Saudi Arabia takes 84000 Pak workers in 10 months

ISLAMABAD, Dec 1: The flow of Pakistani workers to foreign countries increased by 16 per cent in the first ten months of 1991, with Saudi Arabia taking the highest numbers, official statistics revealed Saturday.

The Bureau of Emigration and Overseas Employment secured jobs abroad for 112,000 people between January and October 1991, compared with 94,453 for the same period last year, according to an official report.

Saudi Arabia received 84,000 Pakistani workers during this 10-month period, the report said.

The emigration total for the whole of 1991 are expected to reach 135,000, up 19 per cent on 1990's 113,000, the report added.

During the Gulf crisis, more than 100,000 Pakistani workers were repatriated, mostly from Kuwait.

An official statement recently said several thousand workers had returned to their jobs in Kuwait.

Remittances from workers abroad is an important source of foreign exchange for Pakistan's government.

EC to discuss recognition of Ukraine

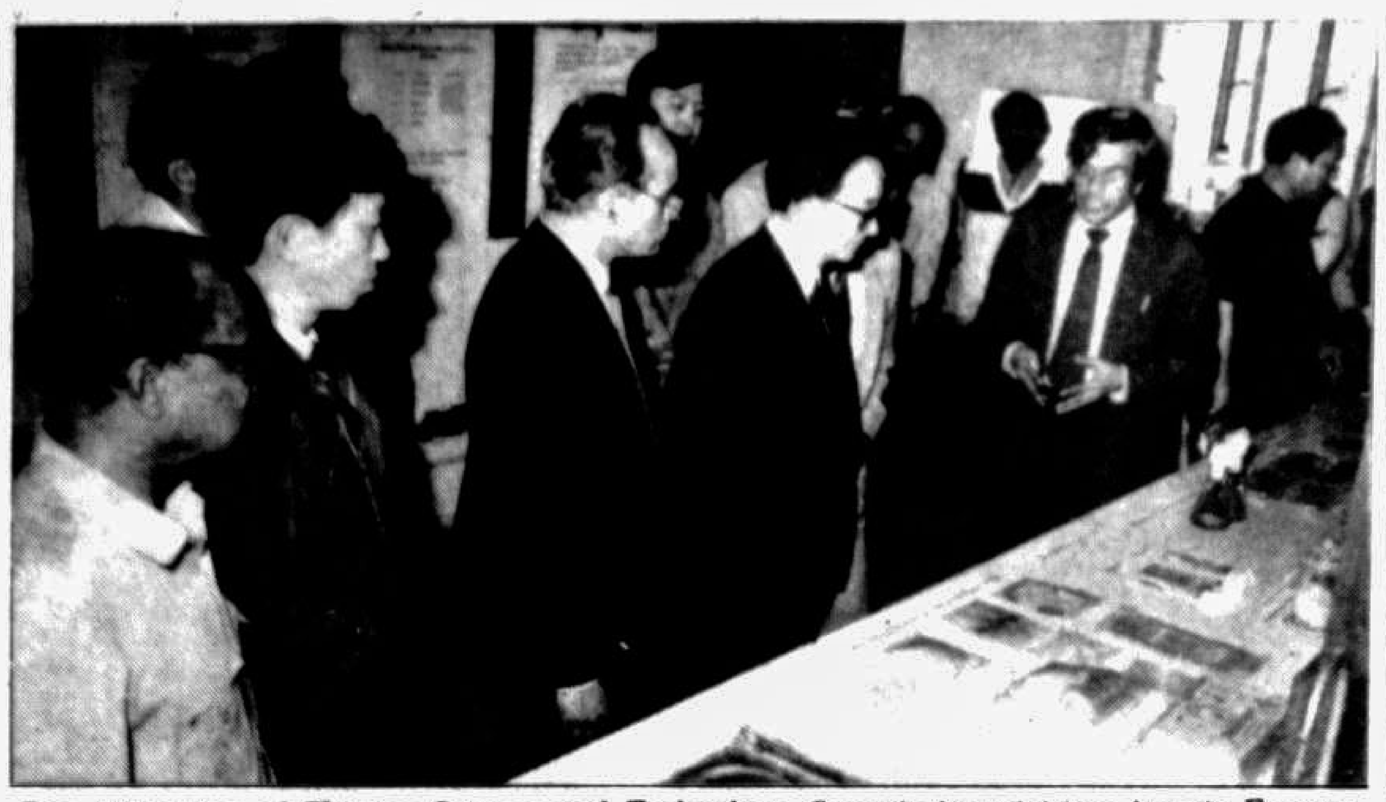
BRUSSELS, Dec 1 : The European Community (EC) is to discuss possible EC recognition of the Soviet Ukraine republic next week but without taking any final decision, diplomatic sources said here yesterday, reports AFP.

EC foreign ministers meeting here on Monday will debate the recognition issue following a referendum in Ukraine on Sunday which is expected to result in a massive vote for independence.

Diplomats said that no EC countries seemed against recognising Ukraine's independence in principle, but that they were moving cautiously because this would set a precedent for other breakaway Soviet republics in future.

They added that there was also general agreement on the need first to get guarantees from the Ukrainian authorities on human rights and on proper controls of Soviet nuclear weapons based in Ukraine.

US administration officials have said that Washington would move towards recognition of Ukraine if voters strongly backed independence.



The delegation of Chinese Science and Technology Commission visiting Atomic Energy Research Establishment (AERE), Savar yesterday.

EC plan for environmental tax on energy opposed

BRUSSELS, Dec 1 : A proposed environmental tax on energy in the European Community is meeting stiff resistance from some governments and will be impossible to introduce at the start of 1993, EC diplomats said, reports Reuter.

Even diplomats form countries which favour the controversial tax said they were sceptical whether it would ever win the required approval of all 12 EC governments.

They said Spain was taking a particularly hard line in negotiations to prepare key ministerial meetings next month, refusing to accept the idea of a tax even in principle.

Spain is backed by the Community's three other less developed members — Portugal, Greece and Ireland.

The EC Commission in September recommended the introduction of a tax on fossil fuels and other non-renewable energy sources as part of a programme to cap the EC's rising emissions of carbon dioxide (CO_2) at 1990 levels by 2000.

CO_2 is the main contributor to the greenhouse effect. The commission proposed the tax be phases in from January 1993, starting at the equivalent of three dollar per barrel of oil and rising to 10 Dollar in the year 2000.

But diplomats said the complexity of introducing a new tax, the deep divisions over it and the time it would take governments to turn any EC agreement into national legislation meant that a January 1993 start was out of reach.

That timetable is clearly impossible, said one.

The Commission says the Community is unlikely to meet its CO_2 stabilisation target on time without a tax to force up energy prices.

Germany, France, the Netherlands, Denmark and to a lesser extent Italy support the plan but all 12 EC states are concerned about the impact on their economics and industries.

The four least developed members, led by Spain, argue they are doing enough already to curb CO_2 and that their richer industrialised neighbours should bear the brunt.

A third group comprising Britain, Belgium and Luxembourg, are broadly open to the idea of a tax but want more analysis done on its implications.

Reflecting the divergences, EC economy and fiance ministers are likely at a meeting next Tuesday to stop short of asking the Commission to follow up on its recommendation by making a formal tax proposal, diplomats said.

A preparatory paper drawn up by the Netherlands, current EC president, proposes that ministers ask the Commission to further study the economic and fiscal implications and then put forward all proposals considered necessary.

EC energy and environment ministers are due to decide what the Commission should do next at a joint meeting on December 12 or 13.

But diplomats said economy ministers may reserve that right for themselves at a meeting a week later if a heavy agenda does not allow them time for a full discussion next Tuesday.

German parliament okays $262 b budget

BONN, Dec 1: Germany's lower house of parliament on Friday passed the government's 1992 budget draft, which foresees spending of 422.1 billion marks (262 billion dollars) and a deficit of 45.3 billion marks (28.1 billion dollars), reports Reuter.

Roughly one-quarter of total spending or 110 billion marks (68 billion dollars), will go to help what used to the communist East Germany adapt to a market economy.

The budget does not require approval by the opposition-led upper house.

The 1991 budget foresees spending of around 410 billion marks (254.1 billion dollars) and federal deficit of around 66 billion marks (40.90 billion dollars), higher tax revenues will push the deficit sharply lower in 1992.

The budget includes spending of 91.3 billion marks (56.5 billion dollars) by the labour ministry, which is struggling to finance benefits for mounting numbers of unemployed workers in East Germany.

The ministry budget is up three billion marks (1.9 billion dollars) from 1991.

The country's 1992 defence budget is being cut by 400 million marks (247.9 million dollars) to 52.1 billion marks (32.3 billion dollars), while the transport ministry budget totals 40 billion marks (24.8 billion dollars).

The economics ministry budget, which includes many investment subsidies for East Germany, will rise by one billion marks (620 million dollars) to 15.4 billion marks (9.5 billion dollars) in 1992.

Parliament's budget committee had recently increased the ministry budget by 770 million marks (477 million dollars).

It reinserted subsidies for the ship building and coal mining industry that had been struck out of the original budget draft.

Closed-fist X-mas shopping marks US economic dip

WASHINGTON, Dec 1: The Christmas shopping season has begun in the United States with buyers in a cautious mood, as economists watch to see if they will open their wallets to boost the weak economy, reports Reuter.

The annual ritual of purchases for holiday gift-giving is a crucial indicator of consumer confidence, the engine that drives the US economy.

On Friday — the day after the US thanksgiving holiday, a traditional litmus test for the Christmas shopping season — sales were up slightly but retailers said they had to promote heavily and extend hours to lure customers.

Stores across the country opened early and discounted merchandise to keep the cash registers ringing.

A survey of shoppers and sales clerks published on Saturday in the New York Times reported shoppers seemed determined to keep a tight grip on their money, spending less on each gift and sharply reducing the number of people they were buying presents for.

"You don't see the holiday cheer in people's faces going shopping that you used to see", a 32-year-old shopper told the paper. "It's more like a depressed look. It's just not as fun as it used to be."

The fact that consumers are feeling a little distressed about the economy and their personal fortunes is not surprising, but the depth of the negative feelings caught some by surprise this week.

The Conference Board, a business research group that tracks consumer moods, reported on Tuesday their economic confidence dropped to its lowest level in 11 years in October.

Consumers fuel two-thirds of US economic activity through spending on goods and services. The choking off of spending as the vital holiday season approaches signals a likely further slowdown in economic activity.

The US economy declined 2.8 per cent in the first quarter of 1991 and 0.5 per cent in the second quarter.

It grew 2.4 per cent in the third quarter, according to a preliminary report by the Commerce Department. But recent economic figures have shown worrisome trends in October.

Key among these was the 0.3 per cent fall in consumer spending in October, the biggest drop in six months.

Some analysts wouldn't be surprised to see the economy turn into recession again, achieving what is called a double dip.

"Far from leading the economy out of recession, consumers are leading us back into a second dip", said Lawrence Hunter, an economist with the US Chamber of Commerce.

Some analysts think the double dip might already have occurred with the economy continuing to operate in negative territory through, at least, the first quarter of 1992.

Retailers are very pessimistic, said Ira Kalish of Management Horizons, a retail consulting firm, adding that they are promoting quite a bit and quite early. And as a result their profit margins will suffer.

Kalish estimated that Christmas season sales, adjusted for inflation, will be about the same as last year.

The new data added to a feeling of gloom and divisiveness as the White House bids to marshal its forces to deal with the economy with the November, 1992 presidential election looming.

Britain opposes EC move to assure workers' rights

LONDON, Dec 1 : The European Community's moves to rid itself of its businessmen's club image by assuring EC workers' rights are being vigorously blocked by Britain ahead of the EC summit in Maastricht in seven days' time, reports AFP.

The Conservative government of John Major, marching to a different tune from that of the EC social and Christian democrat mainstream, is doggedly resisting "social" measures in the Dutch draft on political and economic and monetary union.

The moves are in part intended to halt exploitation of workers in the EC's poorer southern countries, such as Portugal and Greece, which attract businesses because of their lower pay levels and weaker social protection.

Spain however is threatening to block the union treaty unless it commits the richer EC countries to pay more to develop the poorer ones.

Britain was already a holdout among the 12 EC countries in rejecting the non-binding 1989 social charter, its veto reducing the effectiveness of the ensuing legislative action programme.

The Dutch draft for the December 9-10 Maastricht summit introduces majority voting — thus removing the possibility of a British veto — on working conditions, mechanisms to consult workers, sexual equality and vocational training for the unemployed.

The Dutch are proposing that the EC should decide unanimously — allowing a veto — on social security, protection and representation of workers, employment conditions for foreigners and government job-creation programmes.

This has been welcomed as an 'intelligent compromise' by the British Trade Union Congress (TUC) which has greeted European intervention in this field as an oasis in the desert.

EC Commissioner Jacques Delors, who addressed the TUC for the first time in 1988, has become a sort of Europe-Guru for the British Trade Union movement, holding out the hope of an extension of workers' rights through the European back door.

After years of Thatcherite marginalisation of the previously powerful trade unions here, conservatives are outraged at seeing a potential for new trade union empowerment through EC legislation.

In the social charter, Britain accepted only that those measures relation broadly to workers' health and safety could be taken according to normal EC majority voting procedures.

Delors' commission used this as a pretext for advance in workers' rights and is now trying to push through a draft working time directive with provision for a 48-hour working week, banning of Sunday working and other measures.

Confederation of British Industry (CBI) Director-General John Banham has criticised its as "objectionable from the start" and set to badly damage key British industries such as coal mining, civil engineering and the leisure industry.

The government has claimed that the working week directive alone will cost employers five billion Ponds (8.5 billion Dollars) a year.

On this issue Britain is not alone. The Danes and the Germans are already seeking exemptions for transport and the Spanish for the fishing industry.

Small business prospect in E Europe bright

Small-scale enterprises are beginning to emerge as a leading source of economic activity in Eastern Europe, the Soviet Union and the Baltic republics, and they offer a promising opportunity for comparably sized firms in the United States, according to Washington economic reports.

"The small private enterprises and newly privatized businesses in the region are the most dynamic elements in these economies," says Franklin Vargo, US deputy assistant secretary of commerce for Europe. "These enterprises are not looking for giant partners, but rather for smaller and medium-sized firms with which they can deal comfortably."

In recent testimony before the Senate Committee on Small Business, Vargo said US companies increasingly are finding that emerging private firms in Eastern Europe have money and, with currency convertibility, the ability to buy attractive products on the spot.

These firms also tend to purchase the types of high-quality products — such as consumer goods, intermediate products, tools and measuring and computing equipment for small-scale production — that are sold by many US small businesses, he added.

"Firms should not wait before doing business but should explore prospects now," Vargo advised. "The reason is that purchasing patterns are changing. Previously, foreign exchange and importing were centrally controlled. Importers had to deal through state-controlled foreign trade organizations that worked with established suppliers — generally European."

But as market mechanisms are being built and currency convertibility established, he said, East European buyers increasingly are free to import on their own and to seek Western investment partners, including small companies.

Vargo pointed out that selling to or investing in Eastern European and Soviet markets is by no means easy.

World commodity prices

LONDON, Dec. 1: Brent crude, the benchmark for North Sea petroleum production, fell to a three-month low at the start of the week before bouncing back when OPEC decided to maintain production at current levels in the first quarter next year and to meet in February to discuss anticipated problems in the spring, reports AFP.

The refusal by Saudi Arabia to consider a reduction in its production, which has increased by three million barrels per day since before the Gulf crisis with the Saudis indicating it would increase it by 1.5 million barrels, made for nervous trading in London.

Gold and platinum rose to four-month high on reduced fears of Soviet selling. Profit-taking reduced gains but losses were restrained by uncertainties relating to the political instability of the union, confirmed by foreign minister Shevardnadze's warning about the possibility of another coup.

On the London Metal Exchange (LME), the surprising firmness of copper, given weak demand and abundant stocks, prompted suspicions that the market was being manipulated by an artificial tightening of near-term supplies.

GOLD: Irregular. Prices, having reached a four-month high the previous week, continued to firm on reduced fears of Soviet selling after the Group of Seven aid package to Moscow and strong pre-Christmas demand from Italian jewellers.

Profit-taking reduced gains, but the market bounced back again after Soviet Foreign Minister Shevardnadze warned of the dangers of another coup in the Soviet Union and troop movements were reported in Georgia on Friday.

PLATINUM: Irregular. Platinum touched a four-month high at the start of the week, lifted by reduced fears of Soviet selling. But the weakness of the worldwide car industry, illustrated by a forecast from consultancy group Dri-Automotive of a fall of 2.9 per cent in new sales this year, saw prices slip back. Shevardnadze's statement prompted a partial recovery in mid-week as did a three per cent increase in consumer goods orders in the United States in October, the first rise since July.

SILVER: Irregular. After a steady start, silver fell in mid-week on mainly technical factors. Losses were reduced towards the end of the week.

COPPER: Firmer. Three-month prices were dragged higher in the first half of the week by a widening premium for cash metal in reaction to technical near-term tightness. Given weak physical demand, the absence of major supply problems and the abundance of copper available in LME, warehouses, this trend sparked a protest from a consumer's organisation, the International Wrought Copper Council (IWCC), which asked the LME to investigate "apparent distortions" of trading and ensure that a "true market" prevailed.

The IWCC's protest was followed immediately by a narrowing of the premium for cashmetal, allowing the price of the future to fall back.

The thanksgiving holiday in the US on Thursday contributed to the late downtrend, although prices, in sterling terms, remained ahead on the week.

LME stocks rose 5,300 tones to 3,02,325 tons.

TIN: Easier. Prices drifted lower in reaction to a lack of interest in the metal and the absence of any fundamental news. LME stocks rose 275 tons to 13.095 tons.

ALUMINIUM: Easier. Aluminium's downward drift continued as soaring LME stocks and the absence of any significant new production cutbacks further depressed sentiment for the metal. Lingering recession in the industrial economies and low activity due to the thanksgiving holiday contributed to the losses. LME stocks jumped 16-075 tons to a new record of 836,925 tons.

NICKEL: Firmer. Nickel prices, depressed in recent weeks by continuing weak demand and the flow of Soviet nickel onto western markets, gained a temporary respite when Inco, the world's largest producer, said its major refinery at Ontario, Canada would be out of order until the end of the year because of a furnace failure. The plant produces around 6,000 pounds of nickel per month.

LME stocks of the metal rose 1,098 tons to 9,426 tones.

COFFEE: Recovery after easier start. Prices were initially weakened by profit-taking and a technical correction after the rise of the previous week to a seven-month high. The forecast by BD and F Man of a 26 per cent fall in the 1992-93 harvest in Brazil to 19.5 million 60-kilo bags, in line with market expectations, had no influence on the trend.

But prices then recovered in the wake of gains in New York. The weakness of the pound against the dollar and a tightened probusta supply picture encouraged the movement. Operators meanwhile were awaiting the first meeting (due December 4-6 in London) of the International Coffee Organisation's working group on a new international agreement to replace the current accord, which expires in September 1993.

SUGAR: Firmer. Prices were supported at the beginning of the week by a statement from President Fidel Castro that Cuba harvest had been affected by problems relating to supplies of Soviet petroleum and fertilisers. The trend then became more hesitant, and trade house GNI estimated that the firm market would not last given that world production remained in surplus vis-a-vis consumption.

COCOA: Recovery after easier start. Prices fell initially in the wake of New York, as US operators carried out book-squaring operations ahead of the thanksgiving holiday. But sterling prices then recovered primarily due to the weakness of sterling.

Traders said that the market remained underpinned by the prospect of a deficit of production in relation to consumption in 1991-92 for the first time in eight years because of reduced output by the major players.

VEGETABLE OILS: Steady. Vegetable oils progressed on the European market after the EC and the Soviet Union signed an agreement on conditions for the delivery of credit guarantees of 500 million Ecus (400 million dollars), which had been awarded initially in December 1990 but had been delayed by administrative problems. Some 63.5 million Ecus was due for vegetable oil purchases.

Palm oil was lifted by the announcement that India would import 1,50,000 tons of the product between October of this year and next March. Specialist review oil world forecast that would production of rapeseed would reach a record of 27 million tons in 1991-92, a rise of 1.5 million against the previous season, mainly due to large EC and Canadian harvests.

PETROLEUM: Recovery after easier start. Brent crude, the benchmark for North Sea oil production, fell to 19.58 dollars per barrel, a three-month low, as OEPC's Vienna conference opened. Saudi Arabia's oil ministry forecast that the country's production capacity would expand to 10 million barrels per day (MBD), against between 8.5 and nine MBD currently and a level of just 5.4 MBD prior to the Gulf crisis.

But prices climbed back above 20 dollar after OPEC decided to reduce its production ceiling in the first quarter of next year and to meet again on February 12 in Geneva to agree a level for the spring. Although the final communique did not mention the current production ceiling of 23.65 MBD and, because of Saudi opposition, did not specify that members would meet in February with the intention of cutting production, analysts were relieved that the meeting had been quickly concluded.

RUBBER: Weak. The trend remained depressed by surplus supplies, although London prices were supported by the weakness of the pound. One trader said that consumers had started covering forward requirements to take advantage of world prices, currently at a five-year low.

The international natural rubber organisation (NRO) requested donations from members to enable it to carry out support buying operations.

GRAINS: Firmer. Grains continued to firm in London on hopes that Britain would gain a significant share of contracts arising from EC credit guarantees to Moscow of 500 million Ecus. Although British prices have risen recently and are close to Danish rates, they remain lower than French prices, traders said.

TEA: Firm. Demand was firm and broad-based at the weekly auction. Average prices advanced to 190 pence per kilo for medium grades and to 80 pence for low medium.

COTTON: Easier. The price index on the Liverpool market fell back as demand continued weak despite low prices.

WOOl: Steady. The Bradford wooltops market was encouraged by a firm trend in Australia, where prices gained three per cent over the week thanks to strong demand from Europe and Japan.

The Commonwealth secretariat forecast that would wool production would fall seven per cent in 1991-92 from last season to 1.8 million tons, the lowest level for four years.