

Clinton hopes to win NAFTA battle despite opposition

WASHINGTON, Sept 15: President Clinton predicts he will win his battle to create a continent-wide free trade zone, but opponents say it will take more than the endorsement of three former presidents to carry the day, reports AP.

Opponents contend they already have the votes to defeat the North American Free Trade Agreement in the House, where many members from industrial districts fear the loss of millions of American jobs to low-wage plants in Mexico if the proposed pact takes effect.

Clinton and former Presidents George Bush, Jimmy Carter and Gerald Ford denounced claims of job losses as a scare tactic during an elaborate East Room signing ceremony Tuesday for supplemental NAFTA agreements dealing with environmental and labour concerns.

"Although the fight will be difficult, I deeply believe we will win," Clinton said, contending that NAFTA will make America more competitive in the emerging global economy.

"This is not a time for defeatism. It is a time to look at an opportunity that is enormous," he said.

The agreement would eliminate virtually all barriers to trade and investment among the United States, Mexico and Canada over the next 15 years, creating the world's largest and richest free trade area.

The president was taking his campaign on the road Wednesday with a visit to the port of New Orleans to tout the benefits of increased trade with Mexico. Louisiana ranks as the fifth biggest exporter of products to Mexico with sales of 753 million dollar in 1992, double the level of five years ago.

Ironically, Bush chose a visit to the same port last October during the closing weeks of his re-election campaign to highlight his differences with Clinton over NAFTA.



Surrounded by three former US presidents and congressional leaders, US President Bill Clinton signs side agreements to the North American Free Trade Agreement (NAFTA) in Washington on Tuesday. Behind President Clinton are (L-R) former President Gerald Ford, Speaker of the House Tom Foley, Senate Majority leader George Mitchell, former President Jimmy Carter, Senate minority leader Bob Dole and former President George Bush.

— AFP photo

At the time, Bush charged that his Democratic challenger was waffling on his support for NAFTA by demanding that the main agreement be supplemented with side accords to boost protection of the environment and worker rights.

Those differences were not mentioned during Tuesday's White House ceremony as Bush and Clinton sounded a bipartisan note for the trade agreement before an enthusiastic crowd of NAFTA supporters from Congress, business and environmental groups.

Ross Perot, the 1992 independent presidential candidate who has become a leader of the anti-NAFTA forces, and others who predict job losses were denounced by the current and former chief executives.

Carter was the most pointed, referring to Perot - though not by name - as a "demagogue who has unlimited financial resources and who is extremely careless with the truth."

While Perot chose not to respond to the criticisms, other NAFTA opponents jumped into the debate. They hammered on the theme that big business supported the agreement because it would allow more US companies to set up shop in Mexico to take advantage of cheap labor and lax enforcement of environmental laws.

Sen. Byron Dorgan, D-N.D., said the pact "greases the skids for big corporations to move more jobs to Mexico." Rep. William Ford, D-Mich., charged that it was "corporate greed at its worst."

Rep. David Bonior of Michigan, the third-ranking Democratic leader in the House who broken ranks to fight NAFTA, said he did not underestimate Clinton's power to drum up support. But he noted that Clinton was facing significant House opposition. "Let's put it this way, I'd be tickled to death if we voted next week," Bonior said.

While negotiations on the 2,000-page main agreement were completed in August 1992, the Clinton administration demanded that supplemental agreements on labor and environmental issues be negotiated.

The side deals would establish three-nation commissions to monitor enforcement of environmental and labour laws.

Tokyo plans for financial aid to promote ME peace

TOKYO, Sept 15: Japanese leaders on Tuesday welcomed the Israeli-PLO peace agreement and immediately announced plans for financial aid to promote peace in the Middle East region, reports Reuters.

Prime Minister Morihiro Hosokawa said Japan would play a positive role to help reconstruct the Israeli-occupied territories and promote the peace process.

Chief government spokesman Masayoshi Takemura said Japan was preparing an aid package but had yet to determine its scale or what types of development programmes to finance.

"Japan will make a financial contribution to promote peace in the Middle East but the amount or the type of programme has not been decided," Takemura said after a cabinet meeting.

Japan welcomes the agreement since the Middle East problem was one of the most difficult issues after World War

Two.

"We would also like to pay tribute to the efforts of the United States and Russia for encouraging the agreement and hope that talks will continue between Israel and other Arab parties with the aim of reaching peaceful agreement."

The World Bank said on Sunday that the West Bank and Gaza - to revert to limited Palestinian rule by the year's end under the accord signed in Washington - urgently needed at least three billion dollar in aid over the next decade to improve schools and boost economic development.

President Bill Clinton said in a newspaper interview this week that while Washington's contribution would be modest, he expected Japan, the European Community, Scandinavia and oil-rich gulf states to supply most of the needed aid.

EC finance ministers have already agreed to offer almost 24 million dollar in immediate

aid for Jericho and the Gaza Strip.

Japanese Finance Minister Hirohisa Fujii said Palestinian aid could be taken up at a Group of Seven (G-7) ministerial meeting planned for this month.

Japanese newspaper editorials called on the Japanese government and the rest of the international community to help Palestinians with their nation-building.

"The international community must extend financial assistance and promote projects to improve living conditions (for Palestinians)," said the biggest daily, Yomiuri Shimbun.

"Expectations for Japan's contribution are very large considering that our country depends heavily on Middle East oil and that it is financially rich."

The Daily Asahi Shimbun said: "European nations should extend greater support for the Arab world considering that they once seized Arab lands and resettled Jews in the region."



Khorshed Alam, Governor, Bangladesh Bank, inaugurated the Reuter service in Agrani Bank in the city yesterday. Mustafa Aminur Rashid, Managing Director of the bank is seen behind him.

India examining feasibility of black money for black gold scheme

NEW DELHI, Sept 15: India, "desperate for investment to boost its declining oil sector, is considering a scheme to channel illegal cash from the black economy into high-risk exploration, its minister for oil said yesterday, reports Reuters."

Satish Sharma, Minister of State for Petroleum and Natural Gas, said the government was examining the feasibility of a black money for black gold scheme.

Exploration requires risk capital, he told journalists at an economic editors' conference.

"If you can create an interesting scheme... (you) can tap these resources from the black economy to come into exploration, he said."

Economists say India's black economy, generated from illegal activities and transactions such as tax evasion and smuggling, amounts to billions of rupees.

Sharma did not say how a scheme to attract cash into oil exploration might work, but said discussions with other ministries were underway.

US-China trade talks begin

BEIJING, Sept 15: US and Chinese trade officials began talks Wednesday to assess how well China is complying with a year-old agreement to open its markets wider to American businesses, reports AP.

A delegation led by Lee Sands, chief China officer at the Office of the US Trade Representative, and J. Kearney, Deputy Assistant Secretary of Commerce, also plans to open discussions on allowing US service companies to do business in China and on protection of intellectual property rights, the US Embassy said.

The two sides signed a breakthrough market access agreement on Oct. 10, 1992, in which China promised to phase out non-tariff barriers to imports and publish hundreds of secret "internal" regulations that restrict trade.

ROK students protest against proposed bill on herbal medicine

SEOUL, Sept 15: About 20,000 South Korean chemists and pharmaceutical students rallied in Seoul Monday in protest against a proposed bill which restricts the dispensing of herbal medicine, reports Reuters.

"We will block the retrogressive revision of laws on pharmacists," the chemists said in a statement.

The health ministry said nearly three-quarters of the nation's 21,000 pharmacies were closed on Monday.

A Korean pharmaceutical association spokesman said about 200 leading members of the group will begin an indefinite hunger strike until their demand is met.

The bill, proposed by the health ministry early this month, allows only a limited number of pharmacies to dispense some types of herbal medicine.

A rival lobby presenting doctors of oriental medicine also opposes the bill because it wants to keep the lucrative herbal business completely to itself.

World economy almost stagnant last yr: IMF

WASHINGTON, Sept 15: The International Monetary Fund reported the world economy almost stagnant last year, but with brightening prospects in the western hemisphere, south-east Asia and the Middle East, reports AP.

Its annual report, covering the 12 months that ended in April, found production in the United States and other industrial countries rose by only 1.5 per cent, up slightly from 0.5 per cent in 1991. Taking into account population growth, that meant only a few more goods for the average citizen of those countries.

The report was made public Tuesday.

Third World countries on the whole improved their production more quickly than the industrial world. Their six per cent increase was about twice as high as their population growth.

But production dropped heavily again in countries of the former Soviet Union and its allies. Poland, which showed a small increase, was the exception.

"Real production is esti-

mated to have fallen in the former Soviet Union by nearly 20 per cent in 1992, but in some states output losses have been greater," the report said.

In addition to problems of conversion from the Communist system to a market system, the fund blamed political unrest, uncertainty about reforms, and failure to stabilise finances.

Production growth in Africa - already well below the growth of population there - continued to decline in 1992 as it has done since 1990.

Though the report made no predictions, some of it appeared to foreshadow improvements. In a summary of a meeting held in April by directors representing the 178 member governments, it said:

"Most Directors felt that the natural forces of recovery were taking hold in the United States."

They met in July to talk about Japan. They praised Japanese authorities for their packages to spur the economy in late 1992 and early 1993, and for what they called an excellent performance in keeping prices from rising. But some

directors called for further easing in Japanese monetary policy while others suggested caution in further reduction of interest rates.

The Japanese are now planning an additional stimulus package. Most directors predicted a decline in the huge Japanese surpluses of exports over imports, surpluses which have worried US and European authorities.

The report noted that world trade grew by 4.2 per cent last year, that interest rates and prices paid by consumers were down.

Prices rose more slowly than in past years both in Third World countries, by an average of only 8.7 per cent, and in industrial countries, 3.2 per cent. But the 1992 increase in the former Soviet Union was 1201.8 per cent.

That meant people in those 15 republics on average had to pay more than 1,200 rubles at the end of the year for a purchase that would have cost them only a single ruble on Jan 1.

Spain for revising EC-US accord on farm subsidies

BRUSSELS, Sept 15: Spain, aligning itself with France, said Monday the EC-US Blair House accord to cut farm subsidies must be revised, reports Reuters.

The Spanish mission to the EC said in a statement it was concerned about the effectiveness of the accord's peace clause and the EC's ability to cut subsidised farm exports by 21 per cent over six years.

"The Spanish government cannot give its final view on the agricultural chapter of the GATT Uruguay Round, still less on the overall conclusion of the talks until its concerns have been met, the mission said in a statement."

Spain urged the commission to discuss with the US and other GATT partners the possibility of extending the deadline for cutting exports, excluding processed products, partly exempting food aid and combining exports by product categories.

The Spanish statement was issued as senior agricultural experts from the 12 member states met to discuss French demands for an improved accord.

But the US has shown little sign of flexibility and President Bill Clinton said in a newspaper interview Monday he opposed reopening the Blair House accord.

Crusade to save Taj Mahal costs 2 00,000 jobs

NEW DELHI, Sept 15: A crusade to save the Taj Mahal from decay has led to the sacking of 200,000 workers of factories located near the Moghul architectural marvel, a newspaper said today, reports AP.

The Hindustan Times, quoting a parliamentary watchdog, said the massive retrenchment followed the August 27 shutdown of 212 factories by the supreme court in the Taj Mahal town of Agra, 215 kilometres (130 miles) from New Delhi.

Bhagwan Shankar Rawat, a member of the Public Accounts Committee, also accused New Delhi of "sparing" a major oil refinery near Agra despite findings that the state-owned unit was the main polluting source in the region.

The 660-million-dollar refinery accounted for almost 58 per cent of the total pollution in Agra and Mathura, but New Delhi shut down the private factories which posed a lesser threat to the 17th-century marble mausoleum, Rawat said.

The Indian government secured the shutdown of the 212 industrial units in Agra but took no steps against the refinery, the Times quoted Rawat as saying.

New factories have not been allowed to come up two power houses shut and steam locomotives have been banned from belching smoke in Agra. "The government's focus has been on smaller foundries," Rawat added.

Pollution levels of the refinery in Mathura, skirting Agra, are based on findings of a UN agency probing the decaying of the Taj Mahal, built by a Moghul Emperor to immortalise his love for his wife, the Times said.

Stock market closes lower in New York

NEW YORK, Sept 15: The stock market followed bonds lower Tuesday, after a higher-than-expected reading on inflation, reports AP.

The Labour Department said US consumer prices rose 0.3 per cent in August, above the 0.2 per cent many private economists had forecast.

That news, combined with a separate report showing surprisingly strong retail sales last month sent bonds sharply lower. Stocks have followed bonds for months because the low interest rates that come with higher bond prices make the potential returns from shares more attractive.

The Commerce Department said US retail sales rose 0.2 per cent in August, the latest in a five-month string of increases and higher than the flat sales many analysts had expected.

Bonds don't like indications of stronger-than-expected growth because that carries the threat of inflation, which erodes the value of fixed-income securities such as Treasuries.

Stocks ended mostly higher abroad. In Tokyo, the 225-issue Nikkei Stock Average fell 0.9 per cent. But in London, the Financial Times-Stock Exchange 100-share index rose 0.1 per cent. In Frankfurt stocks ended 0.4 per cent higher and in Paris, they rose 0.7 per cent.

Bank of China drops legal claims against HK newspaper

BEIJING, Sept 15: The Bank of China has dropped legal claims against a Hong Kong newspaper after the paper retracted a report of a mainland embezzlement scandal, the official China Daily reported Wednesday, says AP.

The China Daily said the bank, China's main foreign currency bank, accepted an official apology published in the English-language South China Morning Post on Sunday and an offer to pay "a sum of money to charity."

Earlier, mainland officials had requested 2.5 million Hong Kong dollar (324,675 US dollar) in compensation, the China Daily said.

It was unclear whether the Post would pay this exact sum, but the report said the Post "agreed to accept all conditions set by Chinese banks."

In an article last month, the Post had said a number of Chinese officials had embezzled 28 million dollar from state banks and then fled the country.

Another briefly worded apology appeared in the business section of Tuesday's Post. The statement called allegations in the Aug. 22 article "untrue and unfounded."

Japan will unveil \$56.6b economic package today

TOKYO, Sept 15: Japan's economic stimulus package to be unveiled on Thursday is expected to total about six trillion yen (\$56.6 billion dollar), a mass-circulation daily said today, reports Reuters.

Prime Minister Morihiro Hosokawa's government decided to increase the amount from an earlier planned five trillion (47.1 billion dollar), the Yomiuri Shimbun said.

The additional cash will fund more local public works projects and tax breaks for housing and education costs, the daily said.

The new package will be in addition to 13.2 trillion yen (124 billion dollar) implemented by the government in April.

The new measures would feature an additional appropriation of about two trillion yen (18.8 billion dollar) to the government's housing loan corporation to finance construction of 100,000 more houses, Yomiuri said.

More than 800 billion yen (7.54 billion dollar) would be set aside for cheap loans to be provided through governmental financial institutions to help small and medium-sized enterprises restructure and secure operational funds, it said.

In line with the government's new emphasis on improving the

quality of life, the package will include one trillion yen (9.4 billion dollar) to improve social infrastructure, it said.

On Tuesday, the government announced that the economy contracted in the April-June quarter. Gross national product (GNP) shrank 0.5 per cent from the previous quarter and 2.0 per cent on an annualised basis.

The strong yen, which cuts into corporate profits, and weak consumer demand have spurred demands for government counter-measures.

The economic downturn, now into its third year, and the growing trade surplus are proving big headaches for Hosokawa's coalition government which took office in August.

Trade surplus reaches \$7.54b

AFP adds: Japan's trade surplus grew 7.5 per cent from a year earlier to 7.54 billion dollar in August, down from 11.8 billion dollar in July but a new record for the month, the finance ministry said here.

The latest increase, marking two years and eight months of uninterrupted growth in the imbalance, mainly reflected a further widening of Japan's

surpluses with Asian countries and the United States. The surplus with the European Community meanwhile continued to narrow.

Overall Japanese exports rose 6.6 per cent to 27.9 billion dollar while imports were up 6.3 per cent at 20.3 billion dollar.

In August Japan's trade surplus with non-communist Asian countries jumped 33.3 per cent from a year earlier to 3.9 billion dollar, increasing for the 16th month in a row.

Exports to the region soared 20.1 per cent to 10.9 billion dollar led by steel and semiconductors while imports climbed 13.8 per cent to seven billion dollar on increased imports of clothing, office equipment and wood products.

The trade surplus with the United States, Japan's biggest single trading partner, grew 10 per cent to 3.4 billion dollar, marking one year and five months of uninterrupted growth.

But Japan's trade surplus with the European community plunged 35.8 per cent to 1.4 billion dollar, falling for the seventh straight month.

Exports to the 12 nations slumped 17 per cent to 3.9 billion dollar centering on audiovisual equipment and cars.