White House launching big push for passage of NAFTA

WASHINGTON, Nov 1: The White House is launching its biggest push yet for passage of the North American Free Trade Agreement (NAFTA) hoping President Clinton's powerful campaign skills tilt the razor-thin margin in the pacts favour, reports Reuter.

Call it "crunch week" and expect a barrage of events by a very worried administration, all to be vigorously countered by critics of the free trade pact with Mexico and Canada that will face a key house vote in 17 days.

"It's the start of a very big push," said a senior administration official. "This thing will go right down to the wire and be very, very tight. But we are bound and determined to have that vote on schedule, and to make it successful."

This week, Clinton will focus on NAFTA day in, day out — be it in a grand celebrity ceremony, a trade mark town meeting, congressional arm-twisting, out-of-town speechifying or aggressive salesmanship to regional media.

Expect to see the familiar faces of Clinton-the-campaigner, when the administration will also submit to congress its implementing legislation for NAFTA.

"Every single day of the week the President will focus on NAFTA so we're clearly turning up the jets," said the administration official on condition of anonymity.

Clinton kicked off the hard sell in Boston Friday, when he evoked the memory of former President Kennedy to lure support. It is high time, with the house of representatives set to vote on the controversial treaty November 17.

The administration insists that date is cast in stone. But if the White House fails to garner enough support — it concedes the votes have yet to materialise — expect a delay.

Asked if Clinton now plans, in fact, to focus on NAFTA everyday leading up to the crucial vote, a White House official said: "It certainly looks like it could happen that way."

For while Mexico has ruled out postponing implementation of NAFTA beyond next January, a losing vote this November would be a major blow to Clinton's infant presidency. Defeat would not only kill the common market scheme but could also enfeeble Clinton in his top-most initiatives, be it health care reform or liberalisation of other foreign markets.

That said, opponents of the pact — led by populist Ross Perot, labour stalwarts and grass-roots environmentalists — have no intention of letting Clinton steal all the limelight.

"We will be meeting him blow for blow to every extent that we can," said a congressional aide on condition of anonymity. "We can't match their money but the administration has had big pushes before and they haven't moved a lot of people."

Perot kicked off the weeks opposition by airing his 30-minute advertisement, "say no to NAFTA," in broadcasts across the country on both Saturday and Sunday.

In a speech in Greenville, South Carolina, Perot said Sunday he might take his anti-NAFTA campaign to Washington ahead of the November vote. "We may have to go to Washington and have a rally. We'll all march down Pennsylvania avenue," he told about 3,000 supporters.

Israel won't control Palestine economy: Peres

JERUSALEM, Nov 1: Israel has no intention of controlling the economy of the occupied territories once Palestinian autonomy has gone into effect, Israeli foreign Minister Shimon Peres said here yesterday, reports AFP.

Peres, who was addressing more than 2,000 businessmen at a conference, said Israel had not "given up territory in order to control the lives of the Palestinians."

"We have not intention of acting as bosses over their economy," he added.

The conference delegates included several hundred Palestinians and a delegation of about 10 Moroccan businessmen.

Peres proposed the creation of an "economic triangle" consisting of Israel, Jordan and the Palestinian territories, "because our economies are indivisible and we share the same riches in the Jordan valley and the Dead Sea."

Malaysian pro-business budget aims at stimulating investments

KUALA LUMPUR, Nov 1: Malaysia's move to hike spending next year to focus on infrastructure and cut corporate taxes will spur enough investment to steer its economy into its eight boom year, officials and economists say, reports AFP.

They said the stimulus was crucial at a time when domestic private investment was falling and competition for global capital was keen.

"It is clearly a pro-business budget that is clearly aimed at stimulating both domestic and foreign investments," said a spokesman for the Malaysian International Chamber of Commerce and Industry (MICCI), the umbrella body for foreign investors operating in Malaysia.

Finance Minister Anwar Ibrahim, presenting his 47.1 billion ringgit (18.8 billion US dollar) budget for 1994 to parliament Friday, cut corporate tax by two percentage points to 32 per cent as part of a wide-ranging tax reduction package that entails forgoing revenue of 1.9 billion ringgit.

He said the corporate tax would be further slashed to 30 per cent by 1995.

"The move is vital as Malaysia's private investment, though still the engine of growth, is falling," said Mustapha Mohd Nor, chief economist of Arab-Malaysian securities, a local stockbrokerage.

"It is also crucial to sharpen our competitive position vis-a-vis our neighbours for investments," Mustapha said.

Malaysia's 34 per cent corporate tax is still among the region's highest, compared to Thailand's 30 and Singapore 27 per cent.

Anwar raised 1994's development spending by a sharp 16.8 per cent to 13.85 billion ringgit, saying it was to cater for urgent infrastructural projects.

Malaysia would have to urgently act to stimulate investments, particularly domestic resources, to cushion an anticipated slowdown in global capital inflow amid rising competition from China and Vietnam for reconstruction of their economies.

Analysts said the loss in revenue from the tax cuts could be offset by higher collection of total taxes following the rapid rise in incomes of companies and individuals stemming from a robust economic growth averaging eight per cent since 1987.

Growth is projected at eight per cent this year and 8.2 per cent next year, Anwar said.

The lower corporate taxes would, after all, further stimulate the economy and Malaysia's booming stock exchange to negate the loss, said Nik Din Nik Yusoff, chairman of the Kuala Lumpur Stock Exchange.

The local bourse, fuelled by the economic boom, had been making record-smashing feats almost every other week in the past months.

Fujimori's policies attract int'l business community

Peruvian Officials from the Florida Power and Light Company (FP & L) visited Peru earlier this year, anxious to assess the overall condition of the state-owned utility company ElectroLima.

Peruvian officials were happy to discuss the mid-1994 privatisation of ElectroLima with FP&L, the biggest power company in the southeastern United States, but were not as excited as one might have expected. FP &L was only one of more than a dozen international energy concerns interested in becoming the sole electricity supplier to the Peruvian capital's eight million inhabitants.

Peru's radical privatisation programme will put on the auction block everything from the phone and electric companies to the train that takes tourists to the Incan ruins of Machu Pichu.

A revamped investment code-including far-reaching ownership guarantees, free repatriation of earnings and capital and one of Latin America's most liberal tax regimes — has created a previously non-existent legal framework for international companies.

Most importantly, the programme has the complete backing of the government. "There will be no more expropriation," Fujimori told delegates at the United Nations General Assembly in September. "Peru is ready for the return of investment from the international community."

This new attitude and a juggernaut international public relations campaign by Fujimori are in sharp contrast to the policies of previous regimes.

The leftist military government of the 1970s carried out far-reaching cooperative-based land reforms and chased foreign companies from the country.

President Alan Garcia's populist government of the late 1980s, although democratically elected, was little better, expropriating assets, threatening to nationalise the banking system and then defaulting on Peru's massive foreign debt, leading to an unsurpassed era of hyper-inflation.

The first three years of Fujimori's term have thus been spent undoing the damage caused by those governments, although his April 1992 decision to close Peru's Congress with the over backing of the military undermined the rule of law and did not help the country's international image.

A series of economic shock reforms have lowered once astronomical inflation rates to an internationally respectable 20-25 per cent per annum. At the same time negotiations with the global banking community have resulted in restructured foreign debt payments and have once again made the country eligible for international loans.

A deal sealed between the Dallas based Maple Gas Corporation and Petroperu sheds light on the government's desire to bring in new investment. After more than a year of negotiations, Maple Gas officials wrapped up a 150 million dollar 30-year oil and gas development deal that could have cost five times as much elsewhere, according to Maple Executive Vice-President Rex Canon.

"For a small independent company like ours there's not a lot of opportunities left in the United States," Canon said. "Peru on the other hand, is looking more and more interesting from a natural resources perspective, so we've decided that the time to get in was now, when the opportunities were still there for the taking."

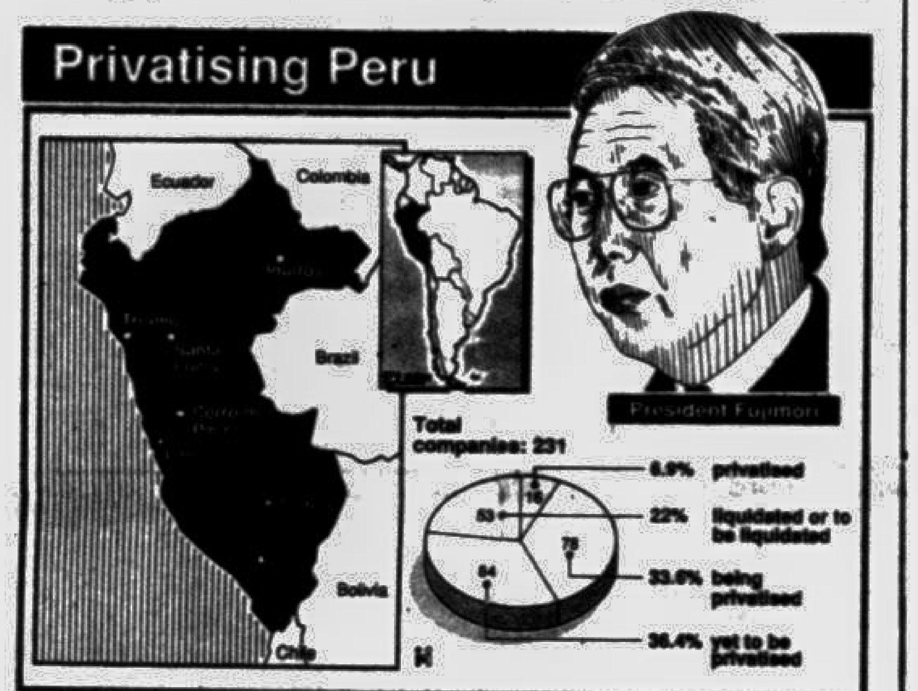
Canon's philosophy is obviously spreading. Numerous multinationals are studying the 1994 mega-sale of the state petroleum monopoly Petroperu, expected to bring in more than $ 1 billion.

The 13 privatisations carried out since early 1992 have netted 650 million dollar according to Energy and Mines Minister Daniel Hokama, who heads the privatisation programme, with total revenues expected to top four billion dollar by the time all 70 state-owned firms are sold off.

Total foreign investment in the Peruvian economy during the same period is estimated to be 1.2 billion dollar.

Heading the list of done-deals were the 350 million dollar sale of Peru's largest iron mine to a Chinese consortium and the 56 million dollar offer made by AeroMexico to take over the failing national flag carrier AeroPeru.

The two sales demonstrated the government's readiness to sell highly valued assets at market prices and also signaled that



the United States' days as the top foreign investor here may be numbered.

Privatisations drawing intense scrutiny, both from American and other international buyers, abound, but none are likely to be as highly contested as that of the telephone system.

Speculative buying and selling of phone shares has driven the price up more than 800 per cent in the past 16 months, said Jose Luque, who heads the Lima exchange, guaranteeing that the exchange will see its fourth year of real-money returns of more than 100 per cent. Numerous international publications have listed the Peruvian exchange among the top 10 emerging world markets, and with good reason, according to Luque.

"The government's reforms and the positive results we've seen in the war against terrorism are contributing to incredibly high levels of investor confidence," Luque said. "Today, more than 70 per cent of all transactions involve foreign capital."

Another sign of international confidence in the Peruvian capital markets was the inauguration of Peru's private pension fund system, which saw such notables as a Bank of America subsidiary, the financial services giant Aetna, the ING Group of Holland and the New York based Citibank Overseas Investment Corp. taking part. — Gemini News.

Moroccans to develop tourism in Israel, occupied lands

JERUSALEM, Nov 1 : A group of Moroccan businessmen will set up a company to promote tourism in Israel and the occupied lands, Israeli legislators said Sunday, reports AP.

The venture, unthinkable prior to the September 13 Israel-PLO agreement, will include Israeli and Palestinian businessmen, legislator Eli Dayan told the Associated Press.

The announcement came with a first of its kind visit to Israel by 14 Moroccan banking, construction and industrial leaders. Most Arab countries still abide by the Arab boycott of the Jewish state.

The delegation, in Israel to attend a conference on promoting industry in the region, was greeted by Prime Minister Yitzhak Rabin.

"Your presence in Jerusalem today at the Jerusalem conference of business is a part of a greater move toward peace," Rabin told the delegation.

Japanese banks' bad loans stand at $130b

TOKYO, Nov 1: Bad loans held by Japan's 21 major commercial banks totalled a record 14 trillion yen (130 billion dollar) as of September 30, the Nihon Keizai Shimbun said Sunday, reports AFP.

The figure was up one trillion yen from March, the daily said.

News reports earlier said the commercial banks had written off more than one trillion yen in bad loans in the six months to September.

Most of the bad loans were extended to non-banking financial institutions and real estate companies during the investment boom of the late 1980s.

Lebanon facing problem in securing foreign aid

BEIRUT, Nov 1: Prime Minister Rafiq Hariri's government is facing a tough problem in securing foreign aid to implement an ambitious 10-year plan to get the country back on its feet, reports AFP.

The horizon 2000 master plan revealed in March to rebuild the Lebanese infrastructure, which was shattered in a 15-year civil war, has been estimated to cost some 12 billion dollar.

"The outside world will not help us unless we help ourselves. All depends on us if the work hard. Our credibility is a function of our work," the head of the council of development and reconstruction, Fadl Shalaq, told AFP.

According to Shalaq, Lebanon already has 1.5 billion dollar in foreign credit and hopes to obtain and additional one billion dollar.

But according to western diplomats, Lebanon has so far secured only around 530 million dollar in pledges from the World Bank, European Bank of Investments, Kuwait, France and Italy.

The diplomats believe that foreign aid will only be forthcoming if the Lebanese show faith in their country by returning part, if not all, of the estimated 40 billion dollar in private assets kept abroad.

Until then, they said, Lebanon will only be able to depend on small loans or grants to cover the implementation of one project at a time.

Hariri and senior ministers have canvassed the oil-rich Gulf monarchies and Arab capitals in recent months to appeal for financial help and obtained promises. But the offers remain empty.

They mainly urged the Arabs to activate and Arab and International Reconstruction Fund that was approved at the 1990 Baghdad-Arab summit with an initial capital of two billion dollar. Lebanon has not seen a penny of the sum.

"The Lebanese also know they will be facing competition from Gaza and Jericho," which are being earmarked for international aid as part of plans to set up self-rule there under the September 13 PLO-Israel accord, a western diplomat said.

This realisation is shared by many of Hariri's detractors and the excitement that accompanied the self-made billionaire's appointment as prime minister one year ago appears to have been overtaken by bitterness.

"He has no political vision," according to bank executive Tony Shueiri.

"He promised the moon but he did not deliver," added an economic expert declining to be identified.

Officials meanwhile estimate the budget deficit at one billion dollar while experts believe it is closer to 1.5 billion.

Opponents of the Prime Minister accuse him of losing all sense of priorities, pointing to the government's effort to sell the idea of rebuilding the city centre before tackling more urgent problems such as telephones that don't work rationed electricity and public health.

Italian, French and Korean firms have begun in recent weeks to improve the power network.

HK launches first pay TV service

HONG KONG, Nov 1: *Hong Kong's* first pay television service was launched by the Wharf Cable today, tripling the total number of local TV channels from 4 to 12, reports Xinhua.

Among the eight cable channels, seven channels, transmitted principally in Cantonese, cover news, entertainment, movie, sports, music, preview and children programmes. The eighth channel is provided in English by CNN (Cable News Network).

Speaking at an inauguration ceremony at Wharf Cable Tower in the new territory, Peter KC Woo, Chairman of Wharf Cable Limited, said Wharf Cable's programming philosophy is built strongly around community interest and involvement to meet the needs of individual segments in Hong Kong society.

At present the service can be accessed by more than 200,000 homes and Wharf Cable targets to make cable TV service available to almost one million homes by the end of 1994 and eventually 1.5 million homes, which approximates to 90 per cent of the total house holds in Hong Kong, by 1995.

Wharf Cable's multi-channel service are marketed at a monthly subscription fee of 198 HK dollar (25 US dollar), which includes rental for the decoder.

Israeli trade team to visit India in January

NEW DELHI, Nov 1 : A high-powered Israeli trade delegation is to visit India in January as a follow-up to a proposal to grant Most Favoured Nation trading (MFN) status to each other, the Israeli embassy said yesterday, reports AFP.

The trade team, comprising officials from 40 Israeli firms, will tour the country to discuss tie-ups, cooperation and technology transfer, counsellor for economic affairs Samy Ofri said.

A combination of India's cheap and skilled manpower and Israel's advanced technology would benefit both nations, he said, adding that more than 12 Israeli companies had decided to set up manufacturing bases in India.

Taiwan to control export of high-tech products further

TAIPEI, Nov 1: Taiwan is to further control the export of high technology products, the state-funded Central News Agency(CNA) reported Sunday, says AFP.

Under a law drafted by the Board of Foreign Trade (BOFT), exporting such products would require prior approval from relevant authorities. Penalties for violating the law would be a maximum two years in prison and a fine of 300,000 Taiwan dollar (11,111 US), CNA said.

The agency quoted an unnamed BOFT source as saying that Taiwan and already signed an agreement with the United States to control the export of strategic and high technology products developed with US technologies.

The law was aimed at controlling technology transfers to communist nations, the BOFT source said.

Indian rupee steady against dollar in early trade

BOMBAY, Nov 1: The Indian rupee was steady against the dollar in early trade on little corporate demand, dealers said, reports Rueter.

Banks were quoting the local currency at 31.3700/75 rupee per dollar, unchanged from Friday. The dealers predicted the rupee would trade in a narrow range.

"There is little corporate demand and the supply of dollar far exceeds the demand," a dealer with a foreign bank said.

Six-month forward premiums remained steady around 82 paise or nearly 5.25 per cent, he added.

A model holds the new Australian $10 note made from anti-counterfeiting polymer which went into circulation yesterday. The note features poet, balladist and journalist "Banjo" Paterson (top) and Dame Mary Gillmore (lower) who campaigned tirelessly against injustice and the deprivation of Aborigines, women and children, old and sick, and returned servicemen.

— AFP photo

Aussie trade balance moves back into surplus

SYDNEY, Nov 1: Australia's merchandise trade balance moved back into surplus in September and helped reduce the current account deficit to a seasonally adjusted 1.14 billion Australian dollar (759 million US dollar) from 1.30 billion dollar in August, official data showed today, reports AFP.

Unadjusted, the current account deficit widened to 1.63 billion dollar in September from 1.59 billion in August, the government's Bureau of Statistics reported.

The seasonally adjusted figure for September was an improvement on September last year, when it reached 1.48 billion dollar.

The improvement was largely due to a 201 billion dollar turn around in the balance on merchandise trade, which moved from deficit to surplus.

Merchandise exports were up by 453 million dollar, or nine per cent, to 5.64 billion dollar while imports rose only by 192 million dollar, or four per cent.

The 151 million dollar deficit recorded in August was followed by a surplus of 110 million in September, the bureau said.

Rural exports — which account for more than a quarter of Australia's total exports — rose by 65 million dollar, while non-rural jumped by 388 million.

Sales of wool and meat were up, while cereals declined: the lion's share of the non-rural exports went to gold, due mainly to increased volumes rather than higher prices.

The seasonally adjusted net services deficit rose by nine million dollar to 120 million, while the net income deficit was up 96 million to 1.15 billion, "largely reflecting an increase in interest payments on official sector borrowing," the bureau said.

There was a two million dollar rise in net unrequited transfers to 19 million.

This narrowed from 5.08 billion dollar in the July-September quarter of 1992-93 to 4.71 billion dollar.

Election fraud

Hyundai Group founder jailed for 3 years

SEOUL, Nov 1: Hyundai Group founder Chung Ju-Yung was sentenced to three years in jail on Monday for embezzlement and election fraud during his unsuccessful bid for the presidency last year, court officials said, reports Reuter.

They said Chung, 77, would remain free pending an appeal.

Chung, who was indicted on the charges in February, had denied diverting more than 50 billion won (1.5 million dollar) from Hyundai subsidiaries to fund his unsuccessful presidential election bid.

Asian currencies firm against Greenback over week

HONG KONG, Nov 1: Most Asian currencies firmed fractionally against the US dollar over the week, a trading period in which now major news shifted any market appreciably, reports AFP.

Japanese yen: The Japanese currency closed at 108.23 yen to the dollar on the Tokyo foreign exchange market Friday, up a moderate 0.22 yen from the 108.45 yen finish a week earlier.

They yen-dollar rate moved irregularly in Tokyo this week in the absence of major market-moving news.

After opening at 108.37 yen Monday, the Japanese currency moved between 107.50 yen and 108.85 yen this week.

There was little impact on the Tokyo market from remarks by US economist Fred Bergsten who wanted a range of 100-110 for yen-dollar fluctuations.

Bergsten, an adviser to US President Bill Clinton and director of the institute for international economics, told a newspaper interviewer the yen's fluctuations between 100 and 110 to the dollar could help reduce Japan's chronic trade surplus.

Australian dollar: The Australian dollar closed the week slightly lower Friday despite breaking through 70 US cents on Tuesday due to sporadic offshore buying, traders said.

"The local currency fell towards the end of the week as investors waited nervously for current account data due out Monday, dealers said.

The Australian dollar ended Friday at 66.54 US cents from the previous week's close of 66.75.

Singapore dollar: The US dollar finished slightly weaker against the Singapore dollar at 1.5890 against a close of 1.5728 the previous week.

Dealers said the greenback was caught in narrow range trading as most traders squared deals ahead of the week-end and end-of-month transactions.

"Activity was very light and movements were caused mostly by commercial interests," a dealer said.

Taiwan dollar: The Taiwan currency advanced to close Friday at 24.855 to the US dollar, up 5.7 Taiwan cents from the previous week's finish of 24.915.

South Korean won: The South Korean won strengthened against the US dollar during the week, trading at 808.20 won Saturday, up 0.90 won from the previous week's close of 809.10 won.

Dealers said supply of the US currency exceeded demand in the foreign exchange market during the week.

Hong Kong dollar: The Hong Kong dollar, pegged at 7.8 to its US counterpart, was at 7.728 Friday after a close at 7.737 the previous week. The effective exchange rate index for the Hong Kong dollar Friday was 113.2 from 113.0 a week earlier.

Thai baht: The official midrate was quoted on Friday at 25.34 baht to one US dollar, unchanged from the previous week's close.

Indonesian rupiah: The Indonesian rupiah closed Monday at 2,105 rupiah to the dollar, stronger than the previous week's close of 2,108.

Malaysian ringgit: The ringgit ended the week lower against the US dollar at 2.5572 from 2.5478 previously.

Dealers attributed the greenback's rally to strong local commercial demand and "positive" indicators on the US economy.

New Zealand dollar: The New Zealand dollar closed Friday worth 55.35 US cents, down from last week's 55.62, amid market nervousness over November 6 general elections.

Philippine peso: The Philippine currency strengthened at 28.911 against the US dollar at close Friday, up from the previous week's close of 29.402 pesos to the greenback.

Beijingers now travel by taxi seven times

BEIJING, Nov 1 : Beijing's increasingly affluent people now travel by taxi seven times as much as they did just two years ago, according to Xinhua news agency, reports Reuter.

The 57,400 cabs in China's capital now carry 1.48 million people each day, up from the 210,000 people carried by just 14,000 taxis at the end of 1991, the official agency said.

Once Beijingers who wanted to visit a friend on the other side of town faced a two-hour bicycle journey or a cramped and uncomfortable ride on an overcrowded bus.