Major urges for GATT accord on Uruguay Round

HARARE, Oct 22: British Prime Minister John Major made an urgent appeal for agreement on the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations, saying failure would be a "an absolute hammer blow for the developing countries," reports Reuter.

"The cost to them of protectionism in the industrial world currently exceeds the total value of the aid that they receive from the industrial world," Major, attending the Commonwealth conference, told reporters.

Should there be no agreement, it would lead to "trade blocs and protectionism that could be absolutely fatal," he said.

Major said the vital need for agreement was increasingly recognised "in all the trading blocs and it is certainly now increasingly recognised in the EC."

"It may be an agreement that isn't entirely comfortable for us. It may be an agreement that isn't comfortable for Japan, the United States, the Cairns group."

Major said Britain would push hard in the EC "for movement in the community's position so that we not only get an agreement on GATT but if possible get an agreement on GATT this year."

'Kuwait output won't affect OPEC target'

BUENOS AIRES, Oct 22: World demand can absorb a rise in Kuwaiti oil production in 1991's fourth quarter without upsetting OPEC's targets, according to OPEC Secretary General Subroto's calculations, reports Reuter.

"In our view we won't have any problem in the fourth quarter to accommodate for Kuwait's increase in production," Subroto said in a news conference at the world petroleum congress here.

Kuwait's Oil Minister, Hamoud Abdulla al-Raqba, said recently in Bangkok his country will be able to produce 400,000 BPD in the fourth quarter.

Kuwaiti crude output severely hampered by the Gulf war, is currently seen by the industry at 2,80,000 BPD.

Subroto explained OPEC's production ceiling for 1991's fourth quarter was set last month at 23.65 million BPD, keeping in mind that world demand for OPEC oil could rise to 24 million BPD.

He said the ceiling included 1,50,000 BPD for Kuwait, and acknowledging the Kuwaiti minister's forecast of a rise in output to 4,00,000 BPD in the fourth quarter, calculated: "that means an additional 2,50,000 BPD this quarter, so 23.65 million plus 2,50,000 adds to 23.9 million BPD."

Subroto said countries in the Organisation of Petroleum Exporting Countries (OPEC) were producing almost at full capacity currently.

"We expect Kuwait and Iraq to eventually return to their pre-war levels of production... but we don't know when that might happen. One, two, three years?" he said.

Subroto said OPEC expects world oil demand to grow annually by between 8,00,000 BPD and one million BPD this decade to reach 58 million BPD (not accounting for production in countries formerly with centrally-planned economies) by 2000.

Businessmen fear uncertainty after Turkish polls

ISTANBUL, Oct 22: Turkey, whose ailing economy needs urgent attention, may be in for a prolonged period of uncertainty after an inconclusive election, businessmen said, reports Reuter.

"We are entering a dark corridor," said one stock borker who asked not to be identified.

"It won't be easy to form a coalition."

With most of the nearly 30 million votes counted, former Prime Minister Suleyman Demirel's right-of-centre True Path Party was ahead with 27.4 per cent of the vote, not enough to obtain a majority in the 450-seat parliament.

Prime Minister Mesut Yilmaz's Motherland Party was second with 23.9 per cent. President Turgut Ozal, who founded Motherland, was expected to invite Demirel to form a government when official results were announced.

In Istanbul's covered bazaar, perhaps the best mirror of the expectations of ordinary people, a gold and foreign currency dealer said, "I expect demand for the Dollar to remain strong. This is the trademark of uncertainty."

"The worst possible scenario is prolonged political uncertainty where no-one is in charge," said a foreign banker.

China-US trade talks this week

BEIJING, Oct 22: China and the United States will hold trade talks this week over market access and the protection of intellectual property rights — two crucial issues over which Beijing and Washington are at odds.

Assistant US Trade representative Joseph Massey arrived in Beijing for the talks, a US embassy spokeswoman said.

The talks, which begin tomorrow and last till Friday, will be with China's ministry of foreign economic relations and trade, which is trying to protect billions of Dollars in exports from possible punitive sanctions.

The talks will be the first here since the US launched a trade probe on October 10 to investigate charges that Beijing restricts US imports to China.

The deadline on another probe, on China's protection of copyrights and patents, is set for November 26.

If after the investigations the US decides to retaliate, it could impose tariffs of up to 100 per cent on some of China's exports to the US to compensate for alleged losses.

The duties could eat into China's profitable trade with the US which is growing larger and is itself an issue of concern for many US legislators.

Washington says China exported 5.9 billion Dollars more to the US than it imported in the first seven months of 1991, up 13.5 per cent on its surplus for the same period in 1990. For all of 1990 China had a surplus of 10 billion Dollars with the US, it says.

China disputes the data, saying it buys more from the US than it sells. And Beijing has reacted angrily to the probes.

After the latest one was launched, a government spokesman said, "we feel strong dissatisfaction at the US unilateral investigation... we absolutely cannot accept the accusations."

China maintains it has done a lot to open its markets and protect intellectual property.

Kuwait expects to cap damaged wells by next month

SABRIYA (Kuwait), Oct 22: Kuwait expects all of the oil wells blown up by Iraq to be capped within weeks and has an emergency plan to increase its crude production, reports Reuter.

Oil Minister Hamoud Abdulla al-Raqba told reporters fewer than 58 wells were still burning of gushing oil in the southern and northern oilfields where Iraqi troops set alight or damaged 732 wells last February, crippling Kuwait's main income source.

Sales of 24 Pak units okayed

ISLAMABAD, Oct 22: The Pakistani government on Monday authorised an official commission to sell 24 of the 101 state enterprises offered in a major privatisation programme, reports Reuter.

The privatisation commission had received 235 offers for 89 enterprises by the deadline on Thursday. No offers were received for 12 firms.

A cabinet committee on privatisation asked the commission to proceed with the sale of nine cooking oil-processing firms, one fertilizer factory, three cement plants, two automobile factories and nine bread firms, a government statement said.

It said most of the offers accepted were at close to what it called reference prices for the firms or more than 90 per cent of these prices, which have not been made public.

Some offers for bread firms of up to 80 per cent of the reference price were also accepted.

The committee told the commission to talk to other bidders for the remaining units to seek an increase in bids to at least 90 per cent of the reference price.

Bidders have not yet been identified but commission Chairman Saeed Qadir has said that they include some foreign interests.

Finance Minister Sartaj Aziz, who heads the cabinet committee, told reporters on Saturday he would be satisfied even if half of the enterprises offered were sold.

Prime Minister Nawaz Sharif seeks to raise billions of Dollars for much-needed development by privatising enterprises which he says have not been running efficiently under state control.

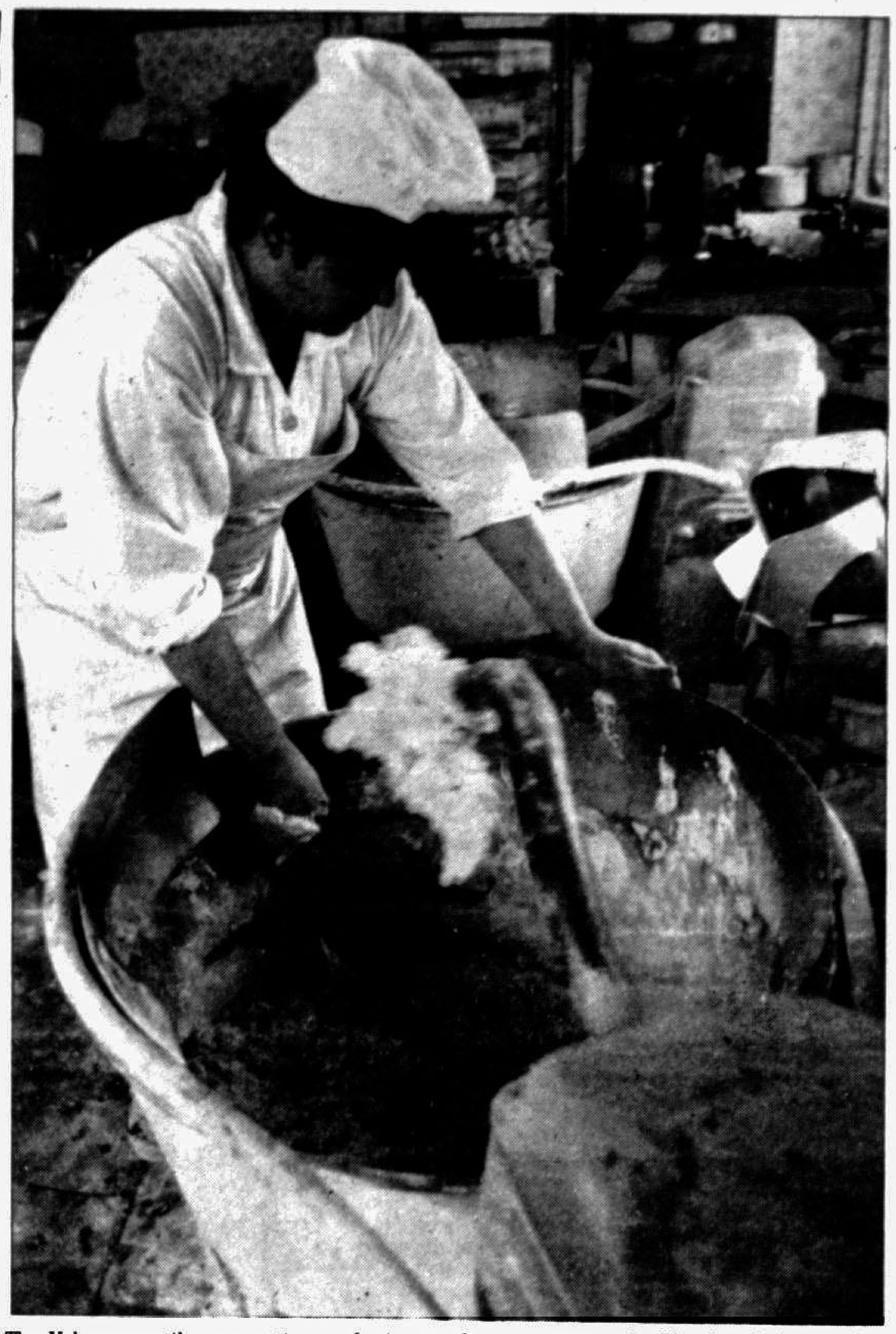
But opposition parties say Sharif wants to sell the enterprises cheaply to his favourites.

The charge is denied by the government, which is also facing widespread criticism over a multi-million Dollar scandal concerning financial cooperatives run by ruling party members.

Japan offers to help Soviet ailing oil industry

MOSCOW, Oct 22: Japan's International Trade and Industry Minister on Monday discussed with the Soviet leadership how to use emergency aid it has given to Moscow and offered to help the country's ailing oil and gas industry, reports Reuter.

Tass news agency said Eiichi Nakao's talks with President Mikhail Gorbachev and Prime Minister Ivan Silayev focused on how to allocate the 2.5 billion Dollar Tokyo extended to Moscow earlier this month.



The Volna versatile cooperative confectionery shop was run on the Karelian Isthmus (the north-western USSR). It is one of the few prospering cooperative among the 200 registered in the region four years after the law on cooperatives was passed. It lies on 2,000 hectares along 100 kilometers on both sides of the Leningrad-Vyborg highway. —Novosti photo

Punjab freezes assets of scandal hit cooperatives' directors

LAHORE, Oct 22: Punjab has frozen the personal assets of 113 directors and sponsors of financial cooperatives involved in a multi-million Dollar scandal that has shaken the Pakistan government, reports Reuter.

The order, issued by the provincial authorities yesterday affects directors of 47 financial cooperatives, many owned by members of the ruling Islam Democratic Alliance (IDA).

The property of those owing large sums to the cooperatives was frozen to ensure repayments, an official statement said.

Finance Minister Sartaj Aziz said this month that 20 billion Rupees (815 million Dollars) in deposits had been lost when several cooperatives collapsed earlier this year.

The affair has rocked Prime Minister Nawaz Sharif's government, with ministers defending their financial probity in the face of stinging opposition attacks in Parliament.

Opposition Leader Benazir Bhutto has seized on the scandal to attack Sharif and his ruling party colleagues over what she calls South Asia's "biggest bank robbery".

She has repeatedly demanded the resignation of Sharif and Interior Minister Shujaat Hussain because their industrial empires had taken huge loans from the cooperatives.

Hussain told the National Assembly yesterday that all 650 million Rupees (26.5 million Dollars) loaned to Sharif's Ittefaq Group and his own family business had been returned.

The Punjab government, controlled by the IDA, said action had been taken to ensure the return of investments made by small depositors, who have been given priority in the distribution of the remaining assets of the cooperatives.

The Federal Cooperatives Minister, Abdul Majid Malik, is expected to announce further measures to protect depositors when he winds up the debate today.

India ready to work with APEC

JAKARTA, Oct 22: India is now willing to work with trade groups like the Asia-Pacific Economic Cooperation (APEC), Minister of State for Commerce P. Chidambaram told Reuter.

"We have offered to work with APEC they have to invite us. India is ready to do business with the world now," Chidambaram said in an interview during a four-day visit to Indonesia.

India does not presently belong to any trade group or bloc, and Chidambaram fears it could be shut out. "Therefore, we hope regional blocs do not become fortresses, because then each regional bloc will begin to trade with other regional blocs."

Chidambaram said his current tour of southeast Asia was aimed at conveying the message that India had removed most of its cumbersome economic regulations and practically abolished the licencing controls that once kept foreign investors away.

He hoped his visit here would help treble two-way trade in three years from the present, almost evenly-balanced 200 million Dollars. India has offered Indonesia opportunities to step up trade, especially in commodities, shipping and software.

Chidambaram admits delays in bringing about India economic reforms, but said his trip to the booming, deregulated economies of southeast Asia was not a study tour.

"We are not here to learn or give lessons. India had taken a different turn earlier in opening up the economy," he said when asked to compare his country with Indonesia and Singapore.

Chidambaram also blamed political instability in India in the past three years for its plunge into economic crisis.

He pledged to lift remaining import restrictions in the near future, but said they would not be removed immediately.

"But it is a catch 22 situation. If we lift all import restrictions, we will have to pay with foreign exchange. But we have problems with our balance of payments," he said. "But it is hurting our exports. It is becoming counterproductive."

India's central bank, the Reserve Bank of India (RBI), last year imposed severe curbs on imports to tackle a foreign exchange crisis, that eventually forced it to devalue the Rupee.

The restrictions included mainly cash margins for imports up to 200 per cent. But the RBI cut the margins to 150 per cent in its latest credit policy announced on October 8.

Chidambaram said that there were no plans to review foreign exchange controls.

Bush considering tax cut for middle-income

WASHINGTON, Oct 22: US President George Bush is considering proposing a tax cut for middle -income Americans as part of an economic package designed to spur the nation's economic recovery, White House spokesman Marlin Fitzwater said, reports Reuter.

The disclosure by Fitzwater appeared aimed at countering attempts by Democrats to stake claim to such a politically popular move as next year's presidential election nears.

"We are looking at various options, including the possibility of a middle-income tax cut," Fitzwater said.

"Nothing's decided," Fitzwater told reporters in discussing efforts by Bush to come up with an economic from recession. "We are looking at various ideas closely."

Sen Lloyd Bentsen of Texas, the powerful Democratic Chairman of the Senate Finance Committee, on Sunday unveiled a 72.5-billion Dollar tax cut proposal for middle-income Americans that would be paid for by a 5 per cent cut in military spendings.

The growing clamour in Washington for politically popular tax cuts sent US government bonds and stock prices lower as investors feared higher budget deficits and inflation.

Fitzwater's statement that Bush was also considering income tax cuts was the first public suggestion that the economic growth package under discussion might go beyond a capital gains tax cut and other previously announced measures.

Republican Sen Phil Gramm of Texas gave qualified support to Bentsen's proposal. "This may be the opportunity we're looking for," he told reporters.

Gramm — a key figure among Republicans Senators on economic policy issues and one of the authors of the current budget law -suggested that some differences between Democrat and Republican tax proposals may be open to negotiation.

Later in the day Senator Bill Bradley, D-N.J proposed a 350 Dollar tax credit for children to help middle-income families and said it was time to scrap last year's budget agreement.

Fitzwater declined to discuss any specifics on what Bush was considering in the way of a tax cut. He also refused to say when a Bush package would be released, but said there would be meetings this week.

Options under considering included previously announced Republican positions, including a capital gains tax cut, creation of enterprise zones, an extension of research and development tax credit

Foreign loan ceiling necessary, says Indonesia

JAKARTA, Oct 22: Indonesia said the recent ceiling it imposed on foreign commercial loans was necessary to prevent it becoming a debtor of Latin American proportions, reports Reuter.

"The steps were taken to prevent something happening like in Mexico and Brazil," an official told reporters.

Indonesia's total foreign debt exceeds 60 billion Dollar much of it government related and always paid back on time.

But since last year there has been a surge in foreign commercial borrowing in large part to make up for a shortage of domestic credit because of the government's tight monetary policy.

The government set a total ceiling for this fiscal year (to March 30) of 5.9 billion Dollar and will impose limits for each year up to 1995/96.

The official said the move had been welcomed by/the International Monetary Fund and the World Bank as well as commercial banks, which had been concerned that Indonesian borrowers had exceeded their limits abroad.

Bankers estimate foreign commercial borrowing last year jumped to seven billion Dollar.

"With this step (imposing a limit) the prospects for the Indonesian economy are bright," he said.

The government also delayed four major projects worth nearly 10 billion Dollar to ease pressure on the current account deficit, which some economists predict could double this fiscal year.

Baltics still need Soviet markets

VILNIUS, Oct 22: Workers at the Venta microelectron plant wear special outfits to keep dust off the integrated circuit boards they make. They seem light years ahead of the food shortages and disorder of the Soviet Union, reports AP.

But their hopes to stay ahead hinge on two seemingly opposite goals: attracting Western investors and boosting sales to be crumbling Soviet Union to which they were unwillingly annexed for 50 years.

"We sell to Soviet concerns that make television sets, automobiles, rockets. Yes, rockets," said Venta's director, Kazimieras Klimashauskas, giving a tour of the once-secret facility, Lithuania's version of Silicon Valley.

The Kremlin recognised the independence of the three Baltic states in September, but "the Soviet Defense Ministry is still a customer," Klimashauskas said. "We still have a Soviet military representative here at the plant. We're not really sure how that will be worked out."

Deep economic bonds still unite the Baltics with the Soviet Union.

At Venta, about half of last year's sales of more than 105 million Roubles, or around 61 million Dollars at the commercial exchange rate, came from the Russian Federation, and most of the rest from other industrialised Soviet republics, the Ukraine and Byelorussia.

Two major steps envisioned by the Baltic governments are printing their own currencies and "privatising" — selling off big industries once controlled by the Kremlin and now mostly owned by the Baltic governments.

The governments are printing Lithuanian litas, Latvian lats and Estonian kroon, to be issued sometime early next year to replace the Rouble.

Latvia, where politics are polarized because of a near 50-50 split between the Latvian and non-Latvian populations, has not yet passed a law to allow privatisation. Raimonds Bluķis, deputy head of the Latvian governments office on privatisation, describes the delay as potentially catastrophic.

To help leap from the centrally planned Communist past to the hoped-for bright capitalist future, the Baltic governments have signed bilateral barter agreements with the Russian Federation, other Soviet republics, and even regions and cities

The parliament set an arbitrary value of 100 billion Roubles, or about 59 billion Dollars for property taken over by Lithuania from the Soviet government.

Lankan tourism heads for a resurgence

COLOMBO, Oct 22: Sri Lanka's once-lucrative tourism industry, set back by the Gulf war and hindered by a continuing civil conflict in the north and east of the Indian Ocean island, may be headed for a resurgence, reports Reuter.

Projects are underway to increase the number of hotel rooms, set up new hotel, import tourist buses and develop tourist attractions.

A 40 million-Rupee (one million Dollar) 10-year master plan funded by the United Nations development programme will be ready in eight months.

"We want to put tourism development in the forefront," said Tourism State Secretary S Sivathasan.

"There is a lot of investor confidence both locally and abroad and several new hotel projects are being drawn up," he said.

Sri Lanka's tourism industry, once one of its major foreign exchange earners, has been crippled since 983 when bloody ethnic violence erupted on the streets of Colombo.

Since arrivals peaked in 1982 at 400,000, the number of tourists has plummeted, to 1,82,000 in 1988 when the violence escalated.

Tamil militants fighting for their own homeland launched a new offensive in the north and east in June last year.

Reports of bodies burning on the streets and floating down rivers kept the tourists away until 1990, when arrivals rose to 2,97,000 from 1,84,000 in 1989, a 61 per cent increase.

This year, the Gulf war drove arrivals down by five per cent in the first six months, Sivathasan said.

But the numbers rose again in July and he was confident that 3,40,000 tourists will have visited the island by the end of the year.

"In five years time, as the master plan is put into action, we hope to attract one million tourists a year," Sivathasan said.

Tourist ministry officials said an additional 10,000 hotel rooms will be needed to supplement the current 5,500.

The focus will be on recreational and cultural tourism, including developing two new golf courses, tennis courts, horse riding facilities and water sports and building new hotels near cultural sites, Sivathasan said.

"We can't rely on bed and breakfast and sun and sand anymore," he said.

The government has taken several measures to encourage investment in the industry, such as lifting a ban on building new hotels, encouraging foreign investment in the industry and providing finance on easy terms for hoteliers to improve their property, tourism officials said.

Kuwait faces $70b total commitments

LONDON, Oct 22: Kuwait's domestic and international commitments after the Iraqi invasion total 70 billion Dollars, said a senior official of the Kuwaiti Investment Authority (KIA), the body responsible for the Emirate's foreign assets, reports Reuter.

Dr Adnan al-Sultan, a KIA Director, said at a conference on Kuwait organised by Strategic Investment Forum Ltd that pledges to Desert Storm allies and domestic obligations would be a burden on official earnings and the government's future role.

Kuwait's central bank governor said the economy needed overhauling and privatisation was a medium-term objective.

"The scope of fiscal policy in Kuwait could, and should, be changed in the coming years," said Sheikh Salem Al-Sabah, governor of the Kuwait Central Bank.

Yeltsin to take tough steps to curb economic quagmire

MOSCOW, Oct 22: Russian President Boris Yeltsin is prepared to introduce stringent measures, including a state of emergency, to deal with the republic's economic quagmire, one of his ministers was quoted as saying on Monday, reports Reuter.

"In the near future, it is vital to introduce on a strictly legal basis an overdue state of emergency," Russian Information Agency (RIA) said Yeltsin's Justice Minister Nikolai Fyodorvo had told senior journalists.

Fyodrov said Yeltsin supported this viewpoint, saying a "tough programme" was needed to cope with the forthcoming winter and its widely expected shortages of food and other vital goods.

The Russian President, he said, would make an appeal for action when the republic's full parliament resumed its sittings next week.

Under a state of emergency, Yeltsin would acquire additional industry and agriculture and use security forces to ensure the measures were carries out.

Many Soviet leaders have warned of unrest in industrial cities if shortages, aggravated by this year's poor harvest, cause a further drop in low living standards.

Yeltsin, elected Russian President by a landslide last June, acknowledged the possibility of unrest last week, saying a special fund was being set up to help ensure food supplies in areas where discontent was likely to be greatest.

Russian figures released last week forecast a drop in national income, the main indicator of economic performance, by 10-11 per cent by the end of the year. They also showed a large drop in industrial production and trade turnover.

In the past year, Soviet President Mikhail Gorbachev has introduced a series of stern measures placing the activities of the country's government directly under his control to jolt the economy out of its steep decline.

But since the failed August coup against him, by communist hardliners, he has yielded much of his power to Yeltsin and leaders of other republics.

An economic agreement signed by eight republics last week developed most economic decision-making to the republics, leaving inter-republican bodies with a largely coordinating role for financing, banking and food and energy supplies.

The right-wingers who removed Gorbachev for three days in August introduced emergency regulations, limiting civil liberties, halting publication of newspapers and eventually imposing a curfew in Moscow.

Gorbachev on Monday formally cancelled a decree he issued in January authorising the search by security forces of any businesses or other premises to crack down on economic sabotage.

Tass news agency gave no explanation for Gorbachev's order, which was never fully implemented.

But cancellation of the decree appeared aimed at reassuring the growing small business sector that entrepreneurs would be given free rein to carry on their activities.

Tass also published the text of a letter Yeltsin sent to Parliament vetoing deputies decision to proceed with local elections.

Yeltsin said he rejected Parliament's proposal not to postpone the elections because holding the polls would hinder introduction of economic reforms.