

BRUSSELS, Belgium, Feb. 14--

Some of the European Union's richest states are misers when it comes to helping the world's poorest countries, European relief groups said on Monday, Reuters reported.

In a report naming and shaming European Union states, Action Aid, Eurodad and Oxfam said countries such as Germany and Italy did too little to

meet a United Nations target to reduce poverty in the world by 2015.

Only four EU states had fulfilled a promise

states are still a long way off track in terms of their promise ... this is inexcusable," it said. "Italy is one of the

leader of the EU's largest economy, was criticized for his promise at the World Economic Forum in

until 2007, which is a long way from being in the 'medium term', the report said. The aid groups said EU

deserved "gold stars" for their efforts. It also praised the Netherlands for giving 0.81 percent, but said its gold star was

EU states with 0.84 percent, was named as a "leading champion", but the report expressed concerns that the Danish

isters will discuss the bloc's efforts to meet the UN's Millennium Development Goals to cut poverty in the third world at an informal meeting in Luxembourg on Tuesday.

"The EU must take positive action on three issues: improving the quantity and quality of international aid; easing the burden of unsustainable debt; and making the rules for world trade fairer," it said.

EU's Richest Among Stingy

made in 1970 by the world's rich countries to give 0.7 percent of their gross national income (GNI) as foreign aid.

"The other 21 EU world's wealthiest nations, yet it gives only a miserly 0.17 percent of its GNI in aid," it said. German Chancellor Gerhard Schroeder, the

Davos that Germany would reach the 0.7 percent goal in the "medium term". "On current trends, Germany will not reach the 0.7 percent

states such as Luxembourg, which gives 0.8 percent of GNI in aid, and Sweden, which has also met the 0.7 percent target,

at risk because the government wanted to count security-related expenditure as aid. Denmark, which is paying the most of all

government had been cutting down on aid spending since 2001, when it gave 1.03 percent. EU development min-

Australia Under Kyoto Pressure

SYDNEY, Australia, Feb. 14--

Australia's opposition Labor Party delivered what it called a Valentine's Day gift to the nation Monday when it submitted legislation requiring the government to ratify the Kyoto Protocol on global warming just two days before the pact comes into effect.

Prime Minister John Howard and US President George W. Bush are the only leaders of major industrialized countries refusing to sign the 1997 treaty, which aims to limit the production of greenhouse gases blamed for global warming.

Labor's environment spokesman Anthony Albanese said evidence of climate change was building, with rising average global temperatures and the 10 hottest years on record occurring in the past 14 years.

He said Valentine's Day was the perfect time to recognize humans' relationship with the environment

and adopt the UN treaty.

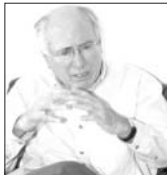
"It's timely that today, Valentine's Day, I introduce the Avoiding Dangerous Climate Change Bill, because as human relationships are, so too is our collective relationship with our natural environment," he told parliament.

But Environment Minister Ian Campbell dismissed the bill as a stunt and reaffirmed the government's stance that the Kyoto Protocol was ineffective and would damage Australia's economy.

"Just signing a Kyoto Protocol or pulling a postcard stunt about the Kyoto Protocol is no substitute for a policy," Campbell said. "We need to have a clear enunciation of just what that scheme will cost the consumers of Australia."

Campbell said Australia's energy-efficient exporting industries would suffer under the protocol and described it as counter-productive to the cause of curtailing man-made climate change.

"Kyoto works against Australia's highly energy-efficient industries, exporting to the world," he said. "We should have an



Australia's opposition Labor Party has submitted legislation requiring John Howard's, seen here, government ratify the Kyoto Protocol on global warming just two days before the pact comes into effect. (AFP Photo)

international agreement that encourages a country like Australia to smelt aluminum here, because we can do it more efficiently than just about every country in the world," he said.

Labor's bill has little chance of success as Howard's conservative coalition holds an outright majority in parliament since winning a fourth term in office last October.

The Kyoto treaty commits industrialized countries to making targeted curbs in emissions of six greenhouse gases by 2008-2012. This carries a cost because their economies will have to improve fuel efficiency and convert to cleaner energy.

TOKYO, Feb. 14--

Japan's current account surplus in December rose sharply, surprising the markets with an unexpected jump of 35.1 percent as services and overseas investment returns improved dramatically, the finance ministry said Monday, AFP reported.

"The current account surplus came in at 1.62 trillion yen (\$15.3 billion), well above the consensus forecast of some 1.27 trillion yen.

"The overall surplus

increased because the trade balance surplus rose while the deficit on the services account decreased," the ministry said.

In December, the services account deficit narrowed to 305.5 billion yen from 423.1 billion yen a year earlier, while the surplus on the income account increased to 665.6 billion yen from 434.8 billion yen.

The merchandise trade surplus alone was up only a marginal 0.5 percent to

1.30 trillion yen as exports rose 8.5 percent to 5.13 trillion yen and imports increased 11.6 percent to 3.82 trillion yen, the ministry said.

It said the improvement on the income account reflected an upturn in profits on both direct and securities investments overseas.

"Japanese companies made higher profits than last year on their overseas operations, particularly in China and in the services sector," said Tomomichi

Akuta, economist at UFJ Institute.

"That significantly narrowed Japan's services deficit for the month" and so contributed to the expansion of the current account surplus, he said.

The latest data confirmed that Japanese trade is still in an adjustment phase but the depth of the adjustment was narrower than expected," said Tatsuya Torikoshi, economist at Daiwa Institute of Research. "Small but robust

economies such as Russia, South Africa, Mexico and Brazil supported Japanese exports," he said.

At the same time, "the impact from sluggish sectors was limited, such as semiconductor exports to Asia and China-bound construction machinery," he said.

Akuta said that on this basis, the Japanese economy's recent slowing has been modest and overall it maintains some momentum.

Rise in Japan's Current Account Surplus

GM Pays \$2b To Evade Fiat Buyout



A Fiat is parked in front of the company's headquarters in Turin. (Reuters File Photo)

TURIN, Italy, Feb. 14-- US car giant General Motors is to pay Fiat 1.55 billion euros (\$2 billion; £1.1 billion) to get out of a deal which could have forced it to buy the Italian firm outright, BBC reported.

Fiat had sold GM a stake in 2000, as part of a partnership agreement. But Fiat's heavy losses have convinced GM--whose own European operations are in the red--to back away.

The pay-off means the two firms will unwind joint ventures, but Fiat will keep supplying diesel engines and the money will allow it to reduce its debt.

Fiat's shares on the Milan stock exchange rose 4.5 percent by 0900 GMT to 6.2 euros, having shot up more than 7 percent in early trading.

"We now have absolute freedom to design our own future," said Fiat chief executive Sergio Marchionne. Analysts said Fiat seemed to have done well out of the deal, although some predictions had expected a 2 billion euro pay-off.

Fiat is to get 1 billion euros immediately, with another 550 million to follow within 90 days.

For its part, GM was keen to ward off any criticism that the deal had been a mistake. "We needed scale in Europe to get costs down, and we were able to do that in working with Fiat," said GM chief executive Rick Wagoner.

The Fiat-GM alliance came about in 2000 as an alternative to selling Fiat outright. German-US car firm DaimlerChrysler had

been willing to buy the firm, but Fiat patriarch Gianni Agnelli did not want to give up control. Instead, GM swapped a 6 percent stake in itself for 20 percent of Fiat--and gave Fiat a "put option" to sell GM the rest of the company between January 2004 and July 2009.

But despite the alliance Fiat failed to put itself back on track, continuing to lose money and market share.

As a result, the sell-off looked better and better for the Italians--and much worse for GM, which is struggling with its own loss-making European marques Opel and Saab.

The relationship soured further after Fiat sold half its finance arm and recapitalized in 2003, halving GM's stake to 10 percent.

Inflationary Dangers Confront Eurozone

FRANKFURT, Germany, Feb. 14--

European Central Bank vice president Lucas Papademos warned in a newspaper interview Monday against increased inflationary dangers in the 12-country eurozone, AFP reported.

"The signs of medium-term risks to price stability have strengthened recently," Papademos told the business daily Handelsblatt.

"Both the accumulation of liquidity over a long period and the latest pickup in money supply and credit growth point to such risks. If the economic recovery gathers pace, these risks could increase," he said.

The ECB's decision-making governing council did not set interest rate on the basis of monetary factors alone, but also took into account its economic

analysis.

And here, there was no sign yet of inflationary pressures actually building up in the single currency region. Nevertheless, there were price risks, Papademos said.

"We're vigilant and are ready to act, if the likelihood increases that inflation is picking up," he said.

The guardian of the euro has held its key rates steady at 2.0 percent since June 2003 and has given no indication it is prepared to tighten monetary conditions just yet, especially in view of continued sluggish growth.

At the same time, a number of top ECB officials have expressed growing concern about the possibility of property price bubbles emerging in countries such as France or Spain.

Total Revenues Improve

PARIS, Feb. 14--

French energy group Total raked in 122.7 billion euros (\$158.7 billion) in revenues last year, 17 percent more than the previous year thanks to high oil prices, the company said in an official legal announcement, AFP reported.

For the fourth quarter alone, sales rose 26.4 percent to 34.83 billion euros, up from 27.5 billion euros from the final quarter of 2003, a statement in the official BALO legal announcements bulletin said.

For 2004, oil prices were underpinned by

strong oil demand, with benchmark Brent North Sea crude rising to an average of \$40 per barrel from \$30 in 2003 and euro/dollar to 1.24 from 1.13.

In addition to high oil prices, Total also attributed the rise in sales to strong growth of its activities, although growth was negatively impacted by the dollar's depreciation against the euro.

Total is expected to report on Thursday morning a surge in fourth quarter net profit of 49-62 percent, according to analysts polled by AFX



News, AFP's financial news unit.

Net earnings are expected at 2.37-2.58 billion euros in the final quarter of 2004 compared with 1.6 billion posted in 2003, bringing full year net profit to about nine billion euros.

S. Korean Credit Card Spending Picks Up

SEOUL, South Korea, Feb. 14--

The government said Monday that South Korean credit card spending rose sharply in January, sparking speculation that domestic consumption is finally recovering from a two-year slump, AFP reported.

Credit card settlement rose 14.8 percent year-on-year to 14.7 trillion won (\$14.1 billion) in January, the Finance and Economy Ministry said.

Tourism, entertainment, discount shops, home shopping and hospitals saw a more than 20 percent increase in January.

Lodging, consumer electronics, filling stations, boutiques and department stores did

well in January but internet commerce and neighborhood supermarkets were still in recession.

Vehicle shipments rose 3.8 percent year-on-year in January, although the increase may not reflect a full recovery in car sales, the ministry said.

South Korean credit card spending peaked at 174 trillion won in 2002 before sliding to 170.5 trillion in the following year and 162.8 trillion won 2004.

Corporate and individual defaults hit a record high last year, causing turmoil in the credit card industry and triggering an economic slump.

The International Monetary Fund said South Korea's economy

is expected to grow 4 percent this year on the back of a revival in domestic demand.

The government has

forecast 5.0 percent growth in 2005 while the central bank of Korea predicts 4.0 percent.

WORLD News In Brief

Sale Goals Failed

BEIJING--Sales of luxury cars in China last year slowed sharply, with Audi and Mercedes Benz of Germany both failing to meet sales goals, state press said Monday.

Selling Stake

M A N A M A -- Arab Insurance Group (ARIG), the Arab world's largest insurance company, announced on Sunday it is selling its 74.5 percent stake in Egypt's Arab Misr Insurance Group (AMIG). The holdings are being sold to Kuwait's Gulf Insurance Company (GIC) in two stages, a joint ARIG-GIC statement said.

Finnish Surplus

HELSINKI--Finland's current account surplus increased to 1.91 billion euros (\$2.47 billion) in December from 680 million euros in the same month a year ago, the Bank of Finland said on Monday.

Credit Ratings Cut

MANILA--Moody's Investors Service is expected to cut the Philippines' sovereign credit ratings by at least a notch later this month, the central bank governor said Monday.

Indonesian Banks Get Boost

JAKARTA, Indonesia, Feb. 14--Indonesia's banks received a boost with a credit upgrade by international ratings agency Fitch but analysts warned Monday the sector could come under pressure amid expectations of higher interest rates, AFP reported.

Fitch over the weekend upgraded its ratings on 10 major lenders following its recent upgrade of Indonesia's sovereign rating, citing largely positive changes within the banking system in the past year.

The agency raised to B+ minus from B+ plus the long-term foreign currency ratings of eight banks--PT Bank Rakyat Indonesia (BRI), PT Bank Mandiri, PT Bank Central Asia (BCA), PT Bank Danamon Indonesia, PT Bank NISP, PT Bank Buana, PT Bank Internasional Indonesia (BII) and PT Bank Negara Indonesia (BNI).

The individual ratings for PT Bank Niaga and PT Bank Permata went up one rung from D/E to D, two notches below adequate, it said. This followed its upgrade last month of Indonesia's long-term foreign and local currency ratings to BB minus from B plus--still three notches below investment grade. Fitch also affirmed its B short-term rating, citing a stabilizing political situation and a stronger economy.

The upgrades are seen as a vote of confidence for Indonesia's financial sector as it steadily recovers from the devastation of the 1997-98 Asian financial crisis.

The Dec. 26 tsunami that ravaged Aceh province and left more than 232,000 dead and missing has had little impact on the banking system but analysts said growth this year could be hampered by rising interest rates.

Michael Chambers, research chief at CLSA Indonesia, said interest rates currently at around 7.4 percent were likely to rise by one full percentage point this year to curb inflationary pressure.

Inflation hit a four-year high in January at 7.32 percent year-on-year as the tsunami crisis pushed the price of food higher and could rise further with the government's plan to cut fuel subsidies, he said. "The banking sector has been on a roll for a couple of years," he said.

"This year, it will probably peak in terms of margins as interest rates are expected to rise as fuel prices go up. This could affect non-performing loans and margins in some banks."