

Power cuts cost Sri Lanka \$18m per day

COLOMBO, June 21: Sri Lankan business and industry have appealed for relief as daily eight-hour power cuts cause losses running into more than a billion rupees (18 million dollars) a day, an industry spokesman said, reports Reuters.

Revenues are down, some businesses are finding it difficult to pay salaries, said Patrick Amarasinghe, Chairman of the Federation of Chambers of Commerce and Industry.

Businesses had appealed to the government and banks to provide relief by rescheduling debt repayments and waiving penalties for the delayed payment of income tax and pensions, he told Reuters.

The government said it would be more considerate while the banks agreed to be more flexible and help on a case by case basis, he said.

The estimated daily loss to business was more than one billion rupees, Amarasinghe said.

Cash flow problems caused by power cuts led to a chain reaction affecting suppliers and sub-contractors, he said.

The Indian Ocean island imposed daily power cuts in March after water levels in hydropower reservoirs, which provide most of the electricity, plunged due to the failure of the winter northeast monsoon and delay on set of the southwest monsoon.

67 Hilton Hotel employees held in Seoul

SEOUL, June 21: Police stormed the strike hit Hilton Hotel here today and arrested 67 employees, whose walkout has paralysed the five-star hotel for the past four days, the union said.

Hundreds of armed police broke into the Hilton, where some 250 unionists were staging a sit down strike, arresting 67 of them, a union leader told AFP.

It was the first case of police action in a private sector strike this year.

The Hilton announced a lockout earlier today after failing to reach a wage settlement with union, although the union leader said negotiations would continue.

Management representatives were not immediately available for comment, but guests told the news agency that they had been unable to get meals in the hotel restaurants since the strike started.

Tea still UK's top drink

LONDON, June 21: A cup of tea is still Britain's number one beverage, according to a report released Tuesday, which showed Britons drank an average of just under three-and-a-half 'cuppas' each every day last year, says AFP.

Tea beat coffee, soft drink and all alcohol to remain the country's top tipple — except for tap water, the Tea Council's annual report said.

The figures for tea are up on the previous year, but long term trends show Britain's love-affair with the cuppa is on the wane.

In 1989, Britons aged 10 years and over drank 3.61 cups of tea daily, compared to 3.41 in 1994 and 3.43 in 1995.

Coffee consumption has seen a sharper fall, dropping five per cent between 1994 and 1995 from 1.74 cups a day to 1.65 last year.

An overall breakdown of the drinks market in Britain shows that tea accounts for 41.2 per cent of all drinks consumed, coffee and soft drinks for four per cent.

EU energy ministers reach deal

LUXEMBOURG, June 21: European Union energy ministers reached a deal yesterday to open the bloc's electricity markets to limited competition, crowning years of talks with the prospect of a 56 billion US dollars open market for power, reports Reuters.

"Eight years on the file and finally a result has been reached. We are going to start the (EU) internal market for electricity," Italian Industry and Tourism Minister Pierluigi Bersani told a news conference after the meeting.

Bersani, whose country holds the EU's six-month presidency, said the 15 delegations accepted the plan unanimously, albeit with Germany posting a reserve which he believed would be lifted by July.

"I find this a major result," he said. The ministers' deal now has to go before the European parliament for its opinion before coming back for final approval, predicted to be some time around January 1997.

What is planned is that from January 1999 nearly a quarter of the EU's overall market for electricity will be open competition from companies other than existing monopolies. This will rise in two stages to nearly a third by January 2003.

European Energy Commissioner Christos Papoutsis said a market worth 56 billion US dollars would be up for grabs.

This is a very significant amount for industry. It provides a very important field of activity for these companies."

India relaxes guidelines for domestic firms seeking access to global markets

NEW DELHI, June 21: India yesterday relaxed guidelines for domestic firms seeking to make global share offerings, focussing on the infrastructure sector, reports AFP.

A finance ministry statement said new firms involved in infrastructure projects would be allowed to raise money overseas, waiving an eligibility criterion of a three-year record of profits to allow fresh entrants.

The eligibility criterion for corporates of an established record of three years has been waived, keeping in mind that most of these projects are greenfield projects, sources earlier told the Business Standard newspaper.

The statement also said non-banking finance companies, registered with the central Reserve Bank of India, could access overseas markets and float global depository receipts (GDRs).

It also removed a ceiling on the number of GDRs a company can float in a year. The new policy's thrust was to strengthen infrastructure, a pledge taken by Finance Minister P. Chidambaram who said New Delhi's aim would be to double annual investment in infrastructure to six per cent of gross domestic product.

The statement said the portion of funds which can be

immediately brought into country for corporate restructuring would be raised from 15 per cent to 25 per cent of the issue size. The ministry, however, said it would not allow funds raised from GDRs to be used in stock markets or real estate, saying speculative activity of any kind from the proceeds would not be permitted.

Finance ministry officials said softer external loan arrangements had also been worked out for the state-run railways, one of the world's largest networks, oil companies and telecommunications firms.

They said the aim would be to "lengthen maturity and

soften terms," the statement did not give further details. Infrastructure and greenfield projects will be permitted to raise 35 per cent of total project costs in external borrowings, they said.

Chidambaram, a backer of the sweeping 1991 economic reforms launched by former premier P. V. Narasimha Rao, has pledged to continue the policy of liberalisation which has attracted billions of dollars in foreign capital.

His new United Front coalition government in its first policy document on June 6 said it would seek to attract 10 billion dollars in foreign capital every year.

Kantor plans to meet South Korean President Kim Young-Sam on Tuesday and to hold a series of meetings with Korean officials to discuss investment and trade. The Commerce Department said he would also discuss copyright protection and opening financial services markets and Korean car markets.

US officials have said they expect to see a boost in sales of US cars in South Korea in the coming months in light of a market-opening agreement signed last year.

Kantor plans to meet Indonesian President Suharto on Thursday to discuss regional trade and investment. He will also speak to the American Chamber of Commerce in Jakarta.

He plans to speak to business leaders in Bangkok on Friday, the Commerce Department said.

Pakistani businessmen threaten strike

ISLAMABAD, June 21: Pakistani businessmen yesterday threatened a general strike of their own if proposed talks failed with Prime Minister Benazir Bhutto's government on a revision of the harsh budget for fiscal 1996/97, reports Reuters.

Ilyas Ahmed Bilour, President of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), said his organisation would begin talks with the government on June 24, the day after an anti-budget strike called by the main opposition alliance.

Bilour, himself an opposition member of the Senate, the upper house of parliament, told a news conference the FPCCI had decided first to have talks with the government and then go on strike if the talks failed.

"We believe in negotiations because every confrontation and every war ends in dialogue, and that is why we want to start dialogue first," he said. But, "if the talks fail or there is no result, I have been given authority to call a strike."

Bilour asked the government to withdraw changes in income tax rules that will greatly increase taxes on corporate employees.

He said a fixed sales tax scheme for some industries should not be withdrawn and the general sales tax should only be seven per cent instead of the proposed 18 per cent.

The business community would keep its distance from the opposition strike called for Sunday, Bilour said, but as an opposition member of parliament, he personally supported the call given on Wednesday by opposition leader Nawaz Sharif.

Sharif told a news conference on Wednesday that Sunday's strike would be a referendum against what he called a "killer budget," and urged the government to withdraw its tax proposals.

The government announced the austerity budget on June 13, saying the country had to swallow "bitter medicine" to bring its budget deficit down to four per cent of gross domestic product from five per cent in 1995/96.

The 500-billion rupee (14.3 billion dollars) budget aims to collect 40.8 billion rupees in new taxes, raises excise duty on many items and imposes sales tax on imports and manufactured goods.

The situation had become so grave that the market was now "seriously concerned as to the future of the LME," the letter added.

David King, Chief Executive of the LME, confirmed on Thursday that he had received the letter from Newco, the Guardian said.

It added that the second letter, from an unnamed leading metals company, also highlighted the dangers of one player being allowed to build up a dominant position in copper stocks and called for urgent action from the market authorities.

On Wednesday, the LME said that the main regulator of London's financial markets, the securities and investments board, is to conduct a detailed study into trading practices at the exchange in the light of the Sumitomo affair.

Kantor to lead US trade mission to Asia

WASHINGTON, June 21: Secretary of Commerce Mickey Kantor said on Thursday he would lead a commercial delegation to Asia to discuss trade and investment in the telecommunication, transportation and automotive industries, reports Reuters.

Kantor and eight chief executives from US companies plan stops in Seoul, South Korea, Jakarta, Indonesia, Bangkok and Thailand, during the June 25-29 trip.

"Asia, particularly East Asia, is the competitive focus of America's future," Kantor said in a statement. "This region of the world accounts for nearly two-thirds of American exports, a figure that has tripled in the last 10 years."

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Rubin sought in his speech to answer criticism that international economic cooperation has fallen on hard times, with the G-7 countries increasingly turning inward.

He said that in the past three years the G-7 helped bring to completion the lengthy Uruguay Round of world trade talks and in Halifax, Nova Scotia, last year, adopted a package of reforms to enable global institutions to better cope with future Mexican-style financial crisis.

Rubin said the process of reviewing the work of the International Monetary Fund and other international institutions would continue in Lyon.



Munajat being offered prior to the departure of Biman's newly-procured Airbus A310-300 inaugural flight to Dubai and Abu Dhabi at ZIA on Thursday.



Japanese software wholesaler Softbank President Masayoshi Son (L) and Obunsha Corp. President Fumio Akao attend a news conference in Tokyo on Thursday. Son announced that Softbank and News Corp., led by media tycoon Rupert Murdoch, will set up a joint venture to buy Obunsha Media, which holds 21.4 per cent, or 5,136 shares, of the major television network Asahi Broadcasting Corp. —AFP/UNB photo

Clinton admn defends use of econ power against Cuba, Iran, Libya

WASHINGTON, June 21: The Clinton administration is mounting a spirited defence of efforts to use American economic power to isolate Cuba, Iran and Libya even though the initiatives have been widely denounced by US allies, reports AP.

Treasury Secretary Robert Rubin, Commerce Secretary Mickey Kantor and others on President Clinton's economic team let it be known Thursday that the president does not plan to back away, despite expected heavy criticism at the annual summit of the world's major industrial countries next week.

"There is an almost universal view that Iran and Libya present enormous problems to the world community," Rubin said. "While other nations will all sit around and agree with that, we are prepared to act in that respect and many others are not."

Rubin's comments concerned legislation approved by the House of Representatives Wednesday 415-0 that would punish foreign companies that invest in Iran and Libya, two countries accused of sponsoring terrorism.

The measure goes to a House-Senate conference committee to work out differences with a Senate proposal sponsored by Sen Alfonse D'Amato, a New York Republican.

It has drawn strong criticism from America's European allies who contend the United States is attempting to unilaterally impose US policy on other countries, which are

threats to peace and democracy." Rubin, in a speech to the National Press Club, said Clinton will go to the economic summit in a position of strength, with an economy that is outperforming all other G-7 nations in terms of job creation.

"In contrast to five years ago, America is back as the international economic power, healthy and strong," Rubin said. "In many ways, the US economy is once again the economy the world is looking at."

Rubin credited the turnaround to tough steps Clinton took in his first year in office to get the budget deficit under control, moving it from the largest deficit in the G-7 to the smallest, as a share of the country's economy.

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TOKYO, June 21: Mazda Motor Corporation announced Friday that its cumulative passenger car production in Japan has reached 20 million units.

The major Japanese automaker, one-third owned by Ford Motor Co, said the record was achieved in 36 years and two months since its first production of the R360 Coupe micro minicar.

According to Mazda, the most produced model was the Familia series, which accounts for 44 per cent of the 20 million units, followed by the Capella series at 19 per cent and the Rx-7 at 5 per cent.

Of the total passenger vehicles produced, about 35 per cent were sold in Japan, and the rest were exported to overseas markets.

Mazda began production of three-wheeled trucks in 1931, and began making passenger cars in 1960.

SINGAPORE: Acer Computer International Ltd the marketing arm of Taiwan's Acer Inc, announced on Friday it is building a new assembly plant that will boost production of its personal computers by up to five times.

The plant will be part of a new \$4.2 million Singapore headquarters that will house all company activities under one roof when ready in 1998, a company statement said.

It said the two eight-story towers and one five-story tower are the Singapore-based ACT's single largest investment in all its territories.

It will house research and development, product development, assembly plant, warehouse, central distribution center, regional service center and administrative offices, the statement said.

The new assembly plant will increase production to between 10,000 and 15,000 personal computers a month from 3,000 to 4,000 a month now, said company president William Lu.

Acer's Singapore operations feed the Asian markets. Speaking to reporters at the ground breaking ceremony for the building, Lu said ACT expects to grow at a higher rate than the industry average of about 15-20 per cent this year. He did not elaborate.

The Acer Group, a market leader in home-use multimedia Pentium personal computers, earned 5.8 billion dollars in 1995.

PERTH, Australia: Energy Equity Corp Ltd has boosted its strategic presence in Southeast Asia with a 22.4 million,

Indonesia and Australia. Brand said the company's first international presentation to Asia, US and British markets had just been completed.

EEC has recently finalised an agreement with the Indonesian government to proceed with a US dollars 225 million US dollar gas and power project, hailing it as the second largest investment in Indonesia by an Australian company.

The company is also set to build, operate and own a nine-mega-watt power plant in Alice Springs in the Northern Territory.

MELBOURNE: Pacific BBA Ltd has gained a foothold in Japan's automotive components market after its subsidiary PBR Automotive signed a license agreement for the manufacture of brake products.

Under the agreement between PBR Automotive and Japan Brake Industrial Co Ltd (JBI) — 60 per cent owned by Hitachi — JBI will manufacture PBR's patented Banksia single-shoe park brake for the Japanese market.

Business briefs

US dollars (28 million Australian dollars) capital raising to fund new projects in the region.

The gas and power group said the it would raise funds through the issue of 42.5 million shares to a wide range of international and domestic institutional clients of Paterson Ord Minnett Ltd.

EEC also announced it would consolidate its leadership in the development and use of liquefied natural gas (LNG) and open up new markets in remote areas such as the Pacific with a 1.4 million US dollar (1.75 million Australian dollars) research and development programme aimed at developing new gas liquefaction techniques.

Managing Director Maurice Brand said EEC was actively pursuing new projects in

Indonesia and Australia. Brand said the company's first international presentation to Asia, US and British markets had just been completed.

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US goods trade deficit widens to \$8.6b

WASHINGTON, June 21: The US goods and services trade deficit widened to 8.6 billion dollars in April from eight billion dollars in March, the Commerce Department reported yesterday, according to AFP.

The merchandise trade deficit came to 12.2 billion dollars in April, against 12.3 billion in March.

With Japan the April shortfall shrank to 4.1 billion dollars from 5.9 billion in the same month last year, the government said. The United States recorded a deficit with Japan of 4.1 billion dollars in March.

For the year to date the trade deficit with Tokyo stands at 15.9 billion dollars compared with 21.5 billion in the same period last year.

The overall trade deficit in March was revised to eight billion dollars from an initial estimate of 8.9 billion.

In April 1995, the US goods and services deficit amounted to 10.7 billion dollars.

The consensus forecast from wall street economists had been for the April deficit to remain unchanged at 8.9 billion dollars.

Exports of goods and services rose 0.9 per cent in April, while imports gained 1.7 per cent, the department said.

Trade union leaders pledge to bring Brazil to standstill

SAO PAULO, June 21: Trade union leaders pledged to bring the nation's to a standstill Friday in a nationwide general strike called to protest recession and rising unemployment, reports AP.

Some eight million workers across this continent-size country are expected to join the 24-hour protest, according to the country's biggest trade union federations — the Central Workers Union, Union Power and the General Workers Confederation.

"We will bring Brazil to a complete stop to show our discontent with the economic policies of this government," said Jose Maria de Almeida, a strike coordinator from the Central Workers Union.

A survey conducted by the newspaper Folha de Sao Paulo showed that 63 per cent of those questioned support the strike, but 57 per cent will not join it. The paper questioned 1,046 workers in Sao Paulo, Brazil's industrial and financial nerve center. The margin of error was three per cent.

On paper, Brazil's economy is the best it's been in years. The currency stable and inflation is just one or two per cent a month, down from 50 per cent a month in June 1994.

"That's not enough," Almeida said in a phone interview. "We want better distribution of wealth and emergency policies to combat the hunger and mis-

China may become major VCR producer

BEIJING, June 21: China is on its way to becoming a major producer of video cassette recorders (VCRs), with annual output expected to more than double to five million units by the turn of the century, a report said today, according to AFP.

The country will become not only a major VCR producer, but also a large market for VCRs, because of the enormous population and the Chinese love of television," electronics Vice-Minister Zhang Jingfang was quoted as saying by the China Daily.

China currently churns out around two million VCRs a year and annual demand is expected to top 6.5 million units by 2000.

Chinese manufacturers supply more than 50 per cent of the parts and components needed for domestically-made VCRs, which factories here have already started exporting.

However, Zhang voiced concerns over increased smuggling of VCRs and illegal imports of parts and components.

Only four per cent of VCR imports went through official channels last year, with the remainder mainly smuggled in as complete units or assembled here using illegally imported parts and components.

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Stocks, dollar up in Tokyo

TOKYO, June 21: Japan's main stock index closed at its highest level so far this year on Friday, boosted by easing fears of tighter interest rates. The US dollar rose against the yen, reports AP.

Overnight remarks by a Finance Ministry official that the central bank would move soon to tighten credit following Japan's strong economic growth in the last fiscal quarter.

Eisuke Sakakibara, the ministry's point man in international finance, said late Thursday that the Bank of Japan would not change its easy monetary policy.

Foreign investors continued to buy into the market on hopes that Japan's economic recovery may be taking root.

The Nikkei Stock Average of 225 blue-chip issues tacked on 93.35 points, or 0.42 per cent, to close at 22,530.65 points. The index gained 69.94 points, or 0.31 per cent, the day before.

It was the fourth straight session in which the Nikkei hit highs for the year.

The strength of the US dollar, which bolsters earnings at Japanese exporting companies, was also underpinning stock prices, traders said.

The Tokyo Stock Price Index of all issues listed on the first section was up 9.07 points, or 0.53 per cent, to 1,709.60 points. The TOPIX was up 1.90 points, or 0.11 per cent, the day before.

Advancing issues outnumbered retreating ones 623 to 424, while 180 were unchanged.

Volume on the first section of the exchange was estimated at 500 million shares, up from 426.81 million shares Thursday.

The overnight comments from Sakakibara also helped push the US dollar higher against the yen.

The dollar was trading at 108.68 yen at late afternoon, up from 108.02 late Thursday in Tokyo and also above 108.20 overnight in New York. During the day in Tokyo, it ranged from 108.18 yen to 108.88 yen.

The dollar also found support in remarks by US Treasury Secretary Robert Rubin at a speech in Washington on Thursday, where he reiterated his position that the United States wants a strong dollar.

The benchmark No. 182 10-year Japanese government bond was quoted at 97.98 yen, below 98.05 yen late Thursday. Its yield, which moves in the opposite direction, rose to 3.285 per cent from 3.275 per cent.

Save Everest from pollution, say Chinese scientists

BEIJING, June 21: Chinese scientists have blamed oil fires from the 1991 Gulf War for serious pollution and black snow on Mount Everest, and urged worldwide efforts to save the world's highest mountain, Xinhua news agency said here, reports AFP.

Chinese surveys around Everest in 1992, 1993 and 1994 point to serious pollution. Gao Dengyi, Deputy Director of the Institute of Atmospheric Physics of the Chinese Academy of Sciences said in the Tibetan capital, Lhasa.

Around 1992, the "biggest pollution incident was the oil fields fire caused by the Gulf War" in Kuwait, he said, adding that Everest and Kuwait are at similar altitudes and during July and August, "an eastern wind blows on the Gingshai-Tibet Plateau."

At other times of the year, "a westerly" wind appears on the Plateau.

This indicates materials from the oilfields fires were "absolutely likely" to have been blown towards Mount Everest, Gao said.

"In 1990 some foreigners spotted black snow on the southern side of Mt Qomolangma (Everest) and Tibetan residents also witnessed the falling of Black snow on the northern side of the mountain," Gao said.

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