

Anti-dumping steps, subsidies plague GATT talks

GENEVA, Nov 29 : Deep concern over the state of talks on reforming GATT trade rules in areas like anti-dumping measures and subsidies have been expressed by 30 countries, trade officials said, reports Reuter.

The rule-making sector of the Uruguay Round of negotiations, held under the General Agreement on Tariffs and Trade (GATT), has broad implications for jobs and trade around the world.

The 30 states including Argentina, India, Singapore, Sweden and Switzerland, issued a statement on Tuesday expressing their deep preoccupation with the state of the rule-making talks.

Delegates said major disagreements remained. An additional negotiating effort should be directed towards clearer and more precise rules, with a view to allow a major step forward in the process of progressive liberalisation, the statement said.

Several countries referred to the statement at a rule-making group meeting today and urged completion of the negotiations.

One of the toughest areas to reach agreement has been in tightening the rules to make sure that anti-dumping measures are used only when products are being dumped abroad at below cost. The 30 want to guard against disguised protectionism.

Another key area is subsidies, which negotiators are seeking to limit on the grounds that they provide unfairly cheap exports and discourage imports.

Unions are worried that tighter rules on subsidies and other areas could threaten their jobs.

Anti-dumping is a major trouble, and subsidies is not much better, said a diplomat from a European country.

Delegates said agreement is never but still not clinched on the question of eliminating voluntary agreements by countries like Japan to restrain their exports — on anything from cars to computer chips and clothes.

NEW DELHI, Nov 29 : A bank employee pastes up posters on November 28 calling on workers to observe India's biggest industrial strike in more than 10 years. Leftist trade unions brushed off last appeals to call off five-month-old minority government.

—AFP/UNB photo



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—AFP/UNB photo

French firm wins \$186m Pak contract

PARIS, Nov 29 : The French telecommunications firm Alcatel NV announced Thursday that it won a 186 million Dollars contract from Pakistan Telecom Corp to build a turnkey telecom network, reports AP.

Alcatel said the network comprises 12 Alcatel 1000 E10 digital exchanges with a 182,000-line capacity. The system will link Karachi, Quetta and Hyderabad.

The contract also includes 200 kilometers (124 miles) of optic fiber cable and training of local engineers and technicians, Alcatel reported.

The expansion will give Pakistan 352,000 Alcatel 100 E10 digital lines.

Legislators anticipating the demise of central authority apparently just skipped Thursday's session, preventing a quorum and blocking approval of the spending bill by the Supreme Soviet's lower house. The chamber wasn't scheduled to hold another session until next Tuesday, Interfax said.

In the opinion of State Bank representatives, this signifies that financing of current payments will stop as early as Monday, Interfax said.

It was unclear to what extent salaries and government functions would be affected.

EC to use aid to spur Third World democracy

BRUSSELS, Nov 29 : The 12 European Community states unanimously adopted a charter that for the first time formally linked EC development aid to human rights and democracy, reports Reuter.

Diplomats said development ministers agreed on a policy allowing the EC to withhold aid for third World states that persistently violate human rights and to reward countries that improve their democratic credentials.

EC officials said the resolution laid out principles for aid recipients to abide by including democratic decision-making, fighting corruption, respect for universal rights and freedom of the press and of expression.

The policy seeks to promote non-governmental organisations and other pluralistic institutions and to press poor nations to curb military spending and boost social services.

Officials said it requires the EC to avoid applying double standards — a clause adopted after Portugal noted that the EC cut aid to Haiti after a 1991 coup ousted its democratically elected President but maintained cooperation with Indonesia which has been accused of persistent rights abuses.

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Gayyum accused Indian authorities of burning down farms, sabotaging factories and killing children and old men, "heedless of all cries by the world community to stop these shameless crimes."

"India has banned journalists and representatives of relief organisations from entering Kashmir so that its crimes and savage atrocities there remained unknown to the outside world," he charged.

Third World summit blasts the rich

CARACAS, Nov 29 : A Third World summit opened here on Wednesday with blistering attacks on the industrialised nations' environmental policies and open fear that the "new world order" will benefit only the rich, reports Reuter.

In a speech during opening ceremonies, Malaysian Prime Minister Mahathir Mohamad denounced boycotts of tropical wood aimed at preserving the world's rainforests and suggested that industrialised nations should be required to set aside a certain percentage of land for forests.

"If forests can save the world from the greenhouse effect, then there should be a massive effort at greening the world. Every nation should have an acceptable level of forest cover," he said.

Included in the areas to be forested would be the "wheatlands of the United States," he said, referring to the great plains that are the main US agriculture region.

There is no excuse for such negative actions as boycotts of tropical timber, forcing forest dwellers to remain primitive and keeping developing countries permanently poor in order to prevent deforestation," Mohamad said.

Venezuelan President Carlos Andres Perez, host of this second group of 15 summit, said the industrialised nations produce 80 per cent of the world's pollution, but acknowledge most of which are located in Third World nations, are "a human patrimony."

Kremlin likely to run out of money on Monday

MOSCOW, Nov 29 : The Soviet legislature failed to approve a deficit-spending package Thursday and State Bank officials said the Kremlin could run out of money temporarily on Monday, Soviet media reported, reports AP.

The bill, proposed by President Mikhail S Gorbachev, would have allowed the State Bank help the Finance Ministry cover its fourth-quarter budget with 90 billion roubles, according to the news agencies Tass and Interfax. That is about 159 billion Dollars at the highly artificial rate used to calculate government transactions.

The government has been weakened and Communist authority shattered because of the coup attempt in August. The Kremlin has been stripped of nearly all its assets and income-producing industries by Boris Yeltsin's Russian government.

The legislature's upper chamber has approved the deficit-spending package, and the Soviet newsweek TV-Inform reported that the vote by the upper house was sufficient of approval of the measure. But Tass and Interfax said approval by both houses was necessary.

Legislative officials could not be reached late Thursday by The Associated Press to clarify the discrepancy.

Even if approval by only the upper house is sufficient, it is unclear how the legislation would help. State Bank Chairman Victor Gerashchenko earlier in the week said the bank only had 3 billion roubles on account.

The government has been operating at least partially on deficit-spending since last summer, when Gorbachev permitted a 68-billion-rouble credit from the State Bank to the Finance Ministry. He also ordered the State Bank to print extra money to help cover the estimated 175-billion-rouble budget deficit.

The bill considered Thursday would approve credit for the rest of the year. Most of the 90-billion-rouble credit for the quarter already has been spent under another Gorbachev decree, said legislator Vladimir Samarin.

Samarin, quoted by the government-run Russian Information Agency, said the interim Kremlin leadership was running its finances "not by budgets but guesses."

But "one way or another, this (bill) has to be approved," Samarin said, the Russian Information Agency reported.

Also Thursday, the Soviet foreign trade bank Vnesheconbank, which is responsible for foreign currency, turned away customers wanting cash, saying it was out of money.

A bank spokesman said the refusal was due to a misunderstanding but conceded the institution was having "difficulties with liquidity."

Yeltsin's government has taken control over most of the Kremlin's main sources of income and the State Bank has cut off funding to about 80 ministries.

USSR likely to join WB in a year

THE HAGUE, Nov 29 : The Soviet Union will be ready for World Bank membership in 12 to 18 months, but necessary market reforms may hit vulnerable parts of the population hard, a World Bank official said, reports Reuter.

The process could be speeded up and full membership might come earlier than in the expected two years Ardy Stoujtsedijk, the First Permanent World Bank Representative in Moscow, said.

Membership would be feasible for an umbrella economic entity which might replace the current state. But market reform will be painful, he told a news conference to publicise his appointment.

Prices will rise, the government will cut its work force and privatisations will cause huge job losses, Stoujtsedijk said. Food aid is an important short-term need, he added.

The Soviet Union has applied for full membership of the International Monetary Fund (IMF) and the World Bank.

But lack of reliable statistics about its ailing economy and problems over IMF voting rights are hurdles to full membership.

The Moscow office of the World Bank, operative from January 1, will carry out a two year plan to help Moscow and individual republics introduce a free market economy and soften the hardship accompanying reforms.

The plan calling for 30 million dollars worth of technical aid, follows a November 5 agreement signed by World Bank President Lewis Preston and Soviet Leader Mikhail Gorbachev.

Stoujtsedijk aims at a consultative group meeting in the first half of 1992, which will include Western countries and international bodies, to estimate the financial help needed.

It is important that international organisations set up programmes in cooperation with the republics. That is a better basis to solve the debt problem which has so far only been postponed and not solved," he said.

G-7 nations last week unveiled an aid plan to help Soviet republics overcome problems with repaying foreign debt.

This plan included a one-year deferral of principal debt repayments, support for short-term credit lines and guarantees provided by export credit agencies in G-7 countries. The Soviet Union has a total foreign debt of about 68 billion Dollars.

The November 5 agreement came one month after Gorbachev reached a special association accord with the IMF.

The two deals do not provide the benefits attached to full membership but are seen as first steps towards that goal.

Full membership is important because of the enormous financial aid and credit help for the current account it makes possible, Stoujtsedijk said.

He sees Soviet voting rights in the IMF at four or five per cent. Under the current programme, five World Bank staff in Moscow will be assisted by visiting committees studying food, housing and social problems and advising on macro-economic reforms.

The programme is scheduled on macro-economic reforms. The programme is scheduled to last for two years but the 30 million Dollars could run out very soon, Stoujtsedijk said.

Stoujtsedijk was especially worried about the social unrest that could follow economic reforms.

The shops are empty and the lines in the streets grow every day. There are rumours that this will lead to uprisings among the population, he said.

The Russian Federation, the biggest Soviet republic is about to launch a radical programme of price liberalisation, privatisation and other reforms that could mean a winter of soaring inflation and unemployment.

1979 revolution — around 70 Rials to the Dollar.

Since last spring only a few highly-privileged government agencies can buy hard currency at that rate. "Getting rid of the 70 Rials to the Dollar rate is the next step," Nourbakhsh said.

What Nourbakhsh and the government want to "unify" is the free market rate of 1,400 Rials to the Dollar and the so-called "competitive" rate that now stands at 600 Rials to the Dollar.

The latter is rapidly becoming the main book rate. It is the accounting rate for foreign airlines and the one at which Iranian traders buy hard currency to import essential goods.

The great guessing game for the black marketeers and for many other Iranians is when and how far the Rial will fall.

Western diplomats say devaluation is most likely after the spring elections when President Rafsanjani's "moderate" faction hopes to rout the "radicals" from the Majlis (parliament).

Pak privatisation to reduce budget deficit

ISLAMABAD, Nov 29 : Pakistan's Finance Minister Sartaj Aziz said the government's privatisation policy would help cut the budget deficit and increase industrial production, reports Reuter.

Aziz told Radio Pakistan that losses of state-run industries were currently being met through government borrowing, putting a heavy burden on the national exchequer.

The purpose of the government's big privatisation drive was to spare the budget these losses and to double growth in industrial production to 13 or 14 per cent, he said.

The government has so far sold two nationalised banks and offered two more for sale along with more than 100 industries.

"These proved to be a heavy burden on the national exchequer as the losses had to be met through borrowings," he said of the loss making industries.

Miracle cure Iran's economy needs devaluation

TEHRAN, Nov 29 : The miracle cure Iran's economy needs is devaluation, according to the country's Finance Minister who says the government's priority is to abolish the old official rate dating back to pre-revolutionary times, reports Reuter.

Economy and Finance Minister Mohsen Nourbakhsh does not use the word "devaluation". The code phrase in official parlance is "unifying the exchange rates," but it means the same thing.

"We have to unify the exchange rates. This is the key issue for solving most of our economic problems," Nourbakhsh, a former central bank governor, told Reuters in an interview.

None of this is really new since getting down to a single exchange rate is part of the current five-year plan.

The idea got the public backing of President Akbar Hashemi Rafsanjani last week just as some were getting nervous about the political and social fallout of a sudden and deep devaluation.

Until the 1988 ceasefire, Iran kept up the fiction that the currency was still worth exactly the same as before the

Kashmir's PM for boycott of India

MECCA, Nov 29 : Sardar Abdul Gayyum Prime Minister of Azad Kashmir, urged Arab and Islamic countries on Thursday to impose economic sanctions on India, saying such a move would help resolve the problem of Kashmir, reports AP.

"The Arab and Islamic countries receive more than 80 per cent of India's exports and are employing large numbers of Indian manpower," the Pakistani-backed leader told a news conference.

An "economic boycott will compel India to resolve the problem of Kashmir," he said.

The Kashmir issue has been alternately simmering and flaring for more than four decades following the 1947 partition of the old British colonial India into predominantly Muslim Pakistan and the mostly Hindu India.

"If India maintains its intransigence and persistence not to recognise our just cause, we will have no other option but to bring about a military solution."

"In this case, we will resort to arms," he said.

Gayyum said any settlement should be on a U N resolution

of January 1949 stipulating a free plebiscite in the province.

"India is aware that the Kashmirians would choose to join Pakistan if a plebiscite was held," he said.

He defended the assistance extended by Pakistan to the Muslims in Kashmir. "Pakistan is aware of our predicament and so it is helping us," he said.

He said Indian claims over Kashmir were not out of "land love," India, he said, wants to undermine the rights of Muslim.

He said more than 35,000 Kashmirians have been arrested by India. "We do not know if the prisoners are still alive or they have died under the brutal torture," he said.

Gayyum accused Indian authorities of burning down farms, sabotaging factories and killing children and old men, "heedless of all cries by the world community to stop these shameless crimes."

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BCCI moves further towards liquidation

Abu Dhabi, Nov 29 : The troubled Bank of Credit and Commerce International (BCCI) is selling its cars in yet another move indicating the bank is heading for liquidation, reports AFP.

An announcement carried by United Arab Emirates newspapers Thursday invited bids for the purchase of seven second-hand cars, most of which are Mercedes 1990 model.

It asked potential buyers to apply to BCCI head office in Abu Dhabi late Thursday, submitting 3,000 dirhams (817 Dollars) as deposit.

Winners of the bids must pay the whole value of the car at a date not later than December 5, it said.

The sale follows the sacking of most of the 480 BCCI staff

here and the moving out of the bank's furniture in what was seen by bankers as a prelude for winding up the scandal-ridden bank.

Only a handful of employees still work at the bank headquarters. BCCI was shut down in Britain and in other countries in July after alleged massive fraud said to have involved 10 billion Dollars.

Abu Dhabi, which owns 77 per cent of the bank, was given until December 2 to present a salvage formula or the bank will face liquidation.

Shareholders themselves have seen little hope for a revival of the Bank.

Negotiations are underway between shareholders and provisional liquidators to compensate depositors and BCCI staff.

Stomach-churning meals apart, Merz reckons doing business has become a lot easier since he made the first of hundreds of visits to China five years ago to arrange the manufacture of shoes destined for American feet.

Of the factory in south China where he struck his first deal he said: "It has taken off and is now a going concern. I have been there a lot of the time, pushing, pushing, pushing and I think I have made some contribution to their point of view."

"When I first went there the management structure seemed designed to discourage productivity and so was the equipment."

"I persuaded the workshop to have a production line and start piece rates. People were doubling and tripling their



Rahima Ahsan, wife of Bangladesh Ambassador to USA displaying a framed Nakshi Kantha (embroidered quilt) to admiring visitors at the Bangladesh stall at an International Festival held at a Washington hotel recently. The festival was organised by YWCA, Washington.

Oil imports fall in India

NEW DELHI, Nov 29 : India's crude oil imports in 1991-92, ending March, are expected to be 20.30 million tons, marginally less than the 20.699 million tons in the previous year, said Petroleum Minister B. Shankaranand, reports Reuter.

India's crude production in 1991-92 may fall short of the targeted 35.06 million tons against an actual output of 33 million in the previous year and compared with 34.69 million in 1989-90, Shankaranand told parliament.

He said crude oil production in the first six months of 1991-92 was 15.326 million tons.

Business becoming easier in forward looking China

HONG KONG, Nov 29 : For China trader Marty Merz the meals that are an essential part of making deals are often the least palatable aspect of his business, reports Reuter.

The 34-year-old Australian has chewed, slurped and burped his way through dog stew, snake soup, maggot quiche, deep fried bladder and bleached sand worms during his five years of trading.

"For a time almost every meal was pangolin (a scaly ant-eater) and that's an endangered species. Dog crackling is one of the most unpleasant things I have ever tasted."

"Factory managers use you as an excuse for a spread. They ask you what you like then order what they want. It can become a point of friction," said the bearded, bespectacled Merz.

wages. Productivity went up astronomically from 50 pairs a day to thousands of pairs," he said.

NJB-Merz Ltd the company in which he is a partner with American Bruce Grill, 37, also does regular business with 27 other shoe-making factories.

The company — with a staff of six, including three secretaries — provides United States clients with cheap casual shoes selling for three to 15 US Dollars.

Hong Kong based Merz is fluent in Mandarin Chinese, which he learned at Melbourne University and in Taiwan.

As part of economic reforms introduced by Chinese leader Deng Xiaoping in 1979 three special economic zones were set up in southern China's Guangdong province

offering concessions to foreign investors.

Hong Kong businessmen moved labour intensive operations en masse from the cramped British colony to take advantage of China's much lower wages and land prices.

Taiwan entrepreneurs appeared on the scene later after relations between their government and Beijing thawed enough to allow official business contacts.

As a result of the infusion of foreign capital Guangdong has seen astonishing economic growth over the past decade.

Merz said: "It was purely by accident I got into this business. I had a friend in Taiwan who already had a trading company and he felt something was happening in China. He didn't have the time, so I went over to Guangdong

province for a look."

He made 47 other visits to China that year and 28 to Taiwan. He still visits China almost every week and used up his latest 48-page passport in seven months.

Of China's notoriously uncomfortable CAAC domestic airline he said: "If I had a mileage plus programme I could take all my friends around the world First Class. I think they are quite safe, but I once waited for a flight for three days and I know other people who have waited for seven. It makes planning a tight itinerary very difficult."

Merz was in China in the days leading up to the crushing of the pro-democracy movement in Beijing on June 4, 1989. He was trying to catch a train from the southern town of Pinking and the first inkling he had that something

was wrong was when it didn't arrive.

The station master merely told him to check into a hotel.

"I phoned my partner in New York to tell him about the delay and he told me what was happening. All our clients were frantic, thinking the whole country was in flames. They demanded that we ship all orders in hand within the next 10 days," he said.

Merz says he is generally optimistic about the future of China, or more particularly the booming south.

"There is an awful lot wrong and the waste of human and material resources is heart-breaking sometimes, but overall things are getting better."

"I am possibly more optimistic than a lot of Chinese people," the trader said.

Friday's action was taken as part of negotiations with the International Monetary Fund in which Ecuador is seeking 120 million Dollars in credits.

The troubled Andean country has been trying for two years to strike an accord with creditors to resolve its mountain of foreign debt, now totalling 13 billion Dollars.

The devaluation was the third this year.

A government statement said the devaluations have caused a 44 per cent drop against the Dollar since the end of 1990.

The statement said the devaluation would help Ecuador increase its exports and "will not have a significant impact on the import sector" because it would be balanced by a recent decrease in import duties.