandro Foxley. Speaking at a function in Concepcion, 500 kilometres south of Santiago, the Minister warned that the drop in copper price will affect all Chileans if copper miners, technicians and executives do not make special efforts to lower costs and improve the profitability of their enterprises. Copper, a major export item for Chile, is priced today at 78.8 US cent per pound in London's metals market, reports Xinhua.

OPEC changes conference venue

VIENNA, May 11: The forthcoming ministerial conference of the Organisation of Petroleum Exporting Countries (OPEC) on June 8 will take place in Geneva instead of Vienna as originally scheduled, the organisation's secretariat said here Monday. The change has been made purely for logistical and practical reasons, OPEC officials said. A conference of non-governmental organisations preparing a UN meeting on human rights opens on June 10, and hoteliers had asked that OPEC delegates' rooms be made available for that event, reports AFP.

Kuwaiti official pockets bribe

KUWAIT CITY, May 11: A former Oil Ministry official pocketed a seven-million-dollar bribe at the expense of the Kuwait Oil Tanker Company (KOTC), hit by a financial scandal, a committee of inquiry charged Monday. Siham Razzuki, Chairwoman of the committee, told Al-Qabas newspaper that the accused took the bribe to help secure the sale of the KOTC of two oil tankers at three times their market value in the late 1980s. The KOTC purchased the tankers, Al-Jabria and Bubiyan, for 60 million dollar but they were worth only between 18 million and 26 million dollar, reports AFP.

US against action on Qantas

WASHINGTON, May 11: The US government threatened retaliation Monday against Qantas Airways if the Australian government goes ahead with a plan to restrict US operator Northwest Airlines' services in Australia. "We would have preferred to resolve this dispute through negotiations," said Transportation Secretary Federico Pena. "But the Australian government's latest threatened actions would further deprive Northwest of its rights under the bilateral agreement and would leave us no other course of action," says AFP.

Stocks narrowly higher in New York

NEW YORK, May 11: Stocks rallied early Monday on sentiment the US economy might be picking up steam, then tumbled, ending narrowly higher as nervous investors sold shares that had moved upward. There was little news giving direction to stocks. The early rally followed a reevaluation of last week's sour employment figures, said Hugh Johnson, chief investment officer, First Albany Corp. "A closer look suggested the economy is starting to reenergise," he said. On Friday, the Labor Department said nonfarm payrolls rose by a weaker-than-expected 119,000 in April, reports AP.

Dollar closes firm in Tokyo

TOKYO, May 11: The US dollar firmed against the Japanese yen in morning trading Tuesday, while share prices on the Tokyo Stock Exchange gained moderately, reports AP.

EC to ease some discriminatory rules against US companies

BRUSSELS, May 11: The European Community Monday approved an accord that will ease restrictions on American companies vying for some government contracts, helping defuse trade tensions with the new Clinton administration, reports AP.

As part of the deal, Washington has agreed to lift "Buy American" rules that hurt European firms competing for electrical work from US government agencies.

The agreement, worked out last month by negotiators for the EC and the United States, was the first between the 12-nation trading bloc and the Clinton administration.

It was reached after Washington threatened to bar European companies from bidding on certain US contracts.

In approving the deal EC foreign ministers said it should improve relations between the giant trading partners.

"We hope that this will contribute to a general easing of trade tensions," said Ursula Seiler Albring, Minister of State in the German Foreign Ministry.

Robert Urbain, Belgium's Foreign Trade Minister, noted, though, that the United States had earlier announced its intention to impose reduced sanctions because the disputes had only been partially resolved.

The agreement, he was quoted as saying by spokesmen, "should not be seen as a major victory."

The agreement will go into effect after US Trade Representative Miskey Kantor and

Leon Brittan, the EC's trade chief, sign it, possibly later this week.

Under the arrangement, the community agreed to waive rules that favour European companies in government contracts for heavy electrical equipment.

The measures permit a European government agency to award a contract to a European firm even if it costs three per cent more than a bid from a foreign company. It also requires that in contracts involving goods, 50 per cent of those products must be made in the trading bloc.

The regulation was put in place Jan. 1 when the community opened its single market, scrapping many trade barriers among the nations.

The easing of restrictions

on electric contracts would open up a 20 billion dollar European market for American suppliers, according to US figures.

For its part, the Clinton administration agreed to lift "Buy American" restrictions on purchases by the Tennessee Valley Authority and the Department of Energy's five federal power marketing administrations.

The waiver would enable European firms to compete better for those contracts.

The community contends it has gotten a foot in the door of American government markets at federal, state and city levels. Seiler Albring, the German official, said it was the first time in 60 years that the United States had eased a "Buy

American" provision.

The measures allow the US government to award a contract to an American firm even if its price is 6 per cent above that of a foreign company. The percentage can rise to 50 per cent — even 100 per cent in some cases — on defense contracts, according to EC complaints.

The trading partners have so far failed to settle a similar dispute over community rules that give a price preference to European companies in purchases of telecommunications equipment.

Because the dispute remained unresolved, Kantor said last month he intended to slap sanctions barring European companies from bidding on certain federal government contracts.

Strike in Germany pointer to struggle over future industrial relations?

BERLIN, May 11: With the strike in east Germany's metal working industry escalating, some see a wider struggle emerging — over the future shape of industrial relations in the new Germany as a whole, reports AFP.

The IG Metall Union says the next escalation, involving street rallies and shop-floor meetings in industrial firms across the country on Wednesday, shows a nationwide principle is at stake upholding pay contracts that employers should not break.

But some politicians are now daring to say openly that the western led union and the western-led employers' federation, Gesamtmetall, are playing a high-risk poker game, with tens of thousands of east German jobs at stake.

"The situation is unbeliev-

able," the head of the Free Democratic Party (FDP) Otto Lambdorff, said on Friday. "It is a west German conflict being fought, piggy-back style, on east German backs."

Since the conflict was launched on May 3, 74 east German plants have been affected by the strike, and around 54,000 workers have downed tools. A ballot began on Monday for widening the strike among engineering workers across former east Germany.

For IG Metall, a sacred principle was violated when Gesamtmetall broke off the pay accord that would have given east Germans equality with their western German counterparts in 1994.

The union says it will spend as much of its two-billion dollar "war chest" as is needed to preserve the accord.

US will cut aid to Philippines

MANILA, May 11: US assistance to the Philippines will be reduced sharply in the next fiscal year because of severe constraints, the Director for the US Agency for International Development (USAID) said on Monday, reports Reuter.

The USAID Director Thomas Stukel said his office cut assistance to the Philippines to 136.8 million US dollar for fiscal year 1993/94 (October-September) from this year's 206.6 million US dollar.

"But it is still the largest programme in Asia and one of the largest in the world," Stukel said after signing an 865,000 dollar grant to the Philippine Chamber of Commerce and Industry (PCCI).

American forces withdrew from military bases in the country in November, ending nearly a century of American military presence in its former colony.



NUSA DUA, Bali: Indonesian President Suharto delivers a speech at the opening of the three-day meeting of the Standing Ministerial Committee for economic cooperation of the Non-Aligned Movement May 11.

Most adults for tax rise on cigarettes

WASHINGTON, May 11: Seventy three per cent of US adults favour raising taxes on cigarettes to help pay for changes in the US health system, according to a Gallup survey commissioned by health groups, reports AP.

President Clinton is expected to propose raising the 24-cent federal tax on a package of 20 cigarettes as part of his plan to control health costs and guarantee coverage for all Americans.

The American Heart Association, the American Lung Association and the American Cancer Society said the survey supports their lobbying campaign for a 2 dollar per-pack tax.

The three groups work together as the Coalition on Smoking or Health.

Among those who favoured raising the tax: 67 per cent were in favor of making it 2 dollar and 54 per cent said they wanted it even higher.

The Gallup Organization surveyed 1,015 adults by telephone March 15-24. The poll had a margin of error of plus or minus 3 percentage points.

An estimated 25 per cent of Americans smoke, according to government studies.

The Centres for Disease Control and Prevention said last month that in 1991, 46.3 million Americans, or 25.7 per cent of the population smoked, compared with 25.5 per cent in 1990. Most smokers consumed 20 cigarettes a day, up from 19.1 in 1990, the CDC said.

Gaddafi urges parliament to okay privatisation

TRIPOLI, May 11: Libyan leader Moamer Gaddafi has urged parliament to encourage privatisation in the public sector, foreign investment and tourism, reports AFP.

In a speech yesterday to the General People's Congress, Gaddafi said Libyans should be allowed to buy interests in the industrial, agricultural, communications, health, education, tourism and banking sectors.

"Every Libyan has the right from now on to own a company and set up a bank," Gaddafi said.

Parliament should also pass laws encouraging foreign investment in Libyan Projects and it should consider opening up the North African state to foreign tourists, he said.

Libya has faced U.N. sanctions, including an air embargo, since April 1992 for its alleged failure to cooperate

with international investigations into two plane bombings, including the 1988 downing of a PAN-AM airliner over Scotland.

"There should be a law which provides guarantees for foreign capital investment. In the past we used to be afraid, but now we are not. They used to trick us."



Moamer Gaddafi

Global banking slowed in late '92: BIS

BASLE (Switzerland), May 11: Lending worries, capital constraints and retrenchment by Japanese banks caused a slowdown in world Banking business in the last quarter of 1992, the Bank for International Settlements (BIS) said Tuesday, reports Reuter.

The BIS issued a survey of world banking which covers banks in the group of 10 leading industrial countries, most of the rest of western Europe, and leading offshore financial centres.

Net international financing grew by 40 billion dollar in the fourth quarter down sharply from 145 billion dollar growth

in the third quarter and 60 billion dollar in last quarter 1991, it said.

The BIS said the rebound in Banking transactions in the third quarter of 1992 proved short-lived and new bank lending slackened considerably.

It slammed the downturn mainly on stagnation of credit and massive repayments by non-Bank borrowers on certain local foreign currency markets. Lending in Asian economies also declined, it said.

Net international bank credit grew by 15 billion dollar in the fourth quarter, down

from 140 billion dollar in the third and 25 billion dollar in the last quarter of 1991.

In Europe, new position-taking and record outflows of mark funds from Germany more than compensated for the unwinding of earlier positions taken against certain currencies and the retreat of Scandinavian Banks, it added.

Elsewhere, the scaling back of Japanese banks' yen business as the Japanese economy faltered, brought expansion in Far Eastern centres to a halt, it said. But the revival of US banks' international operations helped Caribbean offshore markets to recover.

However, the international bond market was buoyant, with investors preferring paper in "safe haven" currencies such as the dollar and mark, the BIS said. Net international bond financing expanded by 42.1 billion dollar, well up from 17.9 billion dollar in the third quarter and 38.9 billion dollar a year earlier.

This chiefly reflected record borrowing by governments to replenish currency reserves or repay loans after the exchange market turbulence of the third quarter and a temporary respite in redemption of equity-linked issues, the BIS said.

China for better trade relations, warns against interference

SINGAPORE, May 11: China needs favourable trade treatment to open its economy, but will not tolerate interference in its internal affairs, its trade minister said Tuesday, reports AP.

Speaking at the opening session of a conference on business opportunities in her country, Chinese Minister of Foreign Trade and Economic Cooperation Wu Yi made a plea for China to be given trade preferences under the General Agreement on Trade and Tariff (GATT).

"In developing foreign economic and trade relations, we pay a great attention to resumption of China's status as a contracting member of GATT," she said.

It is unwise to keep a big country with a huge market and booming economy out of GATT, she said.

Singapore striving to become rich state

SINGAPORE, May 11: Singapore Prime Minister Goh Chok Tong said that the island country is striving to become a developed country in 10 years, reports Xinhua.

Goh is paying an official visit to Tokyo from May 9-11. Goh Chok Tong and his wife were received by Japan's Emperor Akhito and Empress Michiko at the imperial palace and held a 90-minute meeting with Japanese Prime Minister Miyazawa in Tokyo Monday.

Singapore officials was

quoted by today's press as saying that Singapore and Japan have formally agreed to step up cooperation in providing technical support to developing countries in Asia and Africa, including the dispatch of experts to these countries.

Singapore wanted to play its part in helping other developing countries and felt that the best way to go about it was to do so in collaboration with selected developed nations such as Japan, Goh Chok Tong said.

"In the world of trade, we are all sinners"

TOKYO, May 11: Tired of always being on the defensive over its trade policies, the Japanese government did a little finger-pointing of its own Tuesday — much of it directed at the United States, reports AP.

In its own version of the US Trade Representatives annual report of foreign trade barriers, Japan's trade ministry issued a 265-page analysis alleging unfair US practices in nine of the 12 areas studied.

The European Community, the report said, acted unfairly in six areas, ranging from anti-dumping measures to subsidies to certification systems.

Of the 10 trading partners examined, none came out with a completely clean record, although Hong Kong, Singapore, Australia and Canada were commended for being largely on the right track.

The report did not analyse Japan's trade policies. "In the world of trade, we are all sinners," said a senior trade min-

istry official, who briefed reporters on condition he not be further identified.

The annual report, compiled by an official advisory body to the trade ministry, expressed particular over the results-based approach to solving trade issues.

It specifically cited the United States for using this tactic, in which a country suffering a trade deficit might call on a trading partner to cut exports or increase imports by a certain percentage to help redress the imbalance.

Tokyo had a surplus of almost 50 billion dollar with Washington last year. Japan's overall trade surplus was 106.7 billion dollar.

By relying on result-based criteria, as the United States does in a number of cases, a country sets itself up as both judge and prosecutor, thereby denying the possibility of due process, the report said.

It also described the United States as an unfair trader in its

anti-dumping measures, tariffs, government procurement, rules of origin, protection of intellectual property rights and support of voluntary export restrictions. It alleged US misuse of national security or environmental concerns as excuses for blocking trade and accused Washington of a tendency to make unilateral judgements.

The US Trade Representatives reports, released earlier this month, accused Japan of discriminating against US companies in government procurement contracts. Construction, architectural and engineering services were singled out as the most closed.

But unlike the USTR report, which requires that negotiations begin immediately in the areas cited and holds out the possibility of sanctions should they fail, the Japanese report is not likely to result in specific retaliation.

Officials said, however, that Japan may take up a US plan

to reclassify Japanese multi-purpose vehicles as trucks under tariff laws with an international body supervising trade.

The reclassification, cited at length in the report, is causing concern in Japan because a far heavier tariff is imposed on imported trucks. The stiffer levy would make Japanese exports more expensive and thus less attractive to American buyers.

AFP from Washington adds: The US economy will grow only slowly in the second quarter of this year, but will pick up in the second half of the year. The Conference Board said in a report published Monday.

It forecast gross domestic product (GDP) growth of one per cent in the three months to the end of June, after growth of 1.8 per cent in the first quarter.

This was a marked slowdown from the final three months of 1992 when GDP was up 4.7 per cent.

Wijetunga vows to carry on Premadasa's economic reform policy

COLOMBO, May 11: Dingiri Banda Wijetunga, Sri Lanka's new President, has vowed to continue the economic reforms initiated by his slain predecessor, Ranasinghe Premadasa, Wijetunga's office said Monday, reports AFP.

Wijetunga told a meeting of foreign and local investors here Sunday that his government was committed to the liberalisation policies initiated by Premadasa who was killed by a suicide-bomber on May Day.

"My government will further liberalise the trade and payments system and introduce a competitive environment with regard to all imports," an official statement quoted the President as saying. "Public enterprise will be

India strong in foreign currency, postpones IMF borrowing

BOMBAY, May 11: India is postponing new borrowing from the International Monetary Fund (IMF) so it can use the money later when it expects to have a more serious balance of payments problem, central bank officials said on Monday, reports Reuter.

India had been planning to seek fresh funding from the IMF of up to nine billion US dollar over the next three years to help underpin its bold economic reform programme. But Indian officials now say the money will not be needed this year because of strong foreign exchange inflows that have helped bolster the country's gold and foreign currency reserves.

ments during meetings of the IMF and World Bank.

In an interview with India's Economic Times, published on Monday Rangarajan said India would not take up the proposed three-year extended fund facility (EFF) from the IMF this year, but would take it "at the appropriate time."

He said India's balance of payments position this year

treated on par with private sector firms.

He added that "these measures will undoubtedly bring down prices, particularly of essential consumer items, tariffs and tax reforms will be continued."

In one of his first statements since assuming the presidency, Wijetunga also pledged to continue offering generous incentives to woo foreign investors.

He reiterated that his government's stable macro-economic policy would remain unchanged, adding that the rate of inflation had slowed because of good economic management.

Wijetunga said he was confident that the economy would grow at a higher rate in 1993 than in 1992.

Gold output drops in China

BEIJING, May 11: For the first time in a decade, China has registered a decline in gold production and the government is considering market reform to free the sector from central planning, an official newspaper said yesterday, reports AP.

Gold output in the first quarter of this year fell compared to the same period in 1992, the first drop after more than a decade of strong growth," the China Daily's business weekly reported.

The weekly did not provide actual figures, which are a state secret. Nor did it indicate if the decline would affect China's external debt repayments which rely in part on gold sales on the international market.

was manageable, but the country could need help later when it will have to start repaying previous IMF loans and a 1.5 billion US dollar development bond floated to expatriate Indians.

In the present financial year ending next March, India forecasts a current account deficit of around 6.0 billion US dollar against 6.4 billion US dollar last year and 2.5 billion US dollar in 1991/92.

But Rangarajan said this would be covered by a stronger flow of remittances from abroad, as well as existing loans from international

agencies.

India will receive the final tranche of a 2.2 billion US dollar stand-by loan from the IMF next month.

Apart from being thrifty, postponing fresh IMF borrowing also makes good political sense because it helps undercut criticism from Indian opposition parties in Parliament.

The IMF and World Bank have voiced strong support for India's reforms, which aim to integrate the country of 870 million with the global economy.

Rangarajan said the Indian economy had performed well, meeting most IMF loan crite-

ria except on the fiscal deficit. "So the IMF can be reasonably satisfied."

Economists estimate the budget deficit for the fiscal year ending March may have expanded to at least 100 billion rupees (3.2 billion US dollar), against a revised target of 72 billion (2.3 billion US dollar).

Official sources say this is largely because of lower tax and excise duty collection following nation-wide religious riots in December, and bomb attacks that followed renewed communal bloodshed in Bombay early this year.

Lower than expected re-

turns from the sale of shares in state-owned companies has also helped worsen the picture, economists say. Official figures are still being compiled.

The Indian government is forecasting the economy will grow by at least five per cent in the current financial year, against an estimated rise of around four per cent in gross domestic product in 1992/93.

But bankers and businessmen are worried government efforts to contain the budget deficit could result in measures that would rein in economic growth.

India's relatively stable economic position stands in dramatic contrast to mid-1991, when the country last approached the IMF for emergency funds to tide it over a severe balance of payments crisis.

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