Nigeria's oil workers vow to go on strike

LAGOS, Sept 3: Leaders of Nigeria's radical oil workers vowed to press ahead with a pro-democracy strike even though the country's central trade union body decided to order a return to work, reports Reuter.

The general strike had paralysed major cities, adding to the political turmoil and uncertainty which has gripped Africa's most populous nation since presidential elections in June were annulled.

The main trade union organisation, the Nigeria Labour Congress (NLC), said on Thursday it was ending the six-day-old strike after the new interim unelected government agreed to shelve plans to introduce a high-priced petrol.

NLC President Pasxal Bafyau told a news conference the strike had made an impact even though it failed to achieve the demand for the installation of a democratic government.

But the National Union of Petroleum and Natural Gas workers (NUPENG), one of NLC's 41 affiliated unions, said the political demand was paramount and its members would remain on strike.

The strike by NUPENG, whose members include petrol tanker drivers, has had a devastating effect by exacerbating a long-standing fuel shortage, nearly all petrol stations in the commercial capital Lagos, have now run out of fuel.

Nupeng, acting independently of NLC, called out its members on strike last Saturday to try to force the interim government to step down in favour of Moshood Abiola, widely regarded as the winner of the scrapped June election.

UN blamed for economic crisis

Y'slavia to launch food rationing

BELGRADE, Sept 3: To a harsh bid to avoid economic collapse, Yugoslavia announced Thursday it would immediately begin rationing basic foods and soap. It was the first emergency ration plan in 45 years, reports AP.

Mismanagement, war financing and international sanctions have crippled the Yugoslav economy and left empty shelves, galloping inflation and enraged consumers.

With monthly inflation nearing 2,000 per cent, 50 per cent unemployment and an average monthly salary of about 30 dollar the Yugoslav command economy is approaching meltdown. There are also serious shortages of food and other basic commodities. Including gasoline and medicine.

Under the new rationing rules, a four-member household will be allowed to buy the following each month at reduced prices: 25 kilo (55 pound) of flour, two kilo (4.5 pound) of sugar, one kilo (2.2 pound) of salt, three liters (0.78 gallon) of cooking oil, and two kilo of washing powder or soap.

The staples — not available in stores will be distributed by community centers and trade unions, according to media reports. They were also expected to be available on the black market. But at dramatically higher prices.

"The intention is to stabilize at least the basic commodities market, Radisa Djordjevic, Trade and Tourism Minister, told the state Tanjug news agency.

Djordjevic promised the government would provide other food products. It was not clear whether that would be at rationed but price-stablized levels as well.

The government blames the economic crisis on stiff trade sanctions imposed by the United Nations in May 1992 to punish the country, now consisting only of Serbia and Montenegro, for inciting wars in Croatia and Bosnia.

But a more fundamental cause for Yugoslavia's current economic disaster are the costs of military and other supplies the government is sending rebel Serbs in Bosnia-Herzegovina and Croatia.

The government has also refused to move toward a free-market economy and supports more than 600,000 refugees from all over the former Yugoslav federation.

Similar rationing measures were taken only once in Yugoslav history, in 1948, after the former Soviet Union slapped an economic embargo on Yugoslavia in retaliation for its break with Soviet—style Communism.

Indonesia favours single trade union

JAKARTA, Sept 3: The Indonesian government insists on having a single trade union despite a US threat to lift the country's trading privileges should labour laws remain regressive, a news report said today, according to AFP.

The Daily Jakarta Post quoted minister of manpower Abdul Latief as saying that workers should turn to the government approved all Indonesian workers union (SPSI) to negotiate with management.

Latief said, although freedom of association was fully guaranteed in Indonesia, the government would not recognise other trade unions.

The United States has expressed concern about Indonesian labour laws, including the rights for workers to organise, and said it was considering a reviewing Indonesia's Generalised System of Preferences (GSP) status should the country fail to improve the protection of its workers.

The US embassy has expressed disappointment that Indonesian authorities failed to grant the Sejahtera (welfare), Indonesia Trade Union (SBSI), the country's largest independent union, permission to hold its first congress in July.

Labour condition in Indonesia are in disorder because too many non-governmental organisations are now being drawn in to interfere in labor affairs, Latief said.

Japan's corporate group renounces political donations

TOKYO, Sept 3: Japan's most powerful corporate group, showing support for reforms urged by the new government, announced Thursday that it will stop organising massive political donations from its member companies, reports AP.

Gaishi Hiraiwa, chairman of the Federation of Economic Organizations (Keidanren), said the group would stop coordinating and distributing donations next April and might prohibit direct donations from its members within five years.

Federation officials say it has pooled and distributed about 13 billion yen (123.8 million dollar) in corporate donations each year, mostly to the pro-business Liberal Democratic Party, which ruled Japan until last month. About one-third of the party's officially reported donations each year reportedly came from the federation.

The federation said it was trying to help end cozy links, which many say bred corruption, between its roughly 900 major corporate members and politicians.

"Because of the decision, I think fewer corporations are going to make political donations," said federation spokesman Yasuhisa Abe.

The decision will not prevent federation members from continuing to make individual donations to political parties, however.

The move was a vote of support for calls by Prime Minister Morihiro Hosokawa's coalition government for restrictions on corporate political donations.

WASHINGTON: US President Bill Clinton (L) and Russian Prime Minister Victor Chernomyrdin (R) speak to the press September 02 in the White House Rose Garden. Chernomyrdin has spent the past two days in meetings with US Vice President Al Gore to create a commission for the exploration of trade and investment opportunities. — AFP photo

Arab economies may return to pre-Gulf crisis growth in '93

ABU DHABI, Sept 3: Arab economies are expected to return to pre-Gulf crisis growth rates of around four per cent this year after a spectacular jump of 14 per cent in 1992, the Arab world's main financial institution said yesterday, reports Reuter.

The Arab Monetary Fund (AMF) said in a report the 1992 rise was driven by economic reform programmes in Arab State and Kuwait's massive reconstruction after the expulsion of its Iraqi invaders in 1991.

It said Arab League economies will return in 1993 to the growth rates in gross domestic product (GDP) before Iraq's 1990 invasion of Kuwait.

"Arab economies will return to the good rates which they attained in 1989 — and grow about four per cent in 1993," a summary of the report said.

The summary was released at AMF headquarters in Abu Dhabi as it was presented to a meeting of Arab finance ministers in Cairo.

The report said that after a fall of 1.3 per cent in the growth rate of the Arab world's cumulative GDP (at constant prices) in 1990 and a further fall of seven per cent in 1991, 14 per cent growth in 1992 brought the average for the three years to 1.7 per cent, less than half of the growth rate in 1989.

The picture was not entirely rosy in 1992 and economists said that when the full report is published, it would probably show that some countries continued to suffer from negative growth in their GDP — which means they were getting poorer.

The report estimated Arab economic share of gross world GDP in 1992 will be only one-third of its share in the late 1970s when it stood at 4.6 per cent.

Per capita income, which had been rising in Arab countries since the latter part of the 1970s began to wane between 1990 and 1992, the report said.

It said Arab budget deficits declined in 1992 to seven per cent of their total budgets. In 1991, deficits accounted for 17 per cent of total Arab budgets.

In Saudi Arabia and Kuwait this amounted to less than one-third of what they were in 1991, while Jordan reversed its Budget deficit into a surplus, the report said.

Balance of payments deficits dropped by 12 million dollar in 1992 after they had risen to 47 million dollar in 1991, but some countries drew down their reserves and foreign investments to push down the deficit, the reports said.

US Congress splits

Approval of NAFTA turns uncertain

WASHINGTON, Sept 3: The Clinton administration's main lobbyist for the North American Free Trade Agreement says Congress is so divided on the three-nation accord that he doesn't know whether it will be approved, reports AP.

"I don't think anyone has the votes on either side to have that vote today and feel confident. William Daley told reporters Thursday.

President Clinton is expected to deliver a speech on NAFTA and send the 2,000-page treaty and side accords on the environment and labour to Congress on Sept 14, Congressional sources said.

Congressional hearings on the trade accord, which has been roundly denounced by labour unions and many environmentalists, are planned quickly after it is set to Capitol Hill.

President Clinton last month named alley, a democratic lawyer and a brother of Chicago Mayor Richard Daley to lead the administration's lobbying effort for NAFTA.

NAFTA would, over a 15-year period, phase out most barriers to the free movement of goods, services and investment among the United States, Mexico and Canada.

Daley joined by US Trade Representative Mickey Kantor, spoke at a news conference called to rebut a newly issued book by Ross Perot attacking the trade accord. The 1992 independent presidential candidate has been one of the most vocal critics of NAFTA.

US to consider ban on drug used to suppress breast milk

WASHINGTON, Sept 3: The US government says it will consider banning a drug used to suppress milk production in new mothers after allegations of 13 deaths and serious side effects, reports AP.

The Food and Drug Administration said Thursday it would hold an internal hearing soon to determine whether labels for the drug bromocriptine should be changed to delete reference to use for postpartum breast engorgement.

The FDA action came the same day it received a letter from a consumer group contending that the drug should have been banned four years ago for use by women who don't want to breast feed.

Public Citizen's Health Research Group said bromocriptine is ineffective, unnecessary and dangerous and accused Sandoz Pharmaceuticals Corp of keeping it on the market simply to make money. The company makes about 12 million dollar a year on sales of the drug as a milk suppressant, and about 300,000 women in the United States receive prescriptions each year.

Sandoz spokesman Bill O'Donnell said the company was not profiteering on an unsafe drug and considers the health of its customers "paramount."

In a letter to FDA Commissioner David Kessler, Public Citizen said the government had received 220 reports of adverse reactions to the drug by women under age 50 since 1989, including 13 deaths.

An FDA advisory panel four years ago recommended that the drug not be sold for that use any more, the drug, which Sandoz markets under the brand name Parlodel, also is used to treat Parkinson's disease and other conditions.

OECD urges Greece to stick to austerity measures

ATHENS, Sept 3: Greece must stick to its unpopular austerity policies ahead of elections to achieve long-term recovery, according to an OECD report, reports Reuter.

The Paris-based Organisation for Economic Cooperation and Development said in its annual report on Greece that economic indicators showed marked improvement in the past two years.

But the report, parts of which had been released by the National Economy Ministry in June, cautioned the conservative government against relaxing its strict policies ahead of elections due by next April.

"Greece is far from satisfying the Maastricht criteria, the report said, referring to the economic targets set by the 12 European community partners in December 1991 to unify their economies.

The OECD applauded the Greek government for slashing consumer price inflation to an average 15.5 per cent annually in early 1993 from 20.5 per cent in 1990 but said the target for single digit inflation by the end of year was too ambitious.

It said that inflation would fall to 12 per cent by the end of 1993 and for the first time in 20 years it would drop below 10 per cent by the end of 1994.

The report pointed out progress over the past two years in almost halving the PSBR (Public Sector Borrowing Requirement) to 10.5 per cent of GDP in 1992 from 18.5 per cent in 1990.

The current account deficit could be cut to two per cent of GDP in 1993 from 2.5 per cent in 1992 and 5.5 per cent two years ago, it added.

"In summary, it seems the Greek economy is on the right track for overcoming the infrastructural and macro-economic imbalances of the 1980s, the OECD said. If this policy is continued, further improvements are expected in the next 18 months.

It said Greece's convergence plan included some very ambitious targets for 1998, such as four per cent inflation, zero PSBR and government debt at 80 per cent of GDP-debt in 1992 stood at 116 per cent of GDP.

Despite these targets being ambitious it is necessary for the government to follow the policy it has announced in order to support its improved credibility, it said.

Although unemployment had risen to 9.25 per cent in 1992, from an almost steady 7.5 per cent since 1972, the OECD urged the government to reduce the number of state employees and to scrap a maximum limit on private layoffs of two per cent per month.

With the public debt at 116 per cent of GDP, improving state finances was the governments' prime target, it said. Reducing real salaries and pensions could not be continued for long while efforts to limit new state hirings had failed.

"An important reduction in spending can be achieved with the reduction of redundant state employees, the report said.

The battle against tax evasion had produced poor results because it was not applied correctly and ambitious privatisation plans had been slow and governed by unclear rules.

High real interest rates discouraged business investment but the prospect for their reduction was limited, it added.

Bank of Japan employees spend 3 weeks ironing wet cash

TOKYO, Sept 3: It was one of the Bank of Japan's heaviest responsibilities after record rains drenched southern Japan, says Shugi Ikenaga, reports AP.

For three weeks, women workers in the central bank's Kagoshima branch used household irons to dry 700 million yen (6.7 million dollar) in soggy cash turned in after the storms, the bank official said Thursday.

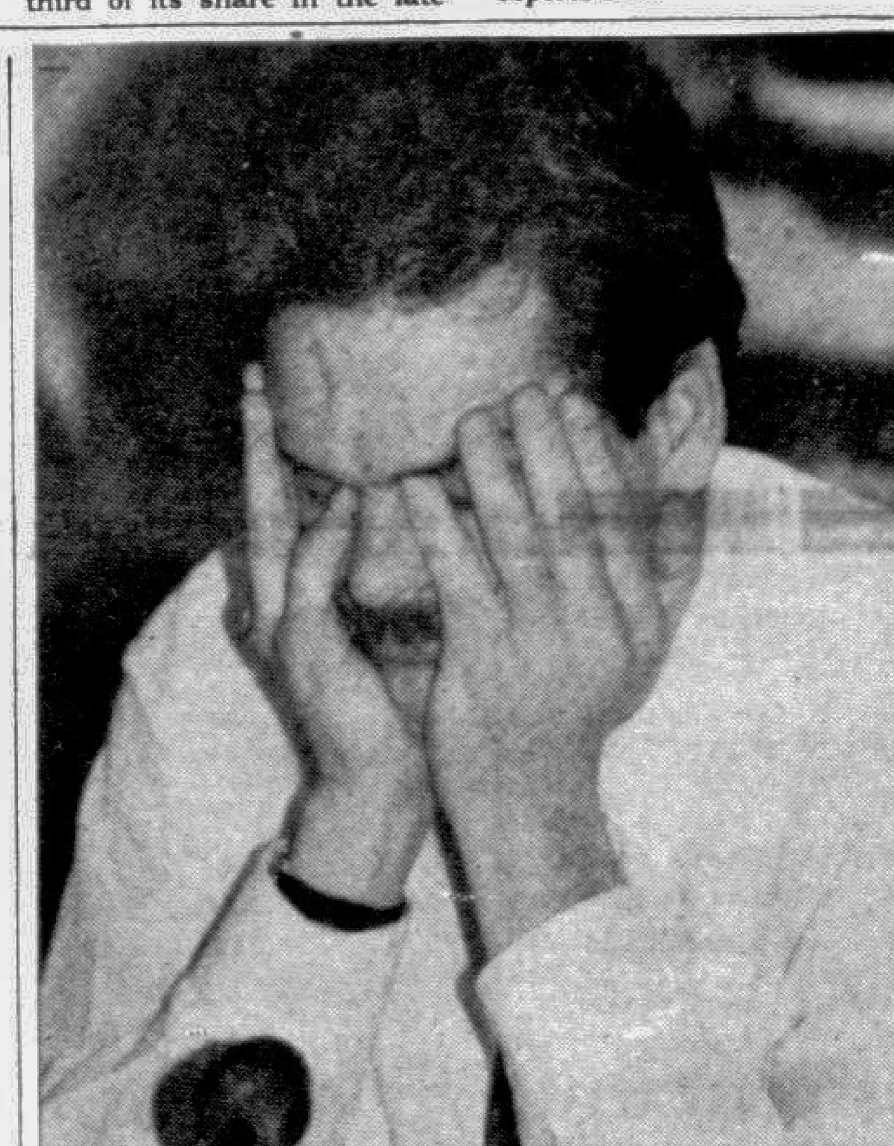
That's 136,832 bills, to be exact.

Much of the money was brought by local banks and had been inside automatic teller machines that were soaked by weeks of rain. Ikenaga said.

But about 20 individuals also turned in damp piles of bills, including some that had been stashed under tatami mat floors the Japanese equivalent of money stuffed inside a mattress.

"We weren't very happy about doing it, but it's part of the Bank of Japan's responsibility," he said. "It was quite a lot of work."

Four or five women worked four to five hours a day for three weeks to dry the money, he said. The bank bought four irons for the task, which was completed earlier this week.



A currency dealer in Sydney shows the strain yesterday of a hectic night on the foreign exchange markets where the Australian dollar plummeted to a six year low of 65.62 US cent . The Australian dollar also reached a record low of 48.4 against the Trade Weighed Index (TWI) despite intervention by the Reserve Bank. — AFP photo

Brazil keeps increasing coffee exports

RIO DE JANEIRO (Brazil), Sept 3: With increasing coffee exports since June, Brazil took back its position from Colombia as the world's leading coffee exporting nation, the Brazilian Coffee Federation said Thursday, reports AP.

After recording exports of 1.047 million bags of 60 kilo (132 pound) of green coffee in June, sales abroad jumped to 1.413 million bags in July. In August the figure was expected to pass the 1.5 million mark, the federation said.

The increase is expected to compensate at least partly for the slide in prices since the London-based International Coffee Accord dissolved in 1989. Under the accord, consuming and producing nations agreed on prices and export quotas.

Producing nations recently agreed on retaining up to 20 per cent of their exports to help shore up prices.

Brazilian exports from July, 1992 to last June totaled 15.912 million bags, compared with Colombia's 15.655 million bags in the same period, the federation said.

Japan's trade surplus with world rises to $13.896b

TOKYO, Sept 3: Japan's contentious balance of payments surplus widened to 11.82 billion dollar in July from 9.46 billion dollar a year earlier and 10.71 billion dollar in June, the finance ministry said today, reports Reuter.

The nation's trade surplus with the world also rose to 13.89 billion dollar in July from dollar 11.35 a year earlier and dollar 11.62 billion in June, the ministry said.

Economists had forecast that the moribund Japanese economy and the early impact of the strong yen would boost the July current account surplus to somewhere between 11.2 billion dollar and 12.6 billion dollar, unadjusted for seasonal factors.

Japan is under heavy pressure from Washington and other trade partners to cut the surplus, which economists have said could easily surpass the record 117.55 billion dollar in calender 1993. It hit a historic 67.52 billion dollar in the first half of the year to June.

Failure to come up with ways to trim the surplus has been behind much of the yen's surge of nearly 20 per cent against the dollar since January.

Jakarta's textile export may fetch $ 15b by '99

JAKARTA, Sept 3: Indonesia's textile and textile products exports are projected to grow by an annual average of 20.5 per cent to fetch 15 billion dollar by 1999, a press report said here Friday, reports AFP.

In the past five years, exports of textiles and textile products annually grew by an average of 43.4 per cent, the Jakarta Post daily quoted Director General of light industries Susanto Sharjo as saying.

The value of Indonesia's textile and textile product exports reached six billion dollar last year, he said.

Banker's strike paralyses Indian money market

BOMBAY, Sept 3: A one-day strike by nearly a million Indian bank, financial and insurance company employees paralysed the country's banking system on Thursday, bankers said, reports Reuter.

The strikers were pressing for better wages and protesting against possible privatisation of the state-run banking and insurance sectors.

"They have brought the money market to a standstill," admitted BD Sumitra, adviser to the Indian Banks Association (IBA) whose members are bank chief executives.

Sumitra told Reuter, in the country's commercial capital Bombay, that the one-day strike was unjustified because the two sides were still discussing the demands. The employees have threatened further stoppages.

The major banks were nationalised in two bouts in 1969 and 1978, but the government appeared to be diluting the policy when it allowed in July the establishment of the first three private commercial banks in more than two decades under a bold economic reform programme launched in 1991.

Leaders of the striking unions said a five-year wage agreement with the IBA lapsed in October 1992 and demanded a stop to any attempt to privatise banking and insurance under the reform programme.

The striking unions account for nearly 80 per cent of officers in commercial banks and the central bank — the Reserve Bank of India (BRI), which supervises clearing operations.

The bank unions, together with insurance companies, have nearly a million employees as members, their leaders said.

Dollar higher against yen in Tokyo

TOKYO, Sept 3: The main index on the Tokyo Stock Exchange closed at its highest level of the year Friday. While the US dollar remained slightly higher against the yen, reports AP.

The 225-issue Nikkei Stock Average rose 133.01 points or 0.63 per cent, to end the week at 21,116.21, its highest close so far this year. On Thursday, the Nikkei gained 29.90 points, or 0.14 per cent to close at 20,983.20 points.

Buying sentiment was boosted by a string of higher closes in recent sessions and the strong showing by DDI Corp., a rabidly growing telecommunications firm that was listed Friday.

The issue closed at 5.41 million yen (51.00 dollar) after opening at 5.5 million yen (52,000 dollar). It was initially offered at 3.7 million yen (35.00 dollar) after an auction.

"The fact that DDI has done well will lead people to look at the market again, but it doesn't mean that the market has completely regained its health," said Graeme Marsh, manager of institutional sales at WI Carr Overseas Ltd.

Volume on the first section was estimated at 480 million shares, up from Thursday's 350 million. Gaining issues outnumbered losers 576 to 448, with 169 issues unchanged.

Gaining issues outnumbered losing issues 576 to 448. While 169 issues were unchanged.

Drogoul pleads guilty to make unauthorised loan to Iraq

ATLANTA, Sept 3: A banker who says he was made a scapegoat for failed US policy in the Middle East has pleaded guilty to make unauthorised loan to Iraq, reports AP.

Christopher Drogoul's plea came just six days before he was to go on federal trial on a 70-count bank-fraud indictment charging him with making 5.5 billion dollar in illegal loans to Iraq. Some of the money helped fund Iraq's military before the Persian Gulf War.

Drogoul's attorneys had subpoenaed former President Bush to testify.

Last fall, Drogoul pleaded guilty to some of the charges but withdrew the plea during a politically charged sentencing hearing.

Attorney General Janet Reno approved the new deal, Justice Department spokesman Carl Stern said. It includes guilty pleas to one count of wire fraud and two counts of making false statements to bank regulators.

"With these three counts, the government achieved the likely prison term which would have been achieved no matter how many counts you took to trial," Stern said. "It would have been pointless to go to trial."

Drogoul, who will be sentenced Nov 29, could receive up to six years in prison. His attorney, Robert Simels, said he would ask US District Judge G Ernest Tidwell to limit Drogoul's sentence to the 17 months he has already served.

Simels said Drogoul agreed to the Plea "as a result of the urging of his family to terminate the nightmare of this Alice-in-Wonderland setting" and get him out of prison sooner.

Drogoul, the former Atlanta branch manager for Italy's state-owned Banca Nazionale del Lavoro, was accused of funnelling 5.5 billion dollar to Iraq through loans and credit agreements, and hiding the deals from BNL officials and US regulators.

Before withdrawing his plea last year, Drogoul said his actions were approved by BNL headquarters in Rome and that the US government was aware of the deals.

Arguing that the loans to Iraq were consistent with US policy toward Iraq in the 1980s, Drogoul's attorney had called the case "the mother of all cover-ups."

For his sentencing hearing last year, his lawyers claimed Drogoul was being made a scapegoat for foreign-policy failures of then-President Bush. Congressional critics, led by house Banking Committee Chairman Henry Gonzalez, D-Texas, made similar charges last year as Bush was seeking re-election.

Gonzalez was travelling Thursday and unavailable for comment. Drogoul was indicted in 1991.

He was accused, among other things, of using an Agriculture Department programme designed to promote farm exports, to get the money to Iraq. At the time, most banks were refusing to loan money to Iraq because of its poor credit record.

Five BNL-Atlanta co-workers had pleaded guilty and were prepared to testify against Drogoul, prosecutors said. Last month, US District Judge Marvin Shoob sentenced them to probation, calling them bit players in the scheme.

Drogoul was originally indicted in 1991 on 347 counts, but prosecutors issued a revised 70-count indictment in July.

Under Thursday's agreement, Drogoul accepted a sentence of 63 months to 78 months, minus time already served, said Stern. The sentencing guidelines specify a sentence of 46 months to 57 months, with a legal maximum of 15 years if the three sentences were served consecutively, he said.

Reno said that the department is "going to continue the efforts to find out who else may have been involved in wrongdoing," Stern said.

The wire-fraud count to which Drogoul pleaded guilty concerns a 15 per cent kickback on a 5.5 million dollar loan to Entrade International Ltd, a New York-based commodities trader, for movement of grain to Iraq. The two false statement counts concern information given to the Federal Reserve Bank, Stern said.

Shoob, who withdrew from the case last fall, had been an outspoken critic of the government's handling of the case and had complained he was getting only a "sanitised" version of the loan scheme. He said it appeared others were responsible, though prosecutors had zeroed in on Drogoul.