

British telecom, MCI to combine internet networks

LONDON, June 12: British Telecommunications PLC and US partner MCI Communications said Monday they will combine their internet networks in a multimillion-dollar deal that creates the world's largest internet provider, reports AP.

The telephone companies are setting up Concert InternetPlus through their existing international joint venture, Concert.

British Telecom and MCI said their joint internet venture will include the first ever global service guarantees, better response times and more availability.

This will enable companies to use the system as their own private global network for electronic mail and other services, British Telecom and MCI said.

The companies declined to disclose the cost, but a source familiar with the deal told The Associated Press the investment is expected to top 300 million dollars.

The network initially will have major hubs in Australia, Germany, Japan, the Netherlands, Britain and the United States. The companies will then expand elsewhere in Europe, Asia and the Americas.

The network will expand the global capacity for internet users by 30 per cent, meaning more people could use the system at once with fewer delays.

"Today we are debuting the first class of global internet services," said the British Telecom Chief Executive, Sir Peter Bonfield, in a statement released through the companies' headquarters in London and Washington.

"This initiative will result in BT taking the lead in Europe in the same way MCI has taken the lead in the US internet market."

British Telecom bought 20 per cent of MCI for 4.3 billion dollars in 1994, and the two set up their Concert joint venture to offer global telephone services for multinational companies.

RBI worried at country's rising fiscal deficit

BOMBAY, June 12: India's central bank said here it was worried by the country's rising fiscal deficit and the accumulation of domestic debt by New Delhi and the states, reports AP.

The Reserve Bank of India (RBI) in its report on currency and finance, said it was concerned about "the quality of fiscal adjustment and sustainability of the fiscal position."

The RBI said one of the most disturbing aspects of the country's finances was the persistence of a large revenue deficit emanating from unabated growth in expenditure, "especially interest payments coupled with relatively sluggish revenue performance."

The net liabilities of the central government relative to the GDP (gross domestic product), on book value basis, are estimated to have gone up substantially from an average of 9.3 per cent during the second half of the 1980s to 19.8 per cent in the year to March 1995 and to 20.6 per cent in the year to March 1996," the bank said.

The RBI said about 62 per cent of the country's domestic borrowings financed the revenue deficit in the year to March 1996, from 32 per cent in the 1980s.

"Larger borrowings by the government at higher interest rates resulted in increased pressure on interest payments, which account for as much as 52 per cent of the revenue receipts in 1995-96 as against 30 per cent in the second half of the 1980s," said the report.

KWU - Mitsui consortium wins \$300m contract in China

FRANKFURT, Germany, June 12: A consortium led by Siemens AG's KWU Power Generation Group has won a 300 million dollars contract to equip a large-capacity coal-fired power plant in China, reports AP.

Erlangen-based KWU has 60 per cent stake in the two-company consortium with Mitsui Babcock Energy (MBEL) of Japan.

KWU's share represents about 180 million dollars of the total contract. The coal-fired plant will be just outside the city of Fuzhou in southeast China, Siemens said.

The KWU/Mitsui consortium won the contract from the privatized Chinese electric utility, Huaneng Power International (HPI).

The new Fuzhou plant, due for completion in 1999, will comprise two 350-megawatt units, for which KWU will supply both steam turbines and generators, as well as the entire power-plant implementation and controlling equipment.

Consortium partner Mitsui-Babcock will supply the plant boilers, KWU said.

Local companies will be contracted to carry out construction and installation work, Siemens said.

Siemens said that "many years of experience in the field of coal-fired plants and the market-oriented price had given it the competitive edge on other international contractors."

UK, EU partners remain at odds over beef ban

LUXEMBOURG, June 12: Britain went head-to-head Monday with its increasingly angry partners in the European Union over the global ban on British beef, but eased off slightly in its policy of blocking other EU measures, reports AP.

There was still no sign of an end to the 10-week-old standoff in which Britain has vowed to obstruct all EU measures requiring unanimity until London gets the EU to announce when it will lift the beef ban.

The ban was instituted March 27 because of fears over mad cow disease in Britain, which scientists say may cause a fatal brain ailment in humans. Beef sales have sunk throughout the EU since the ban was put in place.

Britain's 14 EU partners are increasingly annoyed with its obstructionist tactics.

"The time has come for the British to become level-headed" before it further harms its interests, said Danish Foreign Minister Niels Helveg Petersen as EU ministers met Monday.

Dutch Foreign Minister Hans van Mierlo was even angrier.

Britain has a "shortsighted view of the problem," he said. "It seems to think it is the only one being damaged by the export ban. The truth is we all do."

Van Mierlo rejected British Foreign Secretary Malcolm Rifkind's tour of EU capitals as political lobbying "that will not soon restore consumer confidence."

European Commission President Jacques Santer lashed out at Prime Minister John Major over the weekend, saying his non-cooperation strategy was "absurd" and created a "war atmosphere."

Rifkind did signal a partial easing of the non-cooperation policy Monday. The foreign ministers faced 20 measures requiring unanimous approval.

Rifkind said he would veto all of them, except an association accord with Slovenia, the granting of 1.6 billion for elections in Bosnia and a draft new trade EU-Algeria trade pact.

Rifkind said Britain already had slaughtered 160,000 cattle in the wake of the latest round in the mad cow scare and said a total of one million would be destroyed.

The latest British proposals to eradicate mad cow disease were being studied Monday and Tuesday by EU veterinary experts in Brussels, he said.

The imposition of the beef ban amid a consumer scare over mad cow disease led Major to retaliate on May 21 with a revenge strategy to sabotaging EU decision-making unless the export ban is lifted.

Britain treats the beef ban as a trade dispute, one that lacks scientific basis and has unfairly brought to a halt an annual beef trade worth 855 million.

But its partners see it as an EU-wide public health issue. They demand detailed measures to eradicate the mad cow disease in Britain through stricter production, hygiene and herd management procedures.

Beef ban issue Responsibility lies with Britain: EC

BRUSSELS, June 12: Britain must present its European Union partners with a firm commitment on eradicating "mad cow" disease in order to get the EU worldwide ban on its beef lifted, a European Commission spokesman said yesterday, reports AP.

"The responsibility lies with Britain," said Commission spokesman Kalus Van Der Pas. "It's up to the British authorities to make their proposals allowing a framework agreement for lifting the ban on British beef to be struck before next week's summit of EU leaders in Florence, he added."

Britain's EU partners imposed the ban on March 27 after London said there were possible links between bovine spongiform encephalopathy (BSE) and a human brain disease.

Meanwhile, London continued its policy of non-cooperation with the EU, derailing four more EU decisions on Tuesday, bringing to 78 the number of resolutions so far blocked.

The latest decisions to meet with British stonewalling were a move to boost industrial co-operation with the Third World, a resolution on access to culture, and two others boosting support for books and libraries in the electronic era.

Britain was also likely to block another decision on the protection of cultural heritage as part of efforts to block all EU business which requires a unanimous vote for adoption.

Fugitive boss of Thai scandal-hit bank surrenders to police

BANGKOK, June 12: The fugitive boss of the scandal-plagued Bangkok Bank of Commerce surrendered to police Tuesday for questioning over his role in bringing the bank to the edge of collapse, reports AP.

Krirkkiat Jalichandra, President of the bank, left Thailand the day after the Finance Ministry seized control of the bank last month after a rash of allegations of corruption and fraud.

Krirkkiat, who had travelled to Switzerland and failed to meet deadlines to return home for questioning by examiners, returned from Malaysia Tuesday and turned himself in to waiting police.

Police Gen. Pochana Boonyachinda told reporters that he will not be immediately set for Krirkkiat, who was transferred to the Economic Crime Investigation Division for interrogation.

Krirkkiat's passport has been revoked. It was not immediately clear what specific criminal charges he might face.

Police believe Rakesh Saxena, the bank's former treasury adviser, may return from Canada and surrender this week.

The scandal has been the worst to strike the Thai banking industry in a decade and has fuelled allegations of corruption in Prime Minister Banham Silpa-Archa's government.

The bank's lending practices came under scrutiny during a no-confidence vote in Parliament last month that Banham won but damaged several of his Cabinet ministers, forcing a reshuffle.

The debate brought out allegations that senior government officials received large, poorly secured loans from the bank, a middleweight among Thai financial institutions.

The disclosures sparked a run on the bank that prompted the Finance Ministry to seize control from Krirkkiat, who had been at the helm for 11 years.

The bank was found to have low-quality high-risk loans totalling 47 per cent of its assets. A central bank report found that the bank had overstated earnings for two years, reporting profits when it actually lost money.

The panel formally fired Krirkkiat last Thursday and accused him of serious mistakes that had pushed the bank to the brink of collapse. He was also stripped of his pension and severance benefits.

Showcause notice issued on India's largest pvt firm

NEW DELHI, June 12: India's new government has asked the country's largest private firm, Reliance Industries Ltd, to explain the alleged switching of shares four years ago, a newspaper said on Tuesday, reports AP.

The Department of Company Affairs has issued "Showcause" notices to Reliance Consultancy Services and Reliance Industries Ltd (RIL) under various provisions of the Companies Act, The Business Standard said.

It said that the inclusion of a particular sub-section of the Act makes it an offence if committed with "the intent to fraud."

The punishment prescribed under the sub-section is steep with a maximum fine of 10,000 rupees or imprisonment up to six months or both being imposed on every officer of the company responsible for the offence, it said.

The decision to issue a show cause notice was taken after a meeting between the ruling United Front's Finance and Law Minister P. Chidambaram and senior officials last week.

Reliance Industries, the

textiles and the petrochemicals giant, whose shares are most heavily traded in the Bombay Stock Exchange is accused of switching nearly seven million shares bought by domestic financial institutions four years ago.

"The company will reply to the show cause notice and will reiterate its consistent stand based on the legal advice that the company has not violated any provisions of the law," a spokesman for the Reliance Industries said.

The company says it merely replaced one set of sold shares with another of equal value except that their numbers were different and the exercise was not illegal.

But a separate probe by the Securities and Exchange Board of India (SEBI), allegedly found irregularities in the issue of shares.

"The regulatory body" inspection of share records of Reliance Consultancy Services unearthed the existence of certificates where record key numbers (of shares) were not backed by distinctive numbers," the newspaper said.

French consumers worried, want to save for rainy day

PARIS, June 12: French consumers are deeply worried and want to save for a rainy day, a monthly assessment of household confidence by the official Insee Statistical Institute showed yesterday, reports AP.

Household confidence in the economic future is at a record low point and is at the same level as in December when the country was in the grip of a three-week strike by public sector workers who were protesting against reforms to reduce welfare deficits.

The Insee index of opinions about prospects for personal finances, unemployment and prices, fell to minus 38 which was two points lower than in April and five points lower than in March.

The only improvement concerned unemployment for which the index rose by two points.

But on all other aspects the findings of questions put to 2,000 households showed deep pessimism.

The rating for expectations of future living standard fell by seven points.

The index of inclination to purchase expensive goods such as furniture fell by three points to minus 30.

Respondents said that they wanted to save.

The findings were a factor depressing French share prices by 0.43 per cent to 2,111.64 points early on Tuesday, dealers said.

Prices were also weakened by a slight fall of the French franc against the mark and of weakness on Wall Street.

Insee published a monthly survey of industrial confidence 10 days ago which showed that confidence among industrial leaders had fallen in May after two months of growing optimism.

China rejects trademarks featuring killers, queen

BEIJING, June 12: Chinese authorities have rejected trademarks featuring words or pictures that "promote or degrade professional killers, the queen and the mafia," Xinhua news agency said yesterday, reports AP.

The official agency failed to specify which queen was being referred to, but according to press reports in British-ruled Hong Kong, China is targeting references to Britain's royalty in the run up to the territory's handover in July 1997.

The authorities refused more than 50 Chinese and overseas trademark applications between May 1995 and April 1996, Xinhua said, noting the action was in line with China's trademark law.

It bans the use of words or pictures "deleterious to the socialist ethics or likely to

cause an unhealthy impact, the agency said quoting an official of the state administration for industry and commerce.

"The refused applications defy social ethics and are in violation of religious beliefs, support racial discrimination, and feature colonial culture and serious unhealthy political tendencies," said Teng Jiacai, of the state administration's trademark office.

"The owners of these trademarks want to attract more consumers by unique pictures or wording, but the trademarks cannot be protected since they are harmful to society," Teng said.

By the end of 1995, there were 528,541 valid registered trademarks in China, 451,945 of them granted to Chinese entities, Xinhua said.

KEDO provides 360,000 MT of heavy oil to DPRK so far

TOKYO, June 12: North Korea said yesterday that shipments of heavy oil to the country from the United States and a consortium known as the Korean Peninsula Energy Development Organisation (KEDO) were proceeding as planned, reports AP.

Some 37,800 tonnes arrived at the Port of Sonbong on Tuesday last week, representing the May installment of 500,000 tonnes to be provided between November last year and October this year, the Korean central news agency said.

The official news agency said in a report monitored in Tokyo that some 360,000 tonnes of heavy oil have been provided to North Korea so far, of which 210,000 tonnes had been shipped by May.

Under an agreement reached with United States in 1994, North Korea is being provided with heavy oil in exchange for phasing out its nuclear power programme. The international KEDO consortium has been formed by more than 20 countries including the United States, South Korea and Japan.

China bid to help provinces produce more grain

BEIJING, June 12: China will release more than a billion yuan (120 million dollars) annually over the next five years to help 10 provinces produce more grain, the China Daily said yesterday, reports AP.

More than a third of the grain self-sufficiency project found will come from central government, with the regions contributing the remainder, the official English-language daily said.

Grain production is high enough to meet consumer demand in 20 of China's 30 provinces. The other 10 provinces, mostly situated in western or central China, import grain from elsewhere in the country or abroad.

A finance ministry official was quoted by the China Daily as saying the situation was exacerbated by natural problems and insufficient public funding which had failed to promote grain cultivation.

The new project should allow increase use of technology and improved training for farmers. It should also serve to motivate the country's peasants, many of whom are abandoning their land for more lucrative activities, the paper said.

The government has forecast roughly 465 million tons of grain will be produced in 1996, the same amounts as last year.

Experts say China must produce more rice and wheat in order to feed her population, which will reach 1.3 billion by the turn of the century.

American suspect held in \$200,000 UN embezzlement case

UNITED NATIONS, June 12: The United Nations has waived diplomatic immunity in the case of an American suspected of embezzling at least 200,000 dollars from a UN agency in Geneva, a UN spokesman said Monday, reports AP.

UN spokesman Sylvana Foa said the American employee, whose name was not released, would be moved from a Swiss hospital where he is undergoing treatment to a "more secure facility," presumably a prison clinic.

On Friday, UN officials said the staffer, identified only as a Cuban-American, was suspected of forging documents and embezzling from the UN Conference on Trade and Development or UNCTAD.

Foa said Barbara Dixon, the American chief investigator of the UN oversight committee in New York, and a deputy arrived in Geneva on Sunday to begin reviewing financial records in the case, which may go back to 1991.

The irregularities were discovered when the official took sick leave. UN officials in Geneva said.

UN sources, speaking on condition of anonymity, said the initial investigation indicated the suspect had allegedly authorized per diem payments for participants to seminars which never took place and pocketed the money himself.

The suspect held a "P-5" rank in the UN civil service, which officials said was roughly comparable in status to an Army major. In the grade, he would have earned salary and benefits in excess of 100,000 dollars a year. UN officials estimated.

A drinking problem led to his hospitalization for alcohol abuse treatment, UN sources said. While he was undergoing treatment, his temporary replacement discovered the apparent fraud, the sources said.

Developing countries have long supported UNCTAD, saying it is one of the few places in the UN system they can turn to for funds on global development issues.

UNCTAD has also sponsored higher prices for commodities, which has brought revenue to developing countries but angered conservatives in the developed world.



President of American Airlines, Bob Carty (L) and Bob Ayling, Chief Executive of British Airways, shake hands on Wednesday as it was announced that the two airlines had agreed to form a worldwide commercial alliance. From April 1997 the two airlines plan to coordinate their passenger and cargo activities between Europe and the USA. — AFP/UNB photo

Discussion on social clause for trade pacts urged

GENEVA, June 12: French President Jacques Chirac and US Labour Secretary Robert Reich called yesterday for discussion on a social clause for trade pacts when trade ministers met in Singapore at the end of this year, reports Reuters.

They made their appeal, marking the latest stage in a campaign to get the controversial topic on the agenda for the December gathering, in separate speeches to the annual conference of the International Labour Organisation (ILO).

Chirac told the gathering, attended by labour ministers from many of the 173 member-countries of the ILO, that the new global market could

not allow "breaches in the fundamental rules of social democracy" such as child labour and slavery.

"Trade liberalisation, the development of employment, and respect for a certain number of universal rules guaranteeing people's dignity, are inseparable," he said.

France believed a way had to be found to link respect for the "social dimension" of fundamental labour standards and liberalisation of world trade, and wanted the question on the agenda for the Singapore meeting, Chirac added.

Reich said: "Let me be blunt. If we want to support the continued expansion of the global economy — and we do —

then we must do more to implement the ILO's core labour standards."

"We simply cannot separate our trade discussions from the conditions under which workers produce for the international market," he added.

Many developing countries have made clear they will fiercely resist any bid to raise a "trade and labour" link in December at the first ministerial meeting of the World Trade Organisation.

They argue that, despite assurances from Reich and European government supporting the "social clause" for trade, developed countries aim primarily to protect their goods against competition from goods more cheaply produced in poorer states.

The United States tried but failed to include discussion on a "trade and labour" link on the agenda for a ministerial meeting in Morocco in 1994 which finalised the world trade treaty negotiated under the WTO's predecessor, the General Agreement on Tariffs and Trade.

Reich told the ILO on Tuesday that Washington wanted to see a working party set up in the WTO after Singapore that could consider what role the body with its currently 121 members could play in promoting the labour standards championed by the ILO.

At a news conference later, he said it was essential to get the debate under way to head off reaction in some countries against any new measures to free world trade-blamed by some workers in the West for increasing unemployment.

He said he welcomed the position taken by Chirac because there would be more chance of progress if countries supporting discussion of the issue in the two made a concerted effort.

China-US trade talks: Atmosphere positive

BEIJING, June 12: China's top negotiator in talks to avert a trade war with the United States said the atmosphere for discussions was "relatively positive," said on Wednesday, reports Reuters.

"The current atmosphere for negotiations is relatively positive," the China Daily quoted Zhang Yuejiao of the Ministry of Foreign Trade and Economic Cooperation as saying.

"We're resolute in fighting (intellectual property rights) violations, but we won't accept any unreasonable demands," it quoted Zhang, China's chief negotiator to the talks, as saying.

Zhang is due to meet Assistant US Trade Representative Lee Sander for two days of formal talks on Thursday and Friday in Beijing to try to reach agreement before billions of dollars of punitive tit-for-tat sanctions take effect on June 17.

The United States is demanding "concrete and verifiable" steps by China to boost enforcement against copyright pirates in line with an 11th-hour agreement reached in February 1995 that averted a similar looming trade war.

Zhang urged the US side to adopt a "fair and objective" attitude in this week's formal talks that follow two days of inconclusive, informal negotiations last week.

In Washington, acting US Trade Representative Charlene Barshefsky said on Tuesday China had a long way to go to protect copyrights from rampant piracy but talks between the two countries had been "constructive."

Barshefsky said Beijing still needed to take concrete action to enforce the 1995 agreement to clamp down on piracy if the sanctions are to be averted.

Privatisation of petrochemical industry splits Mexico

MEXICO CITY, June 12: Seeking to rejuvenate run-down industries, the Mexican government has unloaded dozens of state enterprises in the past decade virtually unhindered by political protest, reports AP.

If anything, the public seemed eager to let private managers clean up such inefficient companies as the national telephone monopoly.

But many Mexicans have drawn the line at a proposal to sell an aging petrochemical subsidiary of the state-owned Petroleos Mexicanos, or Pemex, valued at as much as three billion dollars.

As a result, President Ernesto Zedillo is squeezed between international lenders

who are encouraging privatisation and domestic political groups — many from within the ruling party — who say the plan will compromise national sovereignty.

Plans to auction off a complex that is the world's second-largest producer of ammonia have been stalled since mid-April. The government insists its 61 secondary petrochemical plants will be sold but has not said when.

The petrochemical revolt has nothing to do with a local love for compounds used for fertilisers and plastics. It has everything to do with the peculiar politics of oil in Mexico.

Pemex owns oil wells, refineries and other hydrocarbon operations — including a

so-called basic petrochemical unit, producing ethane and other gases, that is not for sale.

The secondary petrochemical subsidiary produces ethylene, ammonia, propylene and other important industrial chemicals.

But Pemex is best known for oil, a symbol of nationhood since President Lázaro Cardenas ordered the seizure of foreign-held petroleum assets in 1938.

For many Mexicans, to propose selling even a slice of Pemex is tantamount to auctioning the flag.

Zedillo, who has repeatedly asserted that Pemex's basic operations will remain in government hands, can ill-afford attacks on his patriotism as his

institutional Revolutionary Party, or PRI, faces pivotal congressional elections in 1997.

"People in the PRI are concerned about their political skin next year," said George Grayson, a Mexico specialist at the College of William and Mary in the United States who has written two books on Pemex. "To them, privatising the petroleum industry is the political equivalent of gargling thumbtacks."

The petrochemical sell-off was first proposed in 1992 by then-President Carlos Salinas de Gortari, who championed privatisation while negotiating a free-trade union with the United States and Canada. That attempt was quietly shelved.

the government said, because of a slump in the international market.

In February 1995, three months after his inauguration, Zedillo tried again.

He pitched it as a simple business proposition. The government would sell underperforming petrochemical plants by mid-1996, bolstering them with desperately needed private capital and freeing Pemex to focus on extracting and selling oil.

Officials reasoned that the secondary petrochemical business represented eight per cent of total Pemex assets but only one per cent of profits. They said the government couldn't afford hundreds of millions of dollars needed to

make the plants competitive.

In November the government put the first plants to the auction block. Groups from the United States, Mexico and Norway lined up to bid on plants within the complex Cosoleacaque in the Gulf state Veracruz.

But in April, just as the auction was to proceed, the process ground to a halt amid mounting criticism from opposition groups and influential blocs within the PRI.

Organised labour normally a reflexive government supporter mobilised against the sale. So did members of Congress. The critics weren't satisfied by a government promise to limit foreign ownership in many of the plants.