

Russia's weekly inflation hits new low

MOSCOW, Mar 15: Inflation in Russia fell to 0.4 per cent in the second week of March, the lowest weekly level since economic reforms began in 1992, according to government data released Thursday, reports AP.

The government has emphasized a tight monetary policy to rein in inflation. Such a policy has been rewarded by international lenders; the International Monetary Fund last month promised Russia a loan of more than 10 billion dollars. That, in turn, is important for President Boris Yeltsin, who faces stiff competition in June's presidential elections from Communists and others who want to roll back the reforms.

The previous low was 0.5 per cent in the last week of February; inflation had been 0.8 per cent in the first week of March.

Inflation fell for all categories of goods and services, the State Statistics Committee said Thursday. From March 5 to 11, paid services rose 0.6 per cent, compared to 2.4 per cent the week before. Food prices rose 0.4 per cent, down from 0.5 per cent, and non-food prices rose 0.3 per cent, down from 0.5 per cent.

If those trends continue, the committee said, monthly inflation for March will be 2.2 per cent to 2.6 per cent, down from the record low of 2.8 per cent in February. The government has predicted that monthly inflation will fall to 2 per cent or lower by mid-year.

Germany grants \$748m loan to Russia

FRANKFURT, Mar 15: Several large German banks granted a loan of 1.1 billion marks (748 million dollars) yesterday to the Russian region of Chelyabinsk, in the southern Ural, to help it buy German capital goods, Commerzbank announced in Frankfurt, report AP.

The loan is guaranteed by the German government, and in addition to Commerzbank AG, the consortium consists of Deutsche Bank AG, Dresdner Bank AG and Westdeutsche Landesbank Girozentrale.

The credit is guaranteed by the government export insurance system Hermes and will be paid directly to the German exporters that sell capital goods to Chelyabinsk industries.

The agreement was signed on Thursday at Commerzbank headquarters in Frankfurt by Russian bank Stolichny and German company Aka-Ausfuhrkredit-Gesellschaft, which will manage the loan on behalf of the banking consortium.

Japan will start work on stop-gap budget next week

TOKYO, Mar 15: Japanese Finance Minister Wataru Kubo said today his ministry would start working next week on a stop-gap budget, reports AP.

Japan's next financial year begins April 1 and budget negotiations are stalled. The stumbling block is an unpopular government plan to allocate 665 billion yen (6.5 billion dollars) in the 1997 budget to help liquidate debt-ridden housing loan finance companies.

Kubo told a news conference after a cabinet meeting that the size and duration of the stop-gap budget had still to be decided. But he and economic planning agency director-general Shusei Tanaka said a stop-gap budget was "unavoidable."

Tanaka, at a separate news conference, refused to elaborate on the likely length of the stop-gap budget or any specific actions to be taken by the government.

Taiwanese in China war-game zone fret over threats

BEIJING, Mar 15: Taiwanese with businesses in China within earshot of military exercises aimed at menacing Taiwan said on Thursday they do not fear the gunfire, instead, they fret about losses from the test of wills, reports Reuters.

"I can hear the sound of artillery, but I am not nervous because I don't think war will break out," said a Taiwanese trader in Xiamen, the main port city in China's southeastern Fujian province, which faces Taiwan.

"But we have shelved all 1996 plans to expand investment in buildings, and to renovate equipment and are just waiting for the situation to clear up," the merchant, who gave only her surname Lee, said by telephone.

China's massive show of military force aimed at another Taiwanese named Lee - President Lee Teng-hui, whom Beijing views as bent on making Taiwan independent - were "causing big losses for both Xinmen and Taiwan," she said.

China started last Friday a week of ballistic missile tests in waters close to Taiwan's two major ports. On Tuesday, it began live-fire military drills in the narrow straits separating the mainland from the island of Taiwan.

Beijing says the war games, set to end just three days before Taiwan's direct presidential elections on March 23, pose no danger to Taiwan's 21 million people.

Beijing accuses Washington US trying to force China to accept infected wheat

BEIJING, Mar 15: China accused the United States yesterday of double standards and hegemony for trying to force Beijing to accept imports of infected US wheat by linking the issue to the Asian giant's WTO entry, reports AP.

Ministry of foreign trade and economic cooperation officials said that, while refusing itself to accept pest-ridden Mexican wheat, the United States was putting heavy pressure on China to open up its markets to US imports that are infected with Tillicetia Controversa Kuhn (TCK), Xinhua reported.

The dispute, which dates from the early 1970s but had died down for more than a decade, reemerged in the early 1990s when Washington put forward the argument that TCK "is not suited to the natural conditions of China" and

would not affect domestic wheat, the report said.

On December 12, 30 US Congressmen from wheat-producing US states jointly wrote to Chinese leaders, criticising China's quarantine of TCK as unscientific and demanding that Beijing alter relevant laws and regulations to permit the infected wheat into the domestic market.

They "imposed pressure on China repeatedly," saying the issue was no long a "technical" one, but a "political issue," Xinhua reported.

US authorities said the Chinese rules constituted an artificial barrier to free trade and "began to relate the dispute with China's reentry of the General Agreement on Tariffs and Trade and entry to (its successor) the World Trade Organisation (WTO), coercing China to make a 'political de-

cision," it said.

Such behaviour constituted a "hegemony act" that should be condemned, it quoted the officials as saying.

The officials said the Chinese government had always treated the issue scientifically, insisting that evidence proved the disease would exert great harm on China's wheat harvest, which is vital for feeding a population of 1.2 billion people.

The "quarantine policy - is based on results of a number of scientific appraisals and fully conforms to the international practice," they said.

China regards the matter as a "technical," rather than "political" issue, and is willing to seek the solution through bilateral technical cooperation based on a shared respect for science, they added.

Japan identifies three areas to assist Jordan

AMMAN, Jordan, Mar 15: Japan has identified three development needs for which it will provide assistance to this resource-poor kingdom, a Japanese official said Thursday, reports AP.

Ryohei Murata, an adviser to Japan's foreign minister, said his country had designated basic industry and environmental protection as key aid areas.

"To provide assistance to Jordan, we needed a framework or a benchmark instead of dealing with every project on its own," Murata told a press conference at the end of a week-long visit.

He said Japan had not yet specified the amount of aid it would provide this year to Jordan, which is straining under \$5 billion dollars in foreign debt accumulated in the 1980s.

Japan is one of Jordan's major aid donors. In 1995, it granted the kingdom about 400 million dollars in assistance and debt rescheduling.

WB, IMF draft proposal to help indebted nations

WASHINGTON, Mar 15: The World Bank and the International Monetary Fund have drafted a joint proposal to help certain heavily indebted nations reduce their burdens to sustainable levels, reports AP.

A bank memorandum said the proposal calls for the establishment of a trust fund, built on contributions from bilateral donors and international institutions, that would be used to service a portion of the multilateral debt in the eligible countries.

The memorandum acknowledged that the feasibility of the plan "will be determined by the availability of necessary financing from both bilateral donors and multilateral institutions themselves."

In addition, it said, "debtor countries themselves will need to sustain sound economic policies."

The bank suggested that the trust fund be administered by the international develop-

ment association, its lending arm specialising in the world's poorest countries.

Heavily indebted countries that have nonetheless demonstrated "sound economic policies and management" for three years would be helped by the bank and the IMF over an additional three-year period to carry out "macro-economic and structural reform, which would then lead to a comprehensive treatment of its debts."

The second phase of the effort would seek to improve the quality of public expenditure, strengthen existing institutions and enhance the delivery of social services.

At the same time, government creditors in the Club of Paris would agree to offer rescheduling options to reduce the value of debts falling due by 67 to 90 per cent.

The bank memorandum said that according to a preliminary analysis eight heavily indebted countries would likely be eligible for the initiative.

US accepts call to consult Canada, Mexico over Cuba sanctions

WASHINGTON, Mar 15: Trade Representative Mickey Kantor said Thursday that he will accept Canada's call for consultations under the North American Free Trade Agreement (NAFTA) on new US sanctions against Cuba, reports AP.

Mexico has joined in the call. Under NAFTA, formal discussions must start within 30 days. If no accord is reached, NAFTA provides for dispute settlement by special panels of experts from the three countries and sometimes from other countries too.

Canada, Mexico and other governments object to the law President Clinton signed this week that permits Americans to sue foreigners who profit from properties confiscated by President Fidel Castro's government.

The law also provides for banning them from visits to the United States.

The Canadian government says the United States should not be telling Canadians they cannot do business with the United States if they do business with Cuba.

The 15 governments of the European Union have complained that the sanctions amount to "extraterritoriality" - the extension of US law beyond US borders. The EU has protested such action in the past.

Sir Leon Brittan, the EU's top trade official, is expected to take up the question next week when he visits Canadian Prime Minister Jean Chretien.

Russia, too, has objected because the new law links US aid to Russia's ending ties with Cuba.

US President Clinton signed the bill, which he previously opposed, after Cuban planes shot down two US civilian aircraft Feb. 24. He retains the right to suspend suits under it for six months at a time if he considers a suspension to be in the US national interest.

2 US officials to visit 3 states for oil talks

WASHINGTON, Mar 15: Two top US officials will travel to Turkey, Armenia and Azerbaijan this week to discuss peace efforts and plans to pump oil from the Caspian Sea, an official said Tuesday, reports AP.

US Deputy Secretary of State Strobe Talbott and Sandy Berger, the number two adviser at the National Security Council were to hold talks with leaders in the region, State Department spokesman Glyn Davies said.

The visit came after Azerbaijan and Georgia on Friday signed a deal with a western oil consortium to pile Caspian Sea oil to a Georgian port on the Black Sea.

The oil consortium called the Azerbaijan International Operating Company is led by US giant Amoco and Britain's British Petroleum, each with 17 per cent stakes.

Talbott travelled to Moscow on Monday to hold two days of talks on next week's visit to the Russian capital by US Secretary of State Warren Christopher.

Unemployment stabilising in Europe: ILO

GENEVA, Mar 15: The International Labour Organisation (ILO), in a gloomy global survey, said Thursday that unemployment was stabilising, but at high rates in Europe and was on the rise in the United States and Latin America, says Reuters.

Some Asian countries - notably Philippines, South Korea and Malaysia - as well as Israel were resisting the world-wide trend with a decline in joblessness, while others like Singapore and Hong Kong were holding it at low levels.

"In most Western European countries, general rates of joblessness remained steady or came down slightly between 1994-1995, but double-digit unemployment continues to prevail across most of the continent," the United Nations body said.

Figures compiled by the ILO showed that core European Union states working to fulfil conditions for Monetary Union (EMU) by 1999 - France, Germany and Belgium - as well as Spain were running some of the highest unemployment rates in the EU.

By the end of January this year, the report showed, the German joblessness rate had risen to 12 per cent of the work force against 11.1 per cent 12 months earlier and had climbed to nine per cent in Austria from 8.5 a year earlier.

Countries less committed to meeting the EMU by next year had shown some improvement, in registered unemployment - from 8.7 per cent in November 1994 in Britain to 7.8 per cent last November and a drop from 10.8 to 8.9 per cent in Denmark.



Grim faces among some of the thousands of concerned employees of the ailing Dutch Fokker aircraft company during a mass meeting of the airplane manufacturer's 7,900 employees in the Netherlands on March 12. During the rally they were addressed by Ben van Scheik, a senior company representative. Fokker was put into receivership on January 23, the day after DASA, a subsidiary of Daimler-Benz, decided to abandon its investment.

- AFP/UNB photo

US budget impasse persists Congress okays one week spending extension

WASHINGTON, Mar 15: Congress approved legislation to avert a federal shutdown for another week as Senate Republicans ceded ground to the Clinton administration by agreeing to provide more money in a separate measure for environmental protection, reports AP.

Over opposition by most Democrats, the House of Representatives voted 238-179 Thursday to keep dozens of agencies functioning through March 22. The Senate agreed by voice vote Thursday night to send the measure to the White House.

The bill would prevent thousands of federal offices from closing after Friday, help both parties escape election-year blame for a new shutdown and give bargainners more time to strike a budget compromise for a fiscal year that is nearly half over.

Meanwhile, Democrats secured support from Republican senators for adding 727 million dollars in environmental spending to a massive 160 billion dollar bill financing health, veterans, national parks, law enforcement and many other programmes through next September.

The Senate also added 50 million dollars in anti-terrorism assistance for Israel. Democrats had sought around 900 million dollars in additional environmental funding. Administration officials, who participated in negotiations, declined to sign off on the 727 million dollars deal.

A vote on the environmental deal was scheduled for next Tuesday, as was the final vote on the overall bill to cover government spending through the rest of fiscal 1996.

Clinton, who demanded 8 billion dollars in additional social spending, had threatened to veto the original Senate bill. But the addition of environmental money, along with 2.7 dollars for education and job training added earlier this week, would shape it more to his liking. The House bill has much less money for all of those programmes.

The president also wants

language killed that would ease development of wetlands and Alaska's Tongass national forest. Republicans say the measures are responsible budgets for an era of big federal deficits.

Clearly, Congress' seemingly endless budget fight was grating on lawmakers' nerves. The short-term spending bill the House approved was the 10th since fiscal 1996 began last Oct. 1, and Congress was already beginning work on the 1997 budget.

"I don't think we can sustain this much longer," said Senate Minority Leader Tom Daschle, warning that Democrats would be reluctant to approve short-term bills running beyond Easter. Democrats are bothered that in the parade of 1996 stopgap bills, Republicans have held many programmes to last year's spending levels or less.

For their part, Republicans were wearying of constant administration and Democratic allegations that the Republicans were out to gut environmental programmes and were letting lobbyists for corporate polluters write legislation.

"You've insulted me personally, Mr. President, and that's exactly the way I take it," Sen. Robert Smith of New Hampshire, said on the Senate floor. "It may surprise you to learn my daughter drinks the same water your daughter does."

While the two parties negotiated over restoring money for the environment, the Senate showed its sentiments by killing a Democratic attempt to slow logging in federal forests in the Northwest.

The amendment by Sen. Patty Murray of Washington was defeated on a near party-line, 54-42 vote. It would have revived most environmental protections Congress waived last year for removing dead and dying wood from fire-prone forests. Opponents said the provision would have been an economic blow to the timber industry.

Later, the Senate voted 52-43 to rebuff an effort by conservatives.

New Globex pact may attract more trading exchanges

BOCA RATON, Florida, Mar 15: In key concessions that may give new life to Globex, the computerised commodity trading system is cutting fees and dropping a ban on member exchanges joining rival electronic systems, reports AP.

The changes could attract other exchanges besides the Chicago Mercantile Exchange and Marche a Terme International de France, or MATIF. Globex lost the Chicago Board of Trade two years ago and hopes to lure the New York Mercantile Exchange.

The Chicago exchanges originally saw Globex as a way to build international interest in their futures and options contracts by providing electronic trading during foreign business hours.

The partners expected other exchanges to pay them for the right to add products on Globex screens and agree to a ban on competing products. Asian markets roundly rejected those rules and have been drawing business away from the system. European markets balked at the governance provisions.

The changes were negotiated with Reuters Holdings PLC, which supplies the terminals and technology. "The markets are changing; the markets have grown and matured significantly since the 1980s," Rosalyn Wilton, managing director of Reuters transaction products, said Thursday. "We recognize those changes. It's definitely been a learning curve."

Terminal fees at the Merc would remain at 800 dollars, but fees at the MATIF, which represents the lion's share of recent volume, would fall to 800 dollars from 1,200 dollars after the current contract expires in April. Reuters also had agreed to end a 1-dollar fee for every contract traded in favour of a fixed annual fee, which Wilton declined to disclose.

Marc and MATIF officials had publicly expressed their dissatisfaction with the Reuters contract.

HK retains title as world's busiest container port

HONG KONG, Mar 15: Hong Kong in 1995 retained its title as the world's busiest container port, handling more than 12.5 million TEUs (twenty-foot equivalent units) of containers, up 13.4 per cent over 1994, government figures showed today, reports AP.

The 13.4 per cent increase for 1995 showed "the urgent need for the development of additional container terminal facilities to meet the projected demands," said Deputy Director of Marine S Y Tsui.

The container terminals in Kwai Chung and on stone cutters island handled 8,256,171 TEUs in 1995, and increase of 13.4 per cent over 1994.

Hong Kong has urged developers to quickly reach and agreement on the development of the container terminal nine project, following the end of a three year impasse between Hong Kong and Britain.

Daewoo agrees to invest \$1.12 b in Warsaw

WARSAW, Poland, Mar 15: South Korea's Daewoo company signed an agreement Thursday to invest 1.12 billion dollars over the next seven years in Warsaw's Passenger Car Factory, and General Motors of the United States signed a letter of intent to build a plant in Silesia, reports AP.

The Daewoo agreement gives the South Korean car manufacturer 70 per cent of the Passenger Car Factory. Sa known by its Polish initials, FSO. The new company will be called Daewoo-FSO Motor Ltd, but the Polish government maintains a so-called "golden share," allowing it to veto the new company's strategic decisions.

Meanwhile, General Motors and the Polish Trade and Industry Ministry signed a non-binding memorandum of understanding for a GM factory in

Poland. A final agreement is expected by the end of April.

In a separate letter of intent, GM said it would build the plant in Gliwice, in the southern industrial region of Silesia, where inefficient coal mines are threatening mass worker layoffs.

The Daewoo-FSO Motor Ltd factory will continue to produce 100,000 Polish-designed Polonez cars yearly, but will also start production of up to 30,000 Daewoo Tico and Espero cars per year.

Daewoo is making an immediate capital transfer of 20 million dollars in the Warsaw plant, and is seeking Polish government approval to move production of its Nexia cars to Warsaw from the eastern town of Lublin.

Last June, Daewoo signed an agreement to assemble 10,000 Nexias a year at the Lublin van factory.

UN announces multi-billion dollar programme to develop Africa

UNITED NATIONS, Mar 15: Trying to reverse the decline of the world's most troubled continent, the United Nations on Friday announced an unprecedented multi-billion dollar development programme for Africa, reports AP.

The United Nations' System-wide Special Initiative on Africa will seek to raise 25 billion dollars from the World Bank, donor countries and other sources over a 10-year period.

Those funds will finance "goal-oriented" programs in such fields as education, health, food security, governance, sanitation and "peace building," which will be developed by African governments themselves.

The World Bank will seek to raise funds to finance the programs, focusing initially health and education, according to the U.N. Development Programme.

U.N. officials said the effort is unprecedented because of the World Bank's role and because it marks the first time

all U.N. agencies have agreed to coordinate activities to hold themselves "mutually accountable for achieving results."

The effort on behalf of Africa comes at a time when the United Nations is facing the gravest financial crisis of its 50-year history.

But officials said they were confident the United Nations could meet its obligations because funding would come mostly from private sources, donor countries and from U.N. agencies which maintain budgets separate from the U.N. headquarters in New York.

U.N. Secretary-General Boutros Boutros-Ghali, an Egyptian, has long complained that Africa has become the "forgotten continent" because the international community has concentrated its attention and resources on areas such as the Middle East and the Balkans.

U.N. officials have also complained that Africa's daunting problems have led to "donor fatigue" in the United States, Japan and Western Europe.

In a time of economic vitality in formerly impoverished areas such as East Asia, Latin America and Eastern Europe, Africa has steadily fallen behind economically, politically and socially.

The United Nations estimates that 54 per cent of Africa's people live in absolute poverty. Africa is the only area of the world where poverty is expected to increase over the next decade.

"Africa is a continent at a critical turning point in its history, the U.N. Development Program said in a statement. "It is a continent beset by economic and social crises, yet it is also a continent on the march, full of promise."

The United Nations cited the end of the apartheid regime in South Africa and the accession of democratically elected governments in Angola and Mozambique as an example of progress which the international community must encourage.



General view of the anti-terrorism summit in Sharm el Sheikh of Egypt on Wednesday. Twenty nine state leaders are attending.

- AFP/UNB photo

armed Friday.

The measures are part of a wider plan to liberalise the country's service sector.

The measures will include speeding up visa paper work and permitting foreign companies to buy their own office space, as well as offering tax exemptions.

the BOI scheme, there will be no limit.

WELLINGTON: An Asian-based consortium has acquired 16.74 per cent of Brierley Investment and is standing in the market for a further 3.26 per cent to take its stake to 20 per cent, Brierley said.

Brierley said the owners of the consortium are Hong Leong Group of Malaysia, Hong Leong Group of Singapore, Salim Group of Indonesia, Sembawang Corp. of Singapore and Haw Per Brothers International of Singapore.

Brierley said it welcomed the new shareholders and expected them to be beneficial to the company.

Hong Leong already has a major interest in New Zealand via its investment in COL Hotels and City Development Ltd.

The Brierley board expects that the resultant linkages between Australasian and Asian interests will much enhance the potential for Brierley's developing interests in the Asian

Business briefs

below its original targets as the slow recovery in the domestic economy weighed upon the sales of its small-sized trucks and passenger cars.

Isuzu Motors is Japan's largest truck maker, 37.5 per cent-owned by General Motors of the US.

BANGKOK: Thailand's Board of Investment is assembling an incentives package designed to encourage foreign companies to move their headquarters to Thailand, a BOI official con-

Automotive Ltd, into their respective parent companies global operations.

The companies emphasised that the amicable move occurred by mutual agreement and respects the changing position of the Australian industry within the global automotive industry.

Isuzu Motors Ltd has said it will resume paying a dividend this fiscal year after five consecutive fiscal years without rewarding its shareholders.

The dividend payment was made available as Isuzu boosted its parent pretax profit and sales outlook for the year ending March 31.

Isuzu will announce its earnings report for the recent fiscal year in May.

A company spokeswoman said late Wednesday the upward revision was made possible due partly to higher overseas sales, the positive results of restructuring efforts and lower interest rates.

The exports of small-sized

TOKYO, Mar 15: Japan's Daiwa Research Institute has applied to the Burmese government for permission to establish a joint-venture securities company to do over-the-counter trading in shares, a spokesman for Daiwa Securities Co said Friday.

The spokesman said he didn't know when permission would be granted, but he said he thought it would be given.

The local partner is Myanmar Economic Bank, he said. DRI currently has a representative office in Myanmar.

TOKYO: Top Japanese automaker Toyota Motor Corp and General Motors Corp on Friday dissolved their Australian joint venture company, United Australian Automotive Industries Ltd.

Toyota said in an announcement that the move will result in integration of the local operating companies, Toyota Motor Corp Australia Ltd and General Motors-Holden's