GATT talks likely to be over by year-end

BUDAPEST, Aug 1 : Stalled Global Trade Talks are unlikely to conclude by the end of this year despite a push in that direction by leaders of the world's richest countries, the United States' to trade official said on Wednesday, reports

Dismantling the complex WEB of farm subsidies and supports remains the mainstumbling block to breaking the US logjam. Trade Representative Carla Hills told a news conference here.

"I think that it is going to take four. five or six months after we see movement in agriculture to wind up the other 14 areas," she said.

The Group of Seven's leaders agreed this month that the Uruguay Round of Talks under the auspices of the General Agreement on Tariffs and Trade (GATT) must finish this

On Tuesday Hills met **European Community Trade** Commissioner Frans Andriessen in Brussels, where officials were cautiously optimistic that they could meet that deadline. But Hills appeared to be more cautious than her EC colleagues.

S. Korean co to drill for oil off Alaska

SEOUL, Aug 1: Ssangyons Oil Refining Co. of Seoul will begin drilling a test hole for of off Alaska this month in a 50-50 joint venture with Stewart Petroleum Co. of the United States, company officials said Thursday, reports AP.

The drilling near Cook Inlet, about 190 kilometers (100 miles) south of Alaska, will take about two months and cost 8.6 million Dollars, they

If oil pools are found in the test drilling, three more bores will be made to confirm whether they are economically feasible, the officials said.

A rig will be leased from Grace Drilling Co. of the United States for the test drilling, they said.

Ssangyong is one of five mafor oil producers in South Korea, with an annual refining capacity of 160,000 barrels. Saudi Arabia's state-run Aramaco recently acquired 35 per cent of Ssangyong's shares

NYSE fines US Co \$ 7,50,000

NEW YORK, Aug 1: The New York Stock Exchange (NYSE) said on Wednesday it fined Shearson Lehman Bros 750,000 dollars for violating rules regarding securities sales and tax supervision of one of its Manhattan offices, reports

The fine is one of the biggest ever levied by the NYSE against a member firm.

The Exchange said Shearson failed to supervise and control adequately some of its businesses and keep books and records current. It also did not supervise the management of some customer cash accounts, the Exchange

Shearson, a subsidiary of American Express Co. agreed to the NYSE's findings without acknowledging or denying

It consented to the censure and a requirement to review certain policies, systems and procedures, and to implement the recommendations of its Board's Audit Committee.

In a related case, the NYSE disciplined Shearson's former Branch Manager of its Water Street office, Seymour Passman, and Assistant Branch Manager Richard Baum.

US forecasting gauge for economy rises

WASHINGTON, Aug 1: The US government's main forecasting gauge for the economy rose in June for a fifth straight month, the Commerce Department said Wednesday, but factory orders a key measure of economic strength, fell back after two consecutive months of gains,

The index of leading indicators climbed 0.5 per cent in June after gaining 0.8 per cent in May. The forecasting gauge has risen in every month this year except for January, when the economy was deep in recession.

In a separate report, the department said a 1.4 per cent drop in June factory orders followed a revised rise of 2.3 per cent in May orders and a 2.1 per cent gain in April. It was steeper than Wall Street economists' forecasts of a 0.7

per cent June decline. Inventories of unsold goods dropped for a fourth consecutive month in June. Analysts say stocks of goods must eventually be rebuilt and will provide significant economic stimulus for the second half of India, Pakistan oppose agreement

GATT extends system for textile trade

GENEVA, Aug 1: The GATT Textiles Committee on Wednesday reached a lastminute agreement to extend the Multi-Fibre Arrangement (MFA) governing half the world's textile trade, for 17 months, reports AFP.

The MFA, which provides the legislative framework for bilateral agreements regulating textile and clothing trade totalling 200 Billion Dollars in 1989, was due to expire at midnight on Wednesday.

The decision to extend the current arrangement unchanged until the end of 1993 marked defeat for exporters who had wanted better market access in return for an extension. Exporting countries led by India and Pakistan had been asking that certain quotas on their products be gradually dismantled during the renewal period.

MOSCOW, Aug 1 : Soviet

leader Mikhail Gorbachev said

on Wednesday cold war eco-

nomic barriers were being re-

moved but much more had to

be done to reform the Soviet

economy and integrate it into

the world financial system, re-

conference with US President

George Bush, he appeared to

be referring to an announce-

ment by Bush on Tuesday to

grant Moscow most favoured

nation (MFN) trading status.

which means lower tariff bar-

in return from the western

countries, we are talking about

removing barriers set up as a

result of decisions during the

During their two-day sum-

mit in Moscow the two leaders

also discussed cooperation in

the energy and agricultural

fields as well as in environ-

mental protection and in con-

TOKYO, Aug 1: Japanese

business confidence, rocked by

revelations that stock brokers

have improperly compensated

favoured clients for losses.

looks set for another shock,

According to industry offi

cials. Japanese commodities

brokers have illegally ex-

empted major trading houses

from paying commission on

rities industry's compensation

scandal, granting special

treatment for favoured

clients," said a senior Tokyo

brokerage official who de-

clined to be identified. "If this

becomes public, those broker-

ages could be fined three mil-

lion stock (21,778 dollars) or

been in turmoil since late

Japan's Stock Market has

KARACHI, Aug 1: The

Soviet has proposed joint ven-

tures with Iran and Pakistan in

exploring oil and gas in this

country's Punjab province.

Petroleum Minister Chaudhury

Nisar Ali Khan said Wednesday,

on returning from Teheran,

where he attended the joint

ministerial committee of

Pakistan and Iran, that the

Iranians had conveyed to him

the Soviet's interest in joint

exploration of oil and gas in

come the Soviet move as "we

want to improve relations with

ration in Pakistan was pi-

oncered by the Soviet Union in

set up a steel mill near Karachi

in 1970s before bilateral rela-

The Soviets helped Pakistan

He said Pakistan would wel-

He recalled that oil explo-

The minister told reporters

reports AFP.

Puntab.

the early 1960s.

be banned from trading."

"It's exactly like the secu-

commodity futures deals.

reports Reuter.

cold war", he said.

"We hope to get something

Addressing a joint news

ports Reuter.

Representatives of both countries expressed deep disappointment at the blanket extension of the existing arrangement, saying their countries would not sign. But a OATT spokesman said similar refusals on past MFA extensions had not prevented their implementation.

The MFA is due to be dismantled and textile trade gradually brought within the overall scope of the General Agreement on Tariffs and 'Trade, but the whole issue has been left up in the air because of the failure of the Uruguay Round of GATT talks to reach agreement by the end of last year as scheduled.

The Textile Committee said Wednesday it had decided to extend the MFA until December 31, 1992 "in the expectation that the Uruguay Round results will come into

verting military production fa

The only specific invest

ment project mentioned con-

cerned the US oil company

Chevron's interest in exploit

ing oil reserves in the central

This was raised at an ex-

panded session of talks on

Tuesday, bringing in Kazakh

President Nursultan

Nazarbayev, but no details were

on the role of the International

Monetary Fund (IMF) in help-

ing to reform the Soviet econ-

omy, dismantling the legacy of

Seven (G-7) major industri-

alised democracies this month

approved associate status for

Moscow at the IMF, allowing it

access to technical assistance

from the agency but not the

loans that could come with full

June, when news broke that

top securities houses had been

improperly compensating elite

corporate customers for in-

The heads of two giant bro-

kerages resigned, top finance

ministry officials took pay cuts

for failing to police the securi-

ties industry, and ambitious

Finance Minister Ryutaro

Hashimoto has seen his politi-

cal star wane amid calls for his

New revelations have sur-

faced almost daily, shaking in-

vestor confidence and giving

ammunition to foreign critics

who alleged that Japan's fi-

tions, denied by government

officials, that all is not as it

seems in the commodities

tions became strained follow-

the Soviet invasion of

At present Pakistan pro-

duces 65,000 barrels of oil per

day while its daily requirement

is estimated at around

and Iran signed a protocol in

Teheran on Tuesday to expand

bilateral collaboration in the

petroleum sector. Iran has

agreed to sell furnace oil and

natural gas to Pakistan at con-

construct an oil refinery near

Karachi as a joint venture for

which Iran is to supply crude

oil. Iran and Pakistan also

agreed to jointly undertake oil

exploration and make surveys

in their adjacent southern

translate their strong cultural

"Both countries are keen to

Baluchistan regions.

and political ties

The two countries also will

The minister said Pakistan

Now come insider allega-

nancial markets are rigged.

Leaders of the Group of

decades of central planning.

Bush and Gorbachev agreed

published.

membership.

vestment losses.

resignation.

trade either.

Afghanistan.

1,80,000 Barrels.

cessional rates.

USSR proposes ventures

with Pakistan, Iran

Japanese stock market

awaits another scandal

Asian republic of Kazakhstan.

cilities for civilian purposes.

Economic barriers being

removed: Gorbachev

force immediately thereafter." It also said that participants had reaffirmed their previous commitment to "endeavour to improve the trade situation paving the way for the integration of the textiles and clothing sector into GATT."

Until the last minute exporters continued to demand better access for their products during the 17-month extension, while western countries, the main importers of textiles from the developing world, and their textile industries insisted that this liberalisation was a matter for the Uruguay Round.

Pakistan's Ambassador said after Wednesday's decision that "Pakistan is not in a position to join the consensus on the basis of the draft that has been presented," and that it would "reserve its position."

India's Ambassador B.K. Zutshi expressed 'deep disappointment" at the agreement, accusing the importers of "rigidity and inflexibility" and saying "it is not a good signal at this point of time when India has launched a major structural adjustment effort involving reform in most areas of economic trade policy."

But US Ambassador Robert Shepherd said "it is gratifying that "the textile exporting countries have agreed on a practical course of action.

The United States hoped that "this will be the final extension of the MFA and that in the Uruguay Round this sector could be fully integrated into the multilateral trade system. he added. "It would be extremely helpful if all countries. developed and developing alike, could make a commitment to substantially reduce all barriers to the textile and apparels trade."

European Community spokesman Jorn Keck said it was not only up to importing countries to control protec-

Accord to limit

Japanese car

exports

European Community an-

nounced Wednesday an agree-

ment with Japan to limit ex-

ports of its cars to the trading

bloc for seven years starting in

tiated to cushion European

automakers from fierce

Japanese competition after the

12-nation trading bloc opens

After 1999, Japanese car-

Frans Andriessen, a com-

its single market in late 1992.

makers would be able to sell

their vehicles in Western

munity vice president, said the

deal "will enable the European

car industry to adjust to full

world market competition and

to be able to retain a sufficient

market share in the European

In a statement, Eiichi

Nakao, Japanese minister of

international trade and indus-

try, said exports to the com-

munity would be monitored to

hold them to 1.23 million a

year for seven years, beginning

in 1993. That is about the

same level of exports as in

Within that ceiling, ship-

ments would be limited to

150,000 in France, 138,000 in

Italy, 79,000 in Spain, 23,000

in Portugal and 190,000 in

completely terminated at the

made of the touchy issue of

"transplants," cars made in

European factories owned by

assumption" was that sales of

those cars would not exceed

1.2 million a year, up from

current level of about 260,000.

insisted that transplants be

excluded from any agreement.

Britain, which has consid-

Andriessen said the

end of 1999." Nakao said.

"Such monitoring will be

No specific mention was

Community."

Britain.

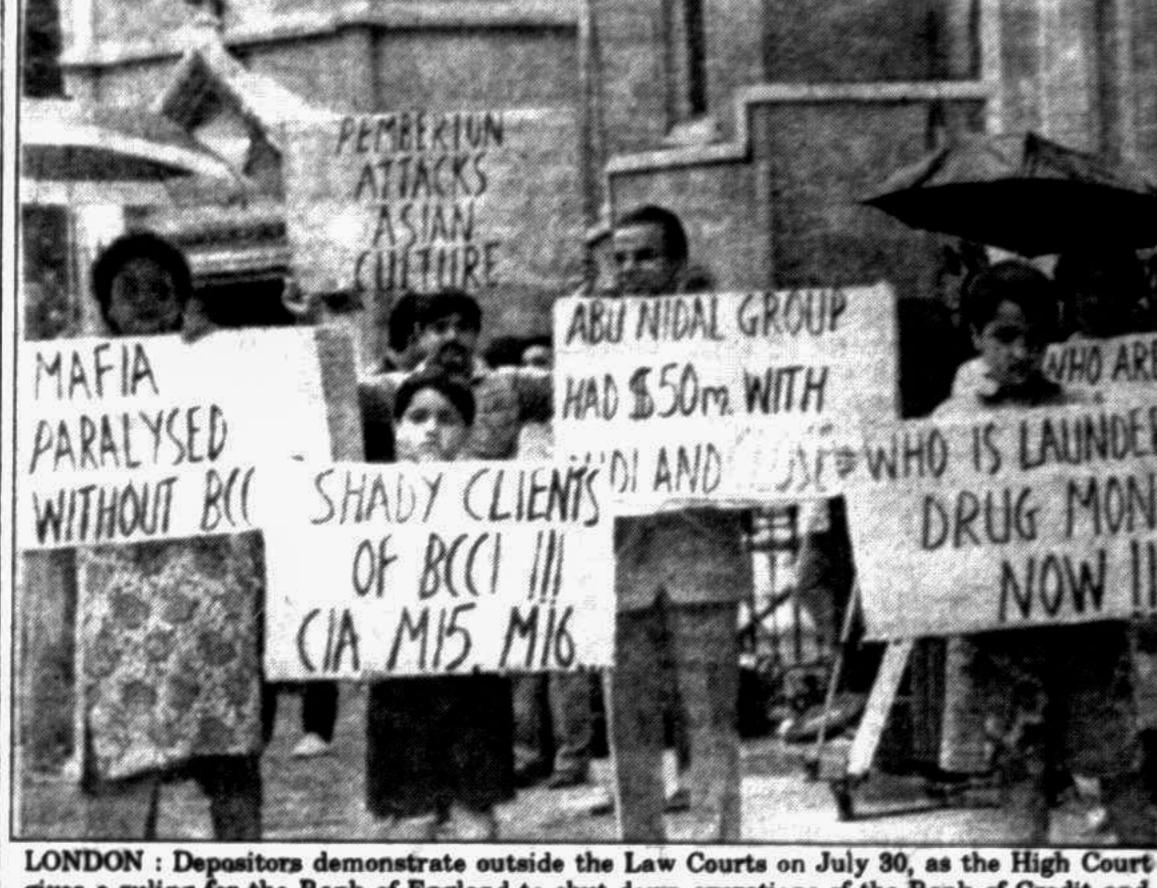
Japanese.

Europe without restrictions.

The arrangement was nego-

1993, reports AP.

BRUSSELS, July 1: The



gives a ruling for the Bank of England to shut down operations of the Bank of Credit and Commerce International (BCCI), following the discovery of massive fraud and corruption. -AFP/UNB photo

UAE considering compensation for local BCCI depositors

ABU DHABI, Aug 1: The United Arab Emirate's (UAE) Central Bank said Wednesday that authorities here were considering compensation for small depositors of the troubled Bank of Credit and Commerce International (BCCI), reports AFP.

It was the first such public statement since the Bank of England on July 5 led the global freeze on the operations of the Luxembourg-registered

"Authorities are sympathetically considering the financial hardships of small depositors and studying the possibility of paying them at least part of their deposits in the coming days," a statement carried by the official news agency WAM

But it said nothing about Tuesday's decision by the British High Court to adjourn a case seeking BCCI's liquidation and grant a four-month reprieve for majority shareholders to rescue the Bank.

The ruler of the Emirate of Abu Dhabi, Sheikh Zayed Bin Sultan Al- Nahayan, together with family members and government institutions here own 77.4 per cent of BCCI.

The Central Bank said authorities were going through the accounts of some 35,000 depositors in the UAE's eight BCCI branches and expected to complete the assessment "in the coming weeks."

News of the liquidation case's adjournment generated optimism to bank depositors and employees in the UAE capital Abu Dhabi, where BCCI moved its central offices after the Al-Nahayan family became the majority shareholder in

Banking sources expect the shareholders to proceed with a plan making Abu Dhabi the

base for a new bank in the the Middle East. Some believe a takeover of BCCI management by a state-run bank is likely. The plan would divide

BCCl's international operations into three parts with centres in Abu Dhabi, London and Hong Kong, UAE bankers said. Meanwhile, a senior banking official in Abu Dhabi said

the adjournment of the liquidation case would not affect negotiations underway in some countries for the sale of the Bank's operations since BCCI remained under provisional inquisition.

"The British Court decision does not make any difference. Arrangements for the acquisition or sale of BCCI operations in various countries can continue," said Sheikh Nahayan Bin Mubarak Al-Nahayan, Chairman of the Bank of Credit and Commerce Emirates

EC proposes restructuring aid for oilbearing crops

first as the EC had pledged to

change its subsidies in this

area rapidly after the General

Agreement on Tariffs And

Trade (GATT) ruled against it

in January following a com-

plaint from Washington.

BRUSSELS, Aug 1: The European Commission on Wednesday proposed sweeping changes to European Community aid to farmers producing oil seed crops, in a bid to respond to US complaints, a commission spokesman said, reports AFP.

The EC executive is proposing to replace production subsidies for these crops with direct income aid to farmers, in the first concrete illustration of its wider plan for an overall reform of the Common Agricultural Policy

The commission will be unveiling similar proposals later

crops - soya, sunflower etc -

this year for other agricultural products.

It chose to take oilbearing

The EC has been paying a bonus to European oil extractors to compensate for the uncompetitiveness of European oil crops -double the world market price -- and encourage

them to buy European rather

than imported products. US producers have complained that this practice completely undermines their almost 30-year-old right to ex-

port these products to the EC.

The new scheme the commission is proposing to put in place in 1992/93 would scrap the bonus to oil extractors and

in line with world price levels. But their income level would be protected through direct aid per hectar (acre) of crop, which would be increased if world prices collapsed, a commission spokesman said.

force EC oilseed farmers to fall

Prices would have to fall by more than eight per cent before the increase could take effect, a move aimed at meeting US criticism that the EC over-protects its farmers from market price fluctuations.

The EC grows some 10 million tonnes of oil crops a year, but meets only about 30 per cent of its own needs, importing the rest from the United States, Brazil and Argentina. with a value of 470 million

Budget poses growing threat to future of Rao's govt NEW DELHI, Aug 1: India's consequences (of not cutting

austerity budget, and especially a proposed cut in fertilizer subsidies, on Wednesday posed a growing threat to the future of Prime Minister Narasimha Rao's minority government, reports Reuter. Opposition leaders and

some members of Rao's own Congress Party united against Finance Minister Manmohan Singh's budget, but Singh said there was no alternative to ease India's unprecedented debt crisis.

The proposed 40 per cent cut in fertilizer subsidies announced last week has outraged India's powerful farming lobby and united the usually fragmented opposition.

But Singh pleaded with the erable Japanese investment, Rajya Sabha (Upper House of Parliament): "I want the house to reflect seriously on the

the subsidy). I share the (opposition) sentiment. But we have no option."

After all opposition members had walked out of the Lok Sabha (Lower House) to protest against the subsidy cut, some of Rao's own supporters denounced the budget proposals as burdening the rural poor, the majority of India's 850 million people.

Congress member Buta Singh protested: "A large number of our farmers grow only enough to subsist." They would be crippled by the rise in fertilizer costs, he said. Opposition leaders of the

left, centrist and right-wing parties, with a combined majority of 267 in the 509 seat house, said in separate news conferences they would move a bill to amend the fertilizer

subsidy proposal.

Unless Rao backs down. such a concerted move could bring down his government. which took office on June 21 after former Congress Prime Minister Rajiv Gandhi was assassinated in the Middle of India's bloodiest and most traumatic general election. "This government may not

last the session," Communist Party leader Somnath Chatterjee said in an interview. The protests erupted while Rao's government was negotiating with an International Monetary Fund (IMF) team sent to New Delhi to check whether the budget and other radical plans for economic reform met conditions for a major loan. Indian governments' do-

mestic borrowing has grown rapidly over the past decade.

Asia will gain from European integration: ADB

MANILA, Aug 1: The emergence of a single European market from 1992 will have a positive impact on the economic growth of Asia over the medium term, contrary to popular fears, the Asian Development Bank (ADB) said here Wednesday, reports AFP.

The Philippines-based Bank cited its own study showing that the integration will have both "trade diversion" and "trade creation" effects on Asia, the most economically dynamic region in the world.

The European Community (EC) absorbed 15 per cent of the exports of developing Asian countries in 1988, surpassed only by Japan and the United States, the ADB said. In the same year, the EC supplied 14 per cent of the imports of these countries.

"While trade diversion will take place with EC producers becoming more competitive and trade within the community increasing, trade creation will ensure from accelerating economic activity and rising real income in EC member countries," it said. ADB economists believe that

the resulting increase in EC import demand "will, in particular, benefit exporters from Asian developing countries." However, while increased

EC growth will allow for higher official flows from the community to developing Asia. "private flows could decrease as returns within the community become more attractive." the ADB said.

The community provided

17.8 per cent of the total official capital flows and 32.9 per cent of private capital flows to Asia between 1980 and 1988, the Bank said.

ADB economists believe that exports of primary commodities from Asia are unlikely to; be affected by the integration since many of these exports mainly tropical products — do not compete with EC production, the statement said.

Asian countries should also benefit from export redistribution effects arising for the re-

moval of EC preferences given to certain groups of developing countries — mainly African and Latin American - with traditional ties to EC members.' For manufactured exports.

the ADB economists estimated a 15 to 20 per cent reduction in extra-EC trade over the medium term, but "a 20 to 25 per cent growth is expected in new trade creation, offsetting the negative impact," it added. Philippine Foreign Secretary Raul Manglapus pro-

posed to a meeting of business

associations from the Association of South East Asian Nations (ASEAN) here on Tuesday that the group forge an economic treaty patterned after the EC. Thailand's proposal for a

free trade area encompassing ASEAN members Brunet, Indonesia, Malaysia, the Philippines, Singapore and Thatland, by the end of the decade gained strong backing at annual talks among ASEAN foreign ministers in Kuala Lumpur last week.

Abedi refuses to comment on indictments

KARACHI, Aug 1: The Pakistani founder of the Bank of Credit and Commerce International (BCCI) refused to comment here on his indictment on fraud and larceny charges by a grand jury in New York, reports Reuter.

"Sorry, we have no comments," said Shahid Gilani, an aide at the Karachi home of Agha Hasan Abedi, 68.

The New York indictment charges Abedi, who founded the Bank in 1972, and Swaleh Naqvi of Abu Dhabi, the Bank's Chief Operating Officer until October 1990 with masterminding a multi-billion-dollar scheme to defraud depositors.

The charges were the first since BCCI was closed worldwide earlier this month amid allegations that it also laundered millions of dollars for drug barons, terrorists, arms dealers and intelligence agen-

Pakistan has received no US request to extradite Abedi, a Foreign Ministry spokesman said in Islamabad. He declined to indicate Islamabad's likely response if it received such a

Argentina opens investigation into foreign banks

BUENOG AIRES (Argentina), Aug 1: A federal court opened an investigation Wednesday into whether foreign banks operating in Argentina had laundered drug traffickers' money. The probe followed re-

marks by Saudi financier Gaith Pharaon that banks other than his Bank of Credit and Commerce International were involved in drug laundering in Argentina. The worldwide operations

of BCCI have been shut down in recent weeks. On Tuesday. Argentina's Central Bank withdrew the operating license of the BCCI's three branches

Pharaon, considered in the United States as a key stockholder in BCCI, said in April: "As much as BCCI, the First National Bank of Boston, the Credit Suisse and the National Bank of Greece - all are equally lawbreakers." He offered no evidence to

back his comments, made during a lawsuit he brought against an Argentine reporter. The exact nature and purpose of the Argentine court's new investigation wasn't clear, but officials said it stemmed from Pharaon's comment.

Pharaon had sued reporter Rogelio Garcia Lupo, who reported in a book about former Paraguayan dictator Alfredo

Dollar falls, gold gains in New York

NEW YORK, Aug 1: The Dollar fell against other major currencies at the end of the day Wednesday, while gold gained some ground, reports

The Greenback traded at 1.7430 German Marks against 1.7525 Tuesday night, and at 137.35 Yen against 137.80 Yen Tuesday. Earlier in New York, the Dollar traded at 1.7450 Marks and 137.70.

The Dollar also fell against other major European Currencies, trading at 5.9275 French Francs against 5.9620 at 0.5928 Pounds Sterling against 0.5956, and at 1.5225 Swiss Francs against 1.5305. The price of gold rose more

than a Dollar to 363.60 Dollars an ounce from 362.30 Tuesday. The Dollar's drop was the result of technical factors as well as the market's reaction to a larger decline in industrial orders - 1.4 per cent - than

predicted, a New York trader

Oil spill hurts American tribal fishing, tourism

NEAH BAY (Washington), Aug 1: Oil leaking from a sunken Japanese ship is fouling Makah Indian Nation beaches and fishing grounds the tribe's leader said Wednesday, reports AP. "We've been dependent on

the sea for thousands of years," Makah Tribal Council Chairman Don Johnson said. "It hurts our spirit when we see places on the ocean we regard as sacred being threatened like this. This is not only our food source, but a cultural

The shore of the tribe's 27,000-acre (10,800-hectare) reservation has been fouled by oil leaking from the Japanese fish-processor Tenyo Maru, which sank July 22 about 25 miles (40 kilometres) off the northwest tip of Washington's coast. The vessel, which collided with a Chinese freighter, was carrying about 364,000 gallons (1,383,200 litres) of fuel and heavy bunker oil.

About 1,000 seabirds have been killed or injured by the

reports Reuter.