

# India asks WTO to get US end export restrictions

NEW DELHI, Dec 12: India said it registered a protest at the World Trade Organisation (WTO) General Council in Geneva Friday against the United States' imposition of export restrictions following India's nuclear tests last May.

The government said the export curbs are not only unjustified but also, in its view, violate U.S. obligations under WTO rules.

"The statement (in Geneva) highlighted that the imposition of export restrictions violated U.S. obligations under the WTO, particularly Article I, XI and XIII of GATT (General Agreement on Tariffs and Trade), 1994," it said.

"It was also pointed out that such recourse to unilateral action by developed countries would make multilateral trade disciplines and rules increasingly irrelevant," it added.

Washington imposed economic sanctions on arch-rivals India and Pakistan after they carried out tit-for-tat nuclear tests earlier this year.

Under the sanctions, more than 300 Indian and Pakistani government agencies and private companies were barred from buying U.S. goods that might have nuclear or other military applications.

U.S. President Clinton said last week he had temporarily waived certain sanctions, a move that will let the U.S. Export-Import Bank, the Overseas Private Investment Corp. and the Trade Development Agency resume lending to India and Pakistan until Oct. 21, 1999.

A U.S. official said Clinton's action reflected progress in U.S. negotiations with the two countries aimed at restraining their nuclear programs, restricting their nuclear and mis-

sile exports and a general reduction in South Asian tensions.

Washington is pressing the two to sign the Comprehensive Test Ban Treaty, to agree not to deploy nuclear-capable missiles and aircraft, and to tighten their export controls on nuclear and missile technology.

India's protest in Geneva took issue with the curb on U.S. exports, which it said were aimed at 40 Indian entities and 200 subordinate entities.

"It is India's view that the restrictions imposed by the United States are without justification. It represents an attempt to deny technology and products to Indian companies and educational and research institutions," the statement said.

It added that entities targeted included an institute of mathematical sciences, an institute of physics, institutes of

technology and a range of public and private sector firms, including one whose primary business is fertiliser production.

The statement said unilateral action by WTO members cut at the very root of the multilateral trading system, and the tendency by some developed nations to resort to such action made multilateral trade disciplines and rules increasingly irrelevant.

"It is important that the entire membership of the WTO takes cognizance of this unfortunate trend and devise measures to combat it before the organisation itself is threatened," it said.

"The time has come for the General Council and the Ministerial Conference to act with determination against all unilateral actions," it added.

—Reuters Internet

# ASEAN ministers gather to discuss worst economic crisis in Asia

HANOI, Dec 12: Southeast Asian economic ministers have gathered to discuss the worst economic crisis in a half-century, a spokesman said Saturday.

Senior ASEAN officials met here earlier in the week to fine tune a joint declaration and a plan of action to be submitted for approval by leaders of the Association of Southeast Asian Nations at their summit next week.

"The officials did not come up with enough bold measures," Thai Foreign Ministry spokesman Kobsak Chutikul told reporters as ASEAN economic ministers and foreign ministers met separately Saturday.

In an effort to shore up investor confidence, some moves on trade and investment would be effective almost immediately," Thai Deputy Prime Minister Supachai Panitchpakdi

said. "Overall, we're now moving faster with our game plan," he said. "That's a positive result of the crisis. Before the crisis, this would have not been possible."

One proposal would provide incentives for would-be investors.

For some countries, this is really going to be bold," Indonesian Senior Economics Minister Ginandjar Kartasasmita said.

Another would speed up implementation of a ASEAN Free Trade Area. Current plans call for slashing tariffs on some goods to zero to 5 per cent by 2000 and down to zero by 2003.

The new schedule would make the later reductions effective in 2002.

The schedule would apply to countries that originally signed up for AFTA, although Supachai said "Malaysia could be an exception," as could the agricultural sector.

Kobsak said the ministers "want to send a clear message

that ASEAN is facing the challenge" of the economic crisis and "will be more integrated with the world economy."

The foreign ministers failed to reach a consensus at a four-hour dinner Friday night on whether to admit Cambodia now, an issue which had threatened to overshadow the economic moves.

The main challenge facing this meeting is addressing the financial and economic problems, the measures for economic recovery and cushioning the impact on vulnerable members of society, ASEAN Secretary general Rodolfo Severino said.

Indonesia Foreign Minister Ali Alatas said Saturday afternoon that he and his counterparts had finished work on the plan of action and were doing "a few updates" on the final declaration.

Asked what was the key ingredient in the plan of action, Alatas said: "There we elaborate on ASEAN's vision for 2020

with a very complete plan of action for the next six years."

He said Malaysia's controversial capital controls, which have curtailed access to the economy for foreign investors and currency traders, were discussed.

"We are of the view that each country has the right to determine for itself what the best policies are in order to get out of the crisis," Alatas said.

"The situation is not the same in each country. What pertains in Malaysia does not necessarily pertain in Indonesia and vice versa."

Severino said he has seen no opposition to ASEAN's proclaimed free-market philosophy and no trend toward protectionism to be combated.

"Closing the economies to one another at this stage would be self-defeating," Severino said. "That is not the direction that ASEAN is going. It's going toward faster economic integration and maintaining openness of the economies."

## Obuchi to unveil \$4.26m fund to help ASEAN fight drugs

TOKYO, Dec 12: Japan's Prime Minister plans to announce a new fund this week designed to help members of the Association of Southeast Asian Nations fight drugs, terrorism and pollution, a local report said Saturday, report AP.

Prime Minister Keizo Obuchi will unveil the 500 million yen (\$4.26 million dollars) initiative in a policy speech he is scheduled to give Wednesday in Vietnam, the Kyodo News agency reported, citing unnamed government sources.

Japanese foreign ministry officials were unavailable for immediate comment on the report.

Obuchi will visit Hanoi during a summit meeting of ASEAN leaders on Tuesday and Wednesday.

ASEAN includes Indonesia, Malaysia, Thailand, the Philippines, Singapore, Brunei, Vietnam, Myanmar and Laos. Japan, South Korea and China also will attend the summit as "dialogue partners."

While in Vietnam, the Japanese leader was also expected to flesh out two larger financial assistance packages for nations hit hardest by the Asian financial crisis, one which earmarks \$30 billion in direct aid.

The other programme, worth roughly 1 trillion yen (\$8.3 billion), will provide credit to Japanese joint ventures located in Southeast Asia.

## ROK eyes 2pc GDP growth in 1999

SEOUL, Dec 12: South Korea today confirmed that it hopes to achieve two per cent GDP growth and 20 billion dollars current account surplus next year, reports AFP.

At a government-ruling party policy coordination meeting, the finance and economy ministry said the GDP growth rate would be zero to one per cent in the first half and four to five per cent in the second half.

For the whole of 1999, the GDP growth rate is expected to be around two per cent, it said.

Officials of the International Monetary Fund (IMF) said South Korea's economy would move into positive territory next year after contracting some six per cent this year.

The ministry also said the current account surplus was expected to reach 20 billion dollars, down from this year's 39 billion dollars, amid slow domestic demand for imports.

The ministry hopes to peg the inflation rate at three per cent, two percentage points lower than that projected by the IMF, due to stable prices of raw materials and constant labour costs.

## Japan may cut its defence budget

TOKYO, Dec 12: Japan's Finance Ministry will recommend the nation's defence budget be cut for the second straight year in fiscal 1999, despite a defence ministry request for more funds, a leading daily reported today, reports Reuters.

But the Defence Ministry has secured funds for a joint study of a controversial ballistic missile defence system, which Washington and Tokyo agreed to in September, the Nihon Keizai Shimbun quoted finance ministry sources as saying.

Japan had long been reluctant to get fully involved in the missile programme as it tried to balance relations with the United States against efforts to improve ties with China, which saw the project as upsetting the regional military balance.

The multi-billion dollar satellite and ground missile system can detect and destroy ballistic missiles.

Last year Japan's defence spending was cut for the first time since the defence ministry was set up over 40 years ago, spending fell by 0.3 per cent to 4.94 trillion yen (\$42 billion), compared with a 2.1 per cent rise in the previous fiscal year.

The ministry requested a budget of 4.95 trillion yen for fiscal 1999, but this would not be granted, the Nihon Keizai said. It did not detail the size of the planned cut.



The Rio digital portable music player, a Walkman-like device, is seen Thursday in San Francisco. The model PMP300 can download CD-quality music from your home computer and store and play tunes as MP3 files. The Rio, weighing less than three ounces with no moving parts, operates for up to 12 hours on a single AA battery.

—AP photo

## Global slowdown to slap Coca-Cola profits

Soft drinks giant Coca-Cola stunned US traders by warning that the slowdown in global economic growth will hammer its profits.

The shock announcement sent Wall Street stocks tumbling amid fears that other large companies may be forced to issue similar gloomy trading statements.

Coca-Cola said earnings had been seriously affected by the strong dollar and weaker than expected volume due to a collapse in demand around the world.

It warned that some of its major markets around the world including Asia, Brazil, Japan, Russia, remained volatile. These regions have borne the brunt of the recent

global financial turmoil. Blaming the global economic slump, the company said it expected to report earnings of 24 cents or 25 cents a share for the quarter.

Wall Street analysts had forecast a figure of 30 cents a share.

Chief financial officer James Chestnut said: "In several key markets that have been impacted by economic uncertainty and volatility, along with structural changes within the Coca-Cola system, volume and financial contributions have been weaker than anticipated, affecting operating income and leading to equity losses in some cases."

—BBC Internet

## Japan prods major bank to request govt takeover

TOKYO, Dec 12: Nippon Credit Bank Ltd said Saturday that financial authorities had asked it to request a government takeover of its operations, effectively becoming the second major bank to collapse in two months, reports AP.

The Financial Supervisory Agency delivered an ultimatum to Nippon Credit's president, Shigeoki Togo, after determining the bank was insolvent due to its massive burden of bad loans, said a bank spokesman who spoke on condition of anonymity.

NCB would be only the second bank in Japan to be put under state control since World War II. The government nationalised the Long-Term Credit Bank of Japan Ltd on Oct 23.

After meeting financial authorities at the Prime Minister's Office, NCB head Togo called an emergency board meeting to discuss the government's request.

But a government official said the bank would be nationalised Sunday regardless of the board's decision, Kyodo News agency reported.

The move was widely expected after merger talks col-

lapsed between NCB and sutor Chuo Trust and Banking Co.

Nippon Credit has 2,000 employees and the bank was one of the fifty largest in the world, according to a 1997 ranking by Fortune magazine.

NCB has assets totaling 12.34 trillion yen (\$106 billion), but some 3.2 trillion yen (\$27 billion) of its loans were at risk of being unpaid, according to Kyodo.

Like many other Japanese lenders, NCB's bad loans mounted after the collapse of inflated real estate and stock prices early this decade.

Nippon Credit is one of three of Japan's so-called long-term credit banks. These banks financed the rebuilding of Japanese industry following World War II by providing companies long-term, low-cost loans. But deregulation has allowed more companies to raise money directly from financial markets and the banks have failed to find a new role.

The government has stepped in to aid NCB before. Last April, finance officials asked a group of financial institutions and the central bank to contribute to a fund to bailout the lender.



A K M Azizur Rahman, centre, Chairman of Khansons Automobiles Ltd, addresses the guests at the launching ceremony of Malaysian Hicom truck and bus of which Khansons is the marketing representative in Bangladesh.

— Khansons photo

## Gold loses glitter as silver shines

LONDON, Dec 12: Gold prices sank thanks to a dramatic end of week plunge on fears about the slowing world economy and the general slump in commodity prices.

On the London Bullion Market gold closed at 290 dollars an ounce down 2.65 dollars.

Investors are also increasingly concerned that gold will play a diminished role in the European central bank after the launch of the euro single currency on January 1, 1999, and question whether it will continue to be held in current quantities in the national banks of the 11 euro countries.

The market is waiting for the decision of the Swiss assembly on a proposed constitutional change to allow the selling off of part of the Swiss central bank reserves, the move must then be put to a referendum before 2000.

SILVER: Mixed. Silver prices rose slightly this week, but the market remains hit by possible sell-offs by investment funds, while reserves on the New York futures market comex kept growing to 630,292 ounces.

On the London Bullion Market, seller closed seven cents higher to 4.78 dollars an ounce.

PALLADIUM AND PLATINUM: Palladium prices rose sharply this week after the sudden halt of deliveries from world number one producer Russia.

The stop to exports, not expected to resume before the end of the year caused a sharp tightening of supply of the metal, which is in much demand in Japan for automobile catalytic converters and ewelle analysts said.

Prices are expected to rise another 10 dollars by the end of the year.

COPPER: Glimmer. Copper prices rose slightly from a 12-year low point midweek as dealers continued to bulk at the prospect of reduced economic growth around the world.

Three-month prices on the London Metal Exchange (LME) rose by 3.50 dollars to 1,499.50 dollars a tonne.

Demand for the red metal is extremely low and analysts saw little sign of improvement in the coming months.

The metal is widely used in the construction industry and in the manufacture of consumer durables, both of which are subject to severe fluctuation at times of economic slowdown.

LEAD: Heavy. Lead prices fell amid low demand and a rise in market stocks.

Three-month prices fell by 16.25 dollars to 487.75 dollars a tonne.

LME reserves rose by 2,625 tonnes to 108,350 tonnes.

ZINC: Shine. Technical trades and further falls in market reserves lifted zinc prices.

Three-month zinc rose by 37 dollars to 1,003.50 dollars a tonne.

LME stocks fell by 4,075 tonnes to 326,878 tonnes.

ALUMINIUM: Dull. Aluminium prices fell slightly this week, but were supported by news from the international primary aluminium institute on a fall in industrial stocks in October.

The institute said that world stocks fell 26,000 tonnes in October to 3,077 million tonnes, compared to September.

## Cambodia's entry to ASEAN shelved

HANOI, Dec 12: Cambodia's prospects for joining ASEAN in time for next week's leaders summit all but vanished Friday as foreign ministers reached no consensus on the issue, reports AP.

"The timing is not opportune, and we should not be rushed to meet an artificial deadline because the summit is taking place," Thai Foreign Ministry spokesman Kobsak Chutikul said as foreign ministers held a working dinner that dragged on for more than four hours.

"The goal for Cambodia now is an effective government, a working government, and we don't want to stall or unravel that process with instant recognition. After sounding out the various views, there is no consensus about Cambodia's admission."

Philippine Foreign Secretary Domingo Sison said it was still possible that ASEAN leaders could reach their own consensus.

"Until the summit starts, there is always a chance," he said. Cambodia had been scheduled to join the Association of Southeast Asian Nations in 1997, but political turmoil led to its application being put on hold until a stable government was in place.

Agreement between two major factions was reached last month, and the country was given back its seat at the United Nations this week. But some ASEAN members, notably Singapore, said it is too soon to admit the long-troubled country.

Kobsak tried to reassure Cambodia that it will be admitted and said a special foreign ministers' meeting could be held in the coming months to deal with the issue.

"It's simply a question of timing," he said. Summit host Vietnam has been pressuring fellow ASEAN members to admit Cambodia in time for the summit next Tuesday and Wednesday.

## Reuters Business Briefs

### More hurdles left in '98 Wall Street games

NEW YORK: Who would have ever imagined that this incredible stock market would be in such great shape after one of the most hair raising years ever? But the market, which has been pumped up with the Federal Reserve's interest-rate steroids, will have to go over two more hurdles before the end of the year. It will have to weather the earnings warnings season, an unsettling period for investors when companies raise the curtains on their results, and the next meeting of the Federal Reserve.

### US mkts eye new losses as impeachment moves on

NEW YORK: Financial markets largely ignored President Clinton's offer to accept punishment in a sex-and-perjury scandal late Friday, bracing instead for new losses next week as Congress presses on with impeachment proceedings. Few on Wall Street were surprised by the House's decision and said market nail-biting will begin next week when the articles go to the full House of Representatives for a vote.

### Strong sales herald Merry Christmas for retailers

WASHINGTON: Shoppers got the Christmas sales season off to a robust start, piling into retail stores in November as key wholesale prices fell in a virtually inflation-free economy, government reports showed Friday. Sales at retail stores rose a surprising 0.6 per cent to a seasonally adjusted \$229.35 billion last month after an upwardly revised 1.2 per cent jump in October, the Commerce Department said. Department store sales rose 1.4 per cent to \$30.16 billion—the biggest increase since a 1.5 per cent gain in February—after a slight 0.3 per cent rise in October.

### Dollar drubbed to dive-week low on Clinton, stock woes

NEW YORK: The dollar hit five-week lows against major currencies Friday as global stocks slipped again and as Congress looked ready to forge ahead with impeachment proceedings against President Clinton. Traders expected the negative dollar outlook to continue next week as the House of Representatives Judiciary Committee was seen approving at least one impeachment charge and after four straight losing sessions in the Dow Jones industrial average.

### Oracle, Sun Micro to announce new type of computer

PALO ALTO: Oracle Corp. and Sun Microsystems Inc., in a direct assault on their mutual arch-rival Microsoft Corp., will announce Monday they will work together on a new type of computer that does not require an operating system; analysts and industry sources said. With Microsoft, the world's largest software company, now mired in its antitrust case with government regulators, its competitors—Sun, Oracle, America Online Inc. and others—have begun to attack Microsoft more directly.

### Olivetti, Mannesmann to buy cellular communications

NEW YORK: Italy's Olivetti SpA and Germany's Mannesmann AG agreed to buy U.S.-based Cellular Communications International Inc. for \$1.4 billion in a bid to strengthen their position in the Italian wireless communications market, the companies said Friday. Under the agreement, Olivetti and Mannesmann—partners in a telecommunications joint venture in Italy—will begin a \$65.75 per share cash tender offer on Dec. 18 for Cellular Communications, whose primary asset is a minority interest in Italy's No. 2 mobile phone operator.

### Boeing drops plans to build 737 at California plant

LOS ANGELES: Boeing Co. said Friday it was dropping plans to build 737 commercial jets in Long Beach, Calif., casting doubt on the job security of thousands of workers at the aircraft maker's southern California plant. Boeing said it would keep major assembly work for the 737 at its Renton, Wash., facility, reversing an earlier decision to assemble some of the aircraft in Long Beach, where the short-range Boeing 717 is produced.