

## US budget fight Speaker offers shorter tax cut

WASHINGTON, Feb. 2: Thrown on the defensive in the budget fight with President Clinton, House Speaker Newt Gingrich says he would consider shrinking the proposed Republican tax cut and shortening its duration, reports AP.

The Republicans also moved on two fronts Thursday to shield themselves politically in their debt limit battle with Clinton another arena where Republicans have been bruised of late.

Republican leaders wrote Clinton pledging they would not allow an unprecedented default by the federal government to occur and would send him legislation "acceptable to both you and the Congress." The letter underlined previous verbal promises by Republican leaders not to provoke a veto-fight with Clinton by adding provisions he opposed to the bill.

In addition, Congress unanimously approved legislation ensuring that Social Security recipients would get their benefits, even in the event of a federal default. With Republicans planning to vote to extend the debt ceiling in late February after a winter break, they feared Clinton would spend the month warning that without that extension, the Treasury might not be able to mail March Social Security checks.

"The potential for the administration to deliberately manipulate the system... is so enormous that we did not want to take any risk that they would hurt senior citizens just to make a point," Gingrich told reporters.

These developments occurred as most House members went back to their home districts until Feb. 26 — but not without a tussle with Senate Democrats, who blocked the senate from letting the House go into a formal recess. They argued that lawmakers should first extend the government's lapsed borrowing authority.

## Remain firm on Iraqi oil for food talks, Riyadh urges UN

UNITED NATIONS, Feb. 2: A top Saudi Arabian official welcomed upcoming oil for food talks with Iraq but urged UN diplomats Thursday not to make concessions to Baghdad, reports AP.

Saudi Arabia has been a chief beneficiary of UN sanctions that have kept Iraqi oil off the market.

The United Nations invited Iraq for talks starting next week on granting Baghdad an exemption from the sanctions and allowing limited oil sales to purchase food and medicines.

Iraq has previously rejected the deal, first proposed in April, saying it was an infringement on its sovereignty.

Resolution 986 would allow Iraq to pump 2 billion dollars of oil for six months. The money would have to be used to buy food and medicine, compensate victims of Iraq's invasion of

Kuwait and fund UN monitoring operations in Iraq.

"We hope that the Iraqi leadership will accept 1986 because if they do, I think it will lift the suffering of the Iraqi people," Prince Bandar Bin Sultan, the Saudi Ambassador to the United States, said.

UN diplomats have stressed that the talks will center on the mechanics of carrying out the offer and that the main points of the deal will not be open for negotiations.

"We don't accept changes, but we accept implementation," Prince Bandar said after meeting with UN Secretary General Boutros Boutros Ghali and the ambassadors of the United States, Russia, Britain, France, China and Egypt.

British Ambassador John Weston agreed saying there was "no flexibility on the central elements of that resolution."

Oil prices are expected to fall some 2 dollars per barrel if Iraq begins pumping oil, analysts have said. Saudi Arabia pumps some 8 million barrels of oil a day.

Sultan refused to comment when asked if his country would cut back production if the talks were successful.

"We'll cross that bridge when we get to it," Prince Bandar said.

"This has an important impact on the Saudi economy," he added. "But... my government thinks lifting the suffering of the Iraqi people is more important than oil or money."

The United Nations imposed sanctions against Iraq after Baghdad's 1990 invasion of Kuwait. Diplomats have said they will not consider lifting the measures until Iraq fully cooperates with UN arms monitors.



South Korean President Kim Young-Sam (R) greets Woo-Choon (L), Chairman of the giant Daewoo group, as Samsung group head Lee Kun-Hee (C) waits in line at a dinner at the Presidential Blue House for the country's top business leaders on Wednesday, two days after prosecutors demanded sentences of four years for the Daewoo chief and three years in jail for Lee in the country's massive slush fund scandal. — AFP/UNB photo.

## Kim to visit India, S'pore before Bangkok summit

SEOUL, Feb. 2: President Kim Young-Sam will visit India and Singapore before attending a summit meeting of Asian and European leaders in Thailand in early March, the presidential office announced Friday, reports AP.

Kim's visit to India from February 24-26 will make him the first South Korean president to visit the country. He then will visit Singapore February 27-29.

"The visit to India will lay the foundation for further investment and economic cooperation with a country which is expected to emerge as one of the world's largest markets in the 21st century," presidential national security adviser Yoo Jong-Ha said.

South Korean officials forecast that two-way trade between India and South Korea would increase from 1.9 billion dollars in 1995 to 5 billion dollars in 2000.

After the visits to India and Singapore, Kim will attend an Asia-Europe Meeting in Bangkok March 1-2. The meeting is a forum of leaders from the seven member countries of the Association of Southeast Asian Nations and the 15 member countries of the European Union.

South Korea, Japan and China are invited to attend as consultative partners.

## Australian economy growing

SYDNEY, Feb. 2: Solid growth in retail trade over 1995 suggested there was still some momentum in the Australian economy, economists said today, reports AP.

The Bureau of Statistics said Christmas shoppers spent 10.09 billion Australian dollars (7.5 billion US dollars) in December, seasonally adjusted, up a moderate 0.8 per cent over the previous month but 8.8 per cent higher than in December 1994.

"I don't think there's anything to suggest that the economy is slowing that precipitously at this stage," Commonwealth bank economist Bruce Freeland said.

"We have certainly been through a slowing period but I think we are starting to level out now. This sort of growth is perhaps not as strong as some retailers would like, but it's certainly not that weak," he said.

"It's consistent with my view that the Australian economy still retains a reasonable degree of momentum and is not slowing that sharply any more... or, if you like, is levelling out," he added.

Freeland expects economic growth of around 0.5 per cent in the three months to the end of December.

This would be a fall from the 1.6 per cent growth recorded in the three months to the end of September. That result set a record of 17 consecutive quarters of growth for Australia.

Figures for December quarter growth will be released on March 20, too late to hinder or help the federal government, which faces an election on March 2.

## US, France to hold regular talks on trade issues

WASHINGTON, Feb. 2: The United States and France decided Thursday to hold regular ministerial meetings to discuss trade issues of mutual interest, French Trade Minister Yves Galland said, reports AP.

Galland said the decision was reached during an hour-long meeting with his US counterpart, Mickey Kantor.

"Kantor spontaneously suggested regular meetings that would enable us to tackle difficulties and find common fields of action, particularly within the framework of the World Trade Organisation," Galland said in an interview with AFP.

He said the talks also covered the European Union's ban on imports of beef produced with the use of growth-promoting hormones, which the United States says violates world trade rules.

The officials also discussed federal support given to Boeing, which the French minister said amounted to unfair competition against the French Airbus company.

## China-Laos highway opens

BEIJING, Feb. 2: China and Laos have officially opened their border to highway traffic, the official Xinhua News Agency reported Friday, according to AP.

It said formal recognition of an already teeming border trade between the two countries followed an agreement signed last year between the southwestern Chinese province of Yunnan and Nam Thao Province in Laos.

The officially sanctioned road crosses the border at Mohan, it said.

## Brazil strikes 136 MT gold in Amazon mine

RIO DE JANEIRO, Feb. 2: Brazil has made its biggest gold strike — a mine with 150 tons (136 metric tons) — in the mountains of the eastern Amazon, the government says, reports AP.

The state mining company Vale do Rio Doce discovered the underground mine in Curionopolis, 1,660 miles (2,693 kilometers) northeast of Rio in the jungle state of Para. It holds an estimated 1.6 billion of fine gold, said Mining and Energy Minister Raimundo Brito said Thursday.

The reserve is expected to boost Brazil's annual gold output by 25 per cent when extraction begins in 1999, he said.

"It's possible that the gold reserves are even bigger," said Brito. "Vale only tested to a depth of 430 meters (yards). But we are going to go deeper, to a depth of 1,500 meters (yard)."

Vale do Rio Doce spent 5 million dollars in exploration, and will spend another 10 million during the next three years in underground testing, said company President Francisco Schettino.

About 15 tons (13.6 metric tons) of gold a year will be extracted over 10 years, The operation will be completely mechanized and the gold separated by electrochemical processing, he said.

The idea is to avoid disturbances like those at the Serra Pelada mine, a mile (1.6 kilometer) away, where tens of thousands of migrant prospectors dug for gold manually in the 1980s to sell on the spot to special government offices.

In 1984, army troops had to be called in to stop riots at Serra Pelada, a mud-caked mountain with 90 tons (81.6 metric tons) of gold, when the government decided to mechanize the mine and reduce the number of prospectors.

The announcement was made at 5 pm, after the Rio and Sao Paulo stock markets closed. Observers expect Vale do Rio Doce's share prices to soar when trading opens again Friday.

Until now, the largest known deposit of gold in Latin America was located 35 miles (56 kilometers) north of Curionopolis at Carajas, also the site of huge iron ore deposits. Vale do Rio Doce has been producing 10 tons (9.1 metric tons) of gold at Carajas.

Brazil ranks sixth among

the world's largest gold producers behind South Africa, Russia, the United States, Canada and Australia.

Last year, Brazil's official gold production was 63 tons, down from its output during the boom years of the late 1980s when official output reached 90 tons a year.

But a huge amount of gold is also lifted and smuggled out of the country by an estimated 1 million wildcat miners who flock to the Amazon and prospect at hundreds of illegal camps.

The gold is shipped secretly on boats or small planes that take advantage of the lack of radar monitoring to fly undetected through the 2 million square-mile (5.2 million square-kilometer) rain forest.

Official statistics show Brazil earned 358.3 million from gold exports of 31.8 tons last year. In 1994, it sold 16.4 tons (14.9 metric tons) of the precious metal for revenues of 352.6 million.

Officials say Latin America's largest country has known reserves of about 1,000 tons of gold, but local mining federations estimate total reserves to reach 30,000 tons.

## Philippine inflation rate to remain high

MANILA, Feb. 2: The Philippine inflation rate is likely to remain in double digits in early 1996, but the government sees no reason for a downward revision of its economic growth target of between 6.5 and 7.5 per cent an officials said today, reports AP.

We should expect inflation rates to remain relatively high, likely to remain in double digits for several more months, Economic Planning Secretary Clelio Habito told a news conference.

Inflation in 1995 overshot Manila's target, averaging 8.1 per cent after hitting double digits in the last four months of the year due to a rice crisis.

The 1995 revised inflation target was 7.5 per cent and the 1996 target is for inflation to remain below seven per cent.

However, Habito said he saw no compelling reasons why we need to make adjustments in the country's gross national product (GNP) growth target for 1996. "Our current concern is to sustain the growth momentum."

The government reported on Thursday that Philippine GNP grew 5.7 per cent in 1995, just below its six per cent target. Gross domestic product grew by 4.8 per cent. Habito attributed the lower figures to the anaemic performance of agriculture where output rose by 0.9 per cent compared to 11.7 per cent growth in 1994.

Rice production was flat compared to an 11.7 per cent expansion in 1994, while corn contracted by 8.6 per cent in 1995 compared to a fall of 5.8 per cent in the previous year.

Sugar fared even worse with production dropping 25.6 per cent compared to 1.3 per cent growth in 1994.

However, Habito said all other sectors save for agriculture fared well.

He said an impending increase in domestic petroleum prices and the implementation of an expanded value added tax were likely to cause an upward pressure on inflation, but asserted that Manila was keeping money supply under control.

## Bill to grant US MFN trade status to 17 countries introduced

WASHINGTON, Feb. 2: A bill to permanently grant US Most Favored Nation trade (MFN) status to 17 countries that now need annual approval by Congress was introduced on Thursday by an Illinois Republican, reports Reuters.

The countries include former communist nations such as Albania, Armenia, Belarus, Bulgaria, Georgia, Romania and Russia as well as China and Mongolia.

Countries granted Most Favored Nation status get the lowest US tariffs for their goods. In recent years, there has been an annual battle over extending MFN to China because of its human rights record.

"Passage of this legislation would allow American exporters to fully compete in these countries and make long-term commitments without worrying that the US government might pull the rug out from under them," representative Thomas Ewing said in a statement.

## US, Japan decide to give more free food to DPRK

SEOUL, Feb. 2: US and Japanese officials will visit Seoul over the next week amid reports that both countries have decided to give more free food to impoverished North Korea, reports AP.

South Korean officials said Friday that White House National Security Adviser Anthony Lake was expected to notify Seoul of a decision by Washington to donate 2 million dollars worth of food to North Korea through international aid organizations.

The United States gave 225,000 tons of food last year after the North south international aid for the damage from devastating floods.

Lake, arriving Saturday from a stopover in Japan, will talk first with his South Korean counterpart, Yoo Chong-Ha. He also will meet with President Kim Young-Sam and Deputy Prime Minister Kwon Ok-Kie before leaving Monday.

He will be followed next week by a delegation from Japan's ruling coalition parties.

Japan, which last year gave North Korea 500,000 tons of rice, much of its free, has indicated it would ship more rice, hoping for resumption of normalization talks, suspended since 1993.

Japan has no formal relations with the North's communist government while maintaining close ties with pro-Western South Korea.

South Korea, claiming the North is exaggerating its food crisis, has opposed further

aid from the United States and Japan. But it recently decided to allow non-governmental aid, reports said.

North Korea has said the heaviest floods in 100 years last summer affected nearly one-fourth of its 22 million people and caused property damage estimated at 15 billion dollars.

The North also said it needs immediate outside help to feed 500,000 people left homeless. International aid groups, predicting possible famine, back the call for aid.

South Korea maintain the North is intentionally starving its people by refusing to release huge stockpiles of food for its 1.2 million-member military, the world's fifth-largest.

In the first major inter-Korea aid last year, South Korea gave its rival 150,000 tons of free rice, hoping that would help improve ties.

Rut relations have since deteriorated, and the government has come under attack for being "duped" and getting nothing in return.

South Korean officials say they still are willing to give more aid if the North makes a formal request, stops its anti-Seoul propaganda and reopens dialogue.

North Korea has balked at the suggestions.

South Korea media reports claim Washington is pushing for food aid because its ongoing budget snafu is complicating efforts to find money for fuel oil promised to North Korea under a 1994 deal.

## Only \$1 m foreign investment in 4 months

The flow of foreign direct investment (FDI) has slowed down further during the current fiscal year, with the country's much-trumpeted macroeconomic stability starting to falter, reports UNB.

Inflow of foreign direct investment, according to economist Prof Wahiduddin Mahmood, totalled a meagre one million US dollars during the first four months of the current fiscal year (July-October 1995).

In the last fiscal year (1994-95), FDI inflow amounted to 6 million dollars which also registered a drop by 10 million dollars from the previous fiscal. Prof Mahmood told financial reporters at the National Press Club yesterday.

The flow of foreign portfolio investment has also slowed down since the beginning of the current fiscal year.

The fresh portfolio investment during the initial period of four months of the current fiscal was to the tune of 12 million dollars which, according to Prof Mahmood, might reach a maximum of 36 million dollars by the year-end.

In 1994-95, foreign portfolio investments totalled 61 million dollars. Mahmood, who was finance adviser to the Zia government, was not optimistic about implementation of the huge foreign investment proposals lying with the Board of Investment (BOI) in near future.

## PWD Notice Inviting Tenders

Tender No 89 of 1995-96

Sealed tenders in BD Form No 2911 are hereby invited from the Special Class-I & Class-II approved Bldg contractors of PWD, Class-II approved Bldg contractors of PWD Dhaka Zone, Dhaka & Class-III approved Building contractors of Dhaka-PWD Circle-I, Dhaka for the undermentioned work and will be received by the undersigned as well as by the Executive Engineer, Dhaka PWD Division No II/City PWD Division/Eden Bldg PWD Division, & the Executive Officer, Arboriculture PWD Division, Dhaka in their respective offices up to 12.00 Noon on 13.2.96 and will be opened on the same day at 12.15 PM in presence of the intending tenderers who like to remain present. Each tender shall be in a sealed cover with the name of work superscribed on it. Tender form will be sold during office hours up to 12.2.96. No tender form will be sold after 12.2.96.

1. Name of work : Construction of Building No 5 (East side) Horizontally & Longitudinally at Ramna Thana Complex, Dhaka.
2. Estimated cost : Tk 7,67,764/-
3. Earnest money : Tk 15,355/-
4. Time allowed for completion of the work from the date of issue of work order is 120 (One hundred twenty) days.
5. Contract documents consisting of Bangladesh Form No 2911, schedule of items, additional terms and conditions etc. can be seen and obtained from the office of the undersigned and the office of the Executive Engineer, Dhaka PWD Division No II/City PWD Division/Eden Bldg PWD Division, & the Executive Officer, Arboriculture PWD Division, Dhaka during office hours on all working days up to 12.2.96 on payment of Tk 400/- (Non-refundable) only for the notice inviting tenders, schedule of items, special terms and conditions etc (fixed) and a sum of Tk 25/- (Non-refundable) per copy of Tender Form No 2911. The tender form may be purchased by the contractor himself or his representative to produce the authorised letter bearing the signature of the representative duly attested by the contractor. The tenderer must produce the VAT registration certificate before purchasing tender schedule failing which no tender schedule will be sold to them. The tenderer must enclose attested copy of the VAT registration certificate along with the tender.
6. This tender have been invited considering the urgency of the work with approximate/probable estimated amount. It is therefore implied and binding upon the contractors that he/she are agreed to execute the works as per technically approved estimated amount by competent authority.
7. During execution of work the quantities of items of works may vary and even some items or all the items of works may not be executed for which no claim is acceptable.
8. Payment for the work done will only be made after availability of required fund and no claim of contractor is acceptable for unavoidable delay in payment.
9. In case more than one tenderer quote the same rate and stand lowest selection will be made by lottery on 17.2.96 at 12.00 Noon in the Chamber of the Executive Engineer, PWD Division-I, Dhaka in presence of the tenderers who like to remain present.

Executive Engineer  
Dhaka PWD Divn I, Dhaka  
15, Abdul Gani Road, Dhaka.

DFF-2244-29/1  
G-205

## Income tax scandal

### \$1 m tax evasion by top finance ministry official

TOKYO, Feb. 2: Japanese tax authorities have concluded that a former top Finance Ministry bureaucrat evaded taxes one more than 1 million dollars in income, local news reports said Thursday, according to AP.

The scandal involving the former deputy chief of the ministry's Budget Bureau, Yoshio Nakajima, has shaken public confidence in the powerful ministry at a time when it is under fire for mismanaging the huge bad loan problems at Japanese banks.

Nakajima admitted last fall that he had hid 61 million yen (570,000 dollars at current rates) in income over several years, much of it in gifts from a wealthy businessman. He denied taking any bribes.

In a probe of Nakajima's finances that concludes Thursday, tax authorities discovered another 59 million yen (550,000 dollars) in hidden income, making a total of 120 million yen (1.12 million dollars), the Asahi newspaper reported in Friday's editions.

The disclosure is a rare stain on the reputation of Japan's career bureaucrats, who keep their jobs regardless of who holds political office and have broad influence on policy-making.

While money scandals are common among Japanese po-

liticians, the traditional notion has been that those scandals are not as significant as they seem because the bureaucrats who really run the country are clean.

The Nakajima case has undermined that notion, especially because the Finance Ministry is considered the most powerful ministry. Among other things, ministry bureaucrats run the National Tax Administration Agency — the office that investigated Nakajima.

Ministry officials are currently facing a grilling in Parliament over their failure to police a group of housing lenders that collapsed due to bad loans. The government has proposed spending at least 1 trillion yen (9.35 billion dollars) in taxpayer money to bail out the lenders.

The Asahi and the Kyodo news service said Nakajima was ordered to pay back taxes of 24 million yen (224,000 dollars). A dispute remains between Nakajima and the tax agency over a portion of the alleged hidden income, about 35 million yen (327,000 dollars), with Nakajima claiming the money only passed through his hands and was not income, the Asahi said.

Tax officials could not be reached for comment on the reports.

## European Investment Bank loan up 7.5 pc in '95

BRUSSELS, Feb. 2: The European Investment Bank, the EU's lending arm, loaned 21.4 billion European currency units (27 billion dollars) last year, up 7.5 per cent from a year earlier, the bank said Thursday, reports AP.

In its annual report, the EIB said it earmarked 18.6 billion ECUs (23.5 billion dollars) for projects inside the 15-nation European Union.

It said 2.8 billion ECUs (3.5 billion dollars) went to development projects to non-EU areas including the Mediterranean rim, Eastern

Europe and South Africa.

At a news conference, EIB President Sir Brian Urwin said the bank's top future priority was financing ambitious EU project to upgrade trans European transport and communication networks.

The bank has already approved 7.6 billion ECUs (9.8 billion dollars) for such projects, Urwin said. Of 1995 lending within the EU, the bank lent 12.1 billion ECUs (15.2 billion dollars) for development of poorer regions, while 6 billion ECUs (7.6 billion dollars) went to environmental projects, the EIB reported.

The 2.8 billion ECUs (3.5 billion dollars) loaned outside the EU represented a 25 per cent climb over 1994, it said.

The leading recipients were North African and Middle Eastern countries, where lending increased by 70 per cent to more than 1 billion ECUs (1.3 billion dollars).

The EU made a priority last year of promoting cooperation with the region, hoping to check the growth of Islamic fundamentalism and illegal immigration into Europe.

The bank also reported 1 billion ECUs (1.3 billion dollars) in loans to 10 East European countries hopeful of joining the EU.

In addition, the bank made its first-ever loan to South Africa, worth 45 million ECUs (58.5 million dollars) it said.

## Britain's oil output reaches highest level in '95

LONDON, Feb. 2: Britain's combined oil and gas production reached its highest level ever in 1995, Royal Bank of Scotland analysts reported today, according to AP.

Oil output grew two per cent during the year to the highest level for more than a decade.

During the year as a whole Britain's North Sea fields produced 927 million barrels of oil gas output rose even faster, at eight per cent, reaching a new record high.



Traders at the Sao Paulo stock exchange shout their transactions on Thursday one day after the Brazilian government announced that it was devaluing its currency, the Real, for the fourth time this month. — AFP/UNB photo