

Row over steel EU to hit Bush in polls

AFP, Washington

The European Union will respond to President George W. Bush's steel tariff increase by raising tariffs on US imports from states that are crucial to Bush's reelection bid in 2004, The Wall Street Journal said Friday.

EU Trade Commissioner Pascal Lamy, who is preparing the list of new tariffs, said he was hoping with this strategy to get the Bush administration to change course.

"Counter-measures are there to leverage a change of decision," Lamy was quoted as saying in the Journal. "You have to do that in sectors and places where you can build a coalition."

Bush's March 5 decision to raise tariffs on some steel imports by as much as 30 per cent was aimed at increasing Republican support in steel states such as Pennsylvania and West Virginia, the daily said.

Items included on Lamy's list are Harley-Davidson motorcycles, Tropicana orange juice, and textiles and steel products concentrated in Florida, Wisconsin, Pennsylvania and West Virginia, states that gave Bush his narrow victory in the 2000 elections.

Lamy is expected to present his tariff hit list to the 15-member EU government on Friday for approval, but they would not take effect until late this year.

The US steel tariffs became effective on Wednesday.

Labour protests in China subside

AFP, Beijing

Angry workers' protests in two north-eastern Chinese cities appeared to have calmed Friday after security forces were beefed up in one city and talks between workers and the government began in another, local sources told AFP.

Police and government officials in Daqing city, Heilongjiang province, refused to comment on widespread reports that thousands of troops and paramilitary police had been called in to quell three weeks of protests by laid-off oil workers.

But an official named Han at the Communist Party propaganda department of the Daqing Petroleum Administration Bureau adamantly denied any soldiers or paramilitary forces were on the streets.

"There are absolutely no soldiers of the People's Liberation Army here and there are no People's Armed Police," Han said, saying ordinary police were "making efforts to maintain normal public order".

The demonstrations, coupled with similar actions in Liaoyang city, in neighboring Liaoning province, have placed the spotlight on a potentially huge and enduring problem for China's communist government.

Beijing, a new World Trade Organisation member, has vowed to deepen market economic reforms but these are largely happening at the expense of impoverished workers -- many in the northeast's ailing rust-belt -- and farmers.

The Daqing Petroleum office compound has been at the centre of angry scenes involving up to a reported 50,000 people complaining about alleged broken promises by the firm on severance benefits.

Han said the protests involved "a handful of retrenched workers who have made complaints", insisting workers had not broken any laws or illegally organized an independent labor union, as some reports said.

The issue is a crucial one as an official admission that independent unions had been formed, a breach of Chinese law, would all but compel authorities to take action.

PSB, STB start premium food gift programme

The Productivity and Standards Board (PSB) and the Singapore Tourism Board (STB) have initiated Singapore Premium Food Gift Programme to attract visitors, says a press release.

The programme aims at finding ways to package Singapore flavours for travellers and expand their markets.

For this pilot phase, seven local favourites from barbecued pork, pork floss, chicken rice mix, and crispy Pulau Ubin prawn snacks are showcased. These premium food products use choice ingredients, are developed with advanced technology and attractively packaged.

The food gifts will be priced from S\$15 to S\$85. Locals and visitors can purchase the food gifts at DFS at Millenia Walk and Changi Airport (Terminal Two) and selected NTUC outlets Liberty Supermarket, Marina Square, Jurong Point, Tampines and Terminal One.

PSB and STB will review the response to the pilot phase and develop more Singapore food gifts if the response is good.

Annan challenges world leaders to double their foreign aid

AFP, Monterrey

UN chief Kofi Annan challenged rich countries to double their assistance to poor nations Thursday, telling a development summit here a new campaign to stamp out poverty could founder without it.

"The clearest, most immediate test of the Monterrey spirit will be whether donor countries provide that aid," Annan told the opening session of the two-day gathering, which got under way in the shadow of a deadly car bombing near the US embassy in Lima, Peru.

Security was heavy at the summit venue in downtown Monterrey, where more than 50 world leaders were gathering to inaugurate a fresh assault aimed at lifting millions of people out of crippling poverty.

President George W. Bush was also to address the summit, along with Cuban leader Fidel Castro, King Abdullah of Jordan, South African head of state Thabo Mbeki and other dignitaries.

White House officials said Bush would go ahead with a planned visit to Lima despite the overnight explosions near then US compound that killed nine people. Peruvian President Alejandro Toledo was cutting short his stay at the summit and returning home, according to Peruvian officials.

Annan said that meeting an internationally accepted goal of halving the proportion of people living on less than a dollar a day by 2015 required at least a 50-billion-dollar a year increase in official development aid.

Acknowledging that some donors now question the effectiveness of such assistance, he said: "look at the record."

"There is abundant evidence that aid does work. Aid brings spectacular improvements in literacy and spectacular declines in infant mortality when it is channeled to countries with enlightened leaders and institutions."

The United States has pointedly declined to back the UN secretary general's appeal for an overall doubling in aid, making clear its conviction that private foreign investment and expanded trade are the keys to eradicating poverty and suffering.

Bush nonetheless last week announced plans for a 50 per cent increase in US foreign aid from 10 billion dollars a year to 15 billion. But he has said

such assistance will be denied to governments Washington deems to be corrupt, inefficient or undemocratic.

His offer was quickly followed by an announcement that the European Union had agreed to boost its annual contribution to development assistance by seven billion dollars a year starting in 2006.

"The substantial announcements that have been made in the last few days clearly reflect a new spirit and a revival of commitment to aid," Annan told the summit.

Nevertheless a clear split has emerged here between the United States and the European Union, with Washington pressing for more foreign private investment in developing countries and Brussels arguing for official aid -- described as "welfare" by US Treasury Secretary Paul O'Neill.

But Annan on Thursday stressed that developing country leaders were not "asking for handouts."

"They know that they themselves have much to do to mobilize domestic resources in their own countries, as well as to attract and benefit from international private capital."

He said developing nations also sought a fair chance to "trade their way out of poverty -- which means that the markets of the developed world must be fully and genuinely open to their products."

Annan in addition pressed rich countries to abolish subsidies that distort competition in international markets.

"It is no good helping dairy farmers in a country if, at the same time, you are exporting subsidized milk powder to it."

The Monterrey Consensus, drafted months ago, has been dismissed by non-governmental organizations as toothless, notably as it contains no new financial commitments and no timetables for action.

But Annan insisted that it was "not a weak document, as some have claimed."

"It will be weak if we fail to implement it. But if we live up to the promises it contains, and continue working on it together, it can mark a real turning point in the lives of poor people all over the world," he said.

BOJ upgrades economic assessment

AFP, Tokyo

The Bank of Japan upgraded its assessment of the economy Friday for the first time in 20 months, citing an improvement in exports and a reduction in stockpiles of unsold goods.

But comments in the March economic report on Japan's protracted price slide suggested the central bank had run out of ideas on how to combat deflation, analysts said.

"Japan's economy still continues to deteriorate as a whole, although the downward pressure from exports and inventories is gradually abating," the BOJ said in its monthly economic report for March.

"Final overall demand is still weak but exports -- which have a relatively large impact on production -- have recently stopped declining," the central bank said.

Inventories were continuing to fall in many industries, including electronics, due to continuing production cuts.

"Reflecting these developments, the decline in industrial production is moderating further," it said.

The BOJ added, however, the employment situation was deteriorating as firms slashed personnel costs.

Fixed investment by businesses was expected to continue declining, reflecting the fall in corporate profits.

The report cautioned that continued attention needed to be paid to the risk of a negative impact from foreign and domestic financial markets because the economy remained fragile.

"It may take quite a while for economic activity as a whole to stop declining," the BOJ said.

The bank said a weak yen had helped lift import prices and slow the drop in domestic wholesale prices, but added prices were expected to continue declining gradually because of sluggish domestic demand.

Credit Suisse First Boston economist Seiji Adachi said the

bank's attitude on deflation was not reassuring.

"By saying deflation will continue is like saying, in effect, they have done everything they can to stop it," Adachi said.

"The American government and academics have been demanding further monetary easing until price levels rise," he said. "So the bank's point of view is a little pessimistic."

HSBC economist Peter Morgan agreed the report indicated further monetary easing was not on the cards soon.

"The signs of cyclical recovery suggest that it will make no further significant easing measures, unless this looks called for as part of structural reform measures pursued by the government," Morgan said.

The BOJ last eased monetary policy on February 28, by raising the outright purchase of government bonds to one trillion yen a month from 800 billion yen.

Earlier in the day, finance minister Masajuro Shikawa said the government needed to watch

market developments through to the fiscal year-end at the end of this month before deciding whether to urge the bank to ease monetary policy further.

"We should be prepared to consider near-term anti-deflation measures at any time but at this stage we have no measures that will have immediate effects," he told a morning briefing.

Prime Minister Junichiro Koizumi appeared to rule out the prospect of new measures, saying the best anti-deflation measure was the passage of next year's budget by parliament, Jiji Press news agency reported.

"There is no better additional measure than (an early passage of) the budget," Jiji quoted Koizumi as saying during his visit to South Korea.

The bank's report echoed a recent Cabinet Office report which upgraded its economic assessment for the first time in 21 months.

Earlier in the day, finance minister Masajuro Shikawa said the government needed to watch



PHOTO: AFP

An identified man tries to make a phone call on his cell phone Thursday in Buenos Aires, Argentina, after seeing that the peso has reached 2.52 per US dollar. A judge on the day formally charged former economy minister Domingo Cavallo for having advised banks not to obey court rulings related to current government restrictions on access to savings, a court spokesman said. Federal judge Jorge Ballesteros did not order Cavallo detained but placed a 8,000-dollar freeze on his assets.

Argentine judge charges former economy chief in banks crisis

AFP, Buenos Aires

A judge Thursday formally charged former economy minister Domingo Cavallo for having advised banks not to obey court rulings related to current government restrictions on access to savings, a court spokesman said.

Federal judge Jorge Ballesteros did not order Cavallo detained but placed a 8,000-dollar freeze on his assets.

Cavallo did not fulfill the duties of a public servant and incited banks to commit crimes, Ballesteros charged.

The courts had challenged the caps Cavallo ordered placed on bank withdrawals on December 3, when he was economy minister under then-president Fernando de la Rúa, in a bid to halt capital flight as the economy deteriorated.

ROK imposes int'l anti-cartel fines

AFP, Seoul

South Korea on Friday ordered six foreign firms to pay more than 8.5 million dollars in anti-cartel fines, becoming the first government outside the United States, European Union and Canada to take such international action.

The Korea Fair Trade Commission (KFTC) said action against six steel industry graphite electrode manufacturers from the United States, Germany and Japan was the start of a series of planned investigations to protect Korean firms and consumers.

The six were accused of forming an international cartel for graphite electrodes which are columns of graphite used for heat generation in steel milling and steel scrap recycling.

The commission named the six firms as UCAR International Inc of

the United States which was ordered to pay 513,000 dollars in charges, SGL Carbon Aktiengesellschaft of Germany (731,000 dollars) and Japanese firms Showa Denko KK (3.34 million dollars), Tokai Carbon Co. Ltd. (913,000 dollars), Nippon Carbon Co. Ltd. (2.77 million dollars) and SEC Corporation (273,000 dollars).

The commission said the fine was the first case of action under South Korea's Monopoly Regulation and Fair Trade Act to punish anti-trust actions by foreign companies outside of South Korea.

Only SGL Carbon and Tokai have each a subsidiary unit in South Korea while the other four fined firms have no business presence here.

"The action demonstrates the strong will to apply competition laws when Korean companies and consumers are subject to unfair

losses and damage due to anti-competitive actions committed by foreign firms," said the KFTC.

"Developing countries have long suffered damage from unscrupulous acts by international cartels," said the commission, which highlighted that only the United States, the European Union and Canada had taken punitive action.

"Except for those countries Korea is the first nation to impose punitive measures, setting an example to deter foreign companies from entertaining ideas about forming a cartel."

"Now with the actions taken by the KFTC, Korea has become the first Asian nation to join the worldwide effort in controlling and uprooting international cartels that negatively impact the world market."

The commission warned that it would launch investigations in other sectors where cartels "may be

causing damage and losses to Korean companies and consumers. Before the end of this year it will conduct another investigation that will significantly impact the Korean market."

The authorities said the graphite electrode firms, which control about 80 per cent of the world market, held meetings in Tokyo and London between May 1992 and February 1998 to reach price-fixing and market allocation agreements, including for Korea.

It said that as Korean firms rely entirely on imports for the electrodes, they suffered "significant financial losses" estimated at 139 million dollars.

According to the commission major South Korean industries such as car making and shipping were affected as they are major steel users.

Thai economic prospects weak: IMF

AFP, Washington

Thailand is likely to see only a modest revival of growth this year, with a lasting recovery dependent on accomplishing more reform in corporate banking, the International Monetary Fund said Thursday.

"Near term prospects remain weak," for economic growth, IMF executive directors said in a statement on the IMF's latest review of Thailand's progress in paying back 3.2 billion dollars in IMF loans made during the Asian financial crisis.

The directors warned that "without more vigorous and wide-ranging reforms in (the banking and corporate) sectors, Thailand would not be in a position to fully share in the expected global recovery."

Macpuar SA officials visit Property Lifts office in city

Guillermo Maestre Le Fallier, Area Manager of Asia and Africa Regions, and Huib Schipper, Technical Expert of world class lifts and elevators manufacturer Macpuar SA, Spain, visited Property Lifts in the city on Wednesday, says a press release.

Ahsan Khan Chowdhury, DMD of Property Lifts, received them in his office.

Property Lifts is the sole importer and distributor of Macpuar SA in Bangladesh. Property Lifts is specialised in design supply, installation, care and maintenance of all sorts of lifts and elevators.

Macpuar SA is one of the largest lift manufacturers in the world, which sells 8000 lifts per year.

Indian court stops Dabhol Power from bankruptcy proceedings in US

AFP, Bombay

An Indian court Thursday ordered Dabhol Power Co Ltd, the Indian unit of the collapsed US energy giant Enron, not to conduct bankruptcy proceedings in the US.

A report in the Economic Times Thursday said Dabhol Power's holding companies -- Enron Mauritius Co and Enron India Holdings -- had filed for bankruptcy in New York.

The Bombay High Court also ordered the appointment of a receiver to preserve and protect the assets belonging to Dabhol Power.

The Indian lenders to Dabhol Power had gone to court in order to protect its assets given the enormous numbers of claims and counter-claims faced by the company.

The lenders, led by the Industrial Development Bank of India, assured the court that they would bear the

cost of the receiver. An official with one of the lenders, on condition of anonymity, had earlier said the lenders would not enforce securitisation of the assets.

"We however would see that they (assets) are protected," he said.

Indian financial institutions have lent 60 billion rupees (1.25 billion dollars) towards the estimated 2.9 billion dollar cost of building the 2,184-megawatt Dabhol power facility in the western Indian state of Maharashtra.

Enron holds a 65 per cent stake in Dabhol Power, while Bechtel and General Electric Co. each hold 10 per cent. The Maharashtra State Electricity Board holds the remaining 15 per cent stake.

India's BSES Ltd and Tata Power Co. Ltd. have already signed confidentiality agreements for acquiring Enron and its associates' 85-per cent stake in Dabhol.

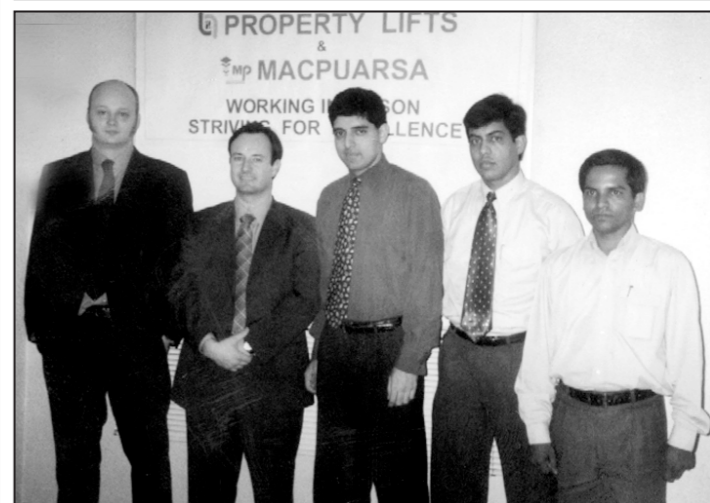


PHOTO: PROPERTY LIFTS

(From left) Technical Expert Huib Schipper and Area Manager-Asia and Africa of Macpuar SA, Spain Guillermo Maestre Le Fallier, Property Lifts DMD Ahsan Khan Chowdhury, Senior Manager Md Ashkur Rasul and Installation Engineer Md Faruq Hossain pose for a photograph during the foreign delegates' visit to the local firm on Wednesday.