

# Five-year Uruguay Round negotiations may go in vein

GENEVA, Jan 15: The European Community (EC) and the US signalled they remained locked in a deep dispute over farm subsidies that could wreck hopes of a trade treaty giving a needed boost to the world economy, reports Reuters.

Delegates from the two sides pledged at a GATT meeting that they would work for a successful end in the coming weeks to the five-year Uruguay Round negotiations.

But while the EC said it wanted 'improvements' to a draft accord that includes subsidy cuts it rejects, the US said any changes could only be towards tougher curbs on trade protection.

The meeting was called by GATT Director-General Arthur Dunkel to hear initial reactions from the 108 countries involved in the round to the draft he presented last month and to launch a major bid for agreement by mid-April.

He warned delegates to the GATT's Trade Negotiation Committee (TNC) that any wholesale attempt to reshape the draft accord could only lead to an uncontrollable unravelling of the package, which covers most aspects of world trade.

Several key countries involved in the Round have

called for quick acceptance of the Dunkel package — which the GATT chief insists is largely the product of five years of bargaining — and Washington says it is broadly acceptable.

Many participants say there are aspects they do not like, but that the draft's overall effect will be beneficial to both the developing and the developed world.

"The US strongly believes that, if there are changes to be made, they should serve only to strengthen the disciplines and lead to greater market liberalisation," he declared.

The EC and in particular France — argues that the draft unfairly penalises its farmers, long accustomed to government support, and would put their livelihood at risk if its provisions were put into effect.

Delegates of other countries where subsidies have been drastically reduced or abolished say efficient farmers flourish amid open competition and bring benefits to the entire Community through cheaper food.

EC chief delegate Trinh Van Thinh said the package presented "serious difficulties for the Community, above all in agriculture, where the draft text must be seriously im-

proved."

But US delegate Rufus Yerxa made clear to the TNC meeting that Washington, which has the general backing of many other farm exporters, would oppose any watering down of the Dunkel draft's provisions on agricultural subsidies.

At Wednesday meeting members of the Cairns Group, which includes Australia, New Zealand and Argentina, said they were opposed to any changes in the Dunkel text, although the GATT chief indicated there could be minor adjustments.

But Dunkel said changes would have to be "what we can all collectively agree to without unravelling the package" — a phrasing diplomats said meant countries wanting changes would have to be ready to buy them with concessions elsewhere.

Another report from Tokyo says, Japan will oppose comprehensive introduction of tariffs on farm imports and seek changes in farm rules proposed by the GATT Agriculture Minister Masami Tanabu told reporters.

In the case of rice, Japan cannot accept introducing tariffs on imports, he said, adding that GATT was not the final arbiter on world trade. On Monday, the 108 dele-

gates to the (GATT) agreed in Geneva to work hard in the weeks ahead to conclude the five-year Uruguay Round by mid-April and approved a package of proposals drawn up by GATT Director-General Arthur Dunkel.

The package, presented in December, calls for farm import barriers to be covered into tariffs, to be reduced gradually. Tokyo fears this would open its closed rice market too much to maintain self-sufficiency in its staple food.

Tanabu said Japan would seek exceptions in Dunkel's tariff plan on farm imports, according to Dunkel's programme, any country is supposed to talk to others first on the same issue. As far as rice is concerned, these would be Japan, the US, Thailand and so on, Tanabu said.

Washington has been fiercest in urging Tokyo to allow rice imports, while Bangkok would benefit most if Tokyo opened up.

Asked by reporters what if all negotiators could not agree on the amendment Japan is seeking, Tanabu said "nobody knows the result of negotiations... Dunkel is not the sole authority. We negotiators have right to decide from now on."

## Iraqi Airways takes off

BAGHDAD, Jan 15: Iraqi Airways made its first internal flight in a year on Tuesday after being grounded as a result of the Gulf War, the official news agency INA reported, says AFP.

The plane flew from Baghdad to the southern port of Basra on a trial run. INA said quiting company director Nureddin Safi, adding that a second test-flight was scheduled for Wednesday.

The company will start flying passengers to and from Basra as of Thursday, Safi added.

The director announced last month that Iraqi Airways would resume internal flights January 15 after having received authorisation from the United Nations, which has been imposing an air and trade embargo on Iraq in connection with the Gulf Crisis.

Iraqi Airways flew west-ward, who had been held captive by the authorities for several weeks, to disperse a US-led coalition from attacking Iraq, from Baghdad to Amman in January 1991.

## Labour dispute closes down Hyundai plant

SEOUL, Jan 15: Hyundai Motor Co. South Korea's largest auto maker, shut down its plant indefinitely Wednesday because of a month-long labour dispute that seriously crippled production, company officials said, reports AP.

The closure came one day after the company's 28,000 union members voted to go on strike, possibly next week, to press their demand for special bonuses.

Hyundai's management decided to close the plant following a work slowdown that reduced production by up to 80 per cent this week, company officials said. They said the company would not pay wages during the shut down.

But union leaders rejected the company's decision and vowed to keep all workers inside the plant in Ulsan, 325 kilometers southeast of Seoul.

Hyundai officials said the plants gates, cafeterias and other facilities would be blocked to prevent workers from staging illegal protests. It was not known immediately whether the company would ask police to intervene.

Government officials warned that police would be used to end the Hyundai dispute, and prosecutors obtained warrants Wednesday for the arrest of seven union activists.

Because of the slowdown, the plant has been producing only 700 cars a day, compared with its maximum production capacity of 3,700 units.

The Hyundai dispute began Dec 17, when the company's union demanded special year-end bonuses. Union members have rejected overtime and slowed their work, effectively crippling production.

Hyundai's management claims it cannot afford additional bonuses because of small profits, high labour costs and lost production resulting from labour disputes. Hyundai says its lost production since early December has amounted to 373 million dollars.

Government officials have been concerned about high labour costs and inflation, and have urged businesses to curb excessive wage increases to help stabilize prices and reduce budget trade deficits.

South Korea's trade deficit last year reached an all-time

high of 9.6 billion dollar, with inflation running at an annual rate of 10 per cent, the highest in 10 years.

Government officials contend that steep wage increases were partly responsible for the deficit. Wages here have nearly tripled in the past five years to the highest level in Asia, except for Japan.

On Tuesday, Trade and Industry Minister Hahn Bong-soo urged big companies to keep wage hikes this year below 5 per cent. He also asked small firms to keep wages below their productivity increases.

Deputy Prime Minister Choi Gak-kyu, who is in charge of economic affairs, ordered the heads of the nation's 23 state-invested firms Tuesday to freeze wages of high-level officials.

Hyundai and other major South Korean companies have been hit by frequent labour disputes since 1987, when the government began introducing democratic reforms.

The perennial disputes and increasing labour costs have weakened the competitiveness of some South Korean goods abroad.

## 'US future standard of living seriously threatened'

WASHINGTON, Jan 15: US business leaders told Congress Tuesday that the country's future standard of living was seriously threatened by current economic problems, reports AFP.

"The long term economic future of this country is in crisis," said Robert Rubin of Goldman Sachs and Co. "Our political leaders must take the lead in creating the political and public will to sacrifice consumption for quite some time to do what is necessary to deal with these problems."

The group complained to the Senate Banking Committee about the lack of investment in education and commercial research and cited faulty trade and tax policies as responsible for the demise of the US manufacturing sector.

"We have lost a large por-

tion of the best jobs in our economy," said Charles Corry with USX Corp. "The domestic steel industry alone has lost more than 335,000 jobs since 1974. These were the jobs that made the American factory worker the envy of his peers."

Committee Chairman Senator Don Riegle has sponsored a measure aimed at convincing the Japanese to reduce their 41 billion dollar trade surplus with the United States over the next five years or have import quotas levied against them.

Several of the executives, however, cautioned against blaming Japan for US economic woes.

"The primary problem Japan represents to us is in being an excuse for not dealing with our problems," said Rubin.

## Pakistan to allow private sector trade with Muslim republics

ISLAMABAD, Jan 15: Pakistan will allow its private sector to trade with Central Asian republics on barter system, according to State Minister for Economic Affairs Sardar Asef Ahmed Ali, reports Xinhua.

Addressing members of the chamber of commerce and industry in Lahore, 265 km southeast of the capital on Tuesday, the state minister said the government would soon lift restrictions on barter trade in the private sector so that traders could easily do business with these states.

The minister, who recently toured the six Muslim states, said there was a vast market for Pakistani goods in the republics of the former Soviet Union and enormous opportunities existed for promotion of trade and cultural relations.

The Muslim republics do not possess any foreign exchange but they could provide

a number of agriculture implements, air conditioners and power equipment and are ready to exchange goods with Pakistan, he told the businessmen.

The minister advised Pakistani businessmen to capture at the most appropriate time the Central Asian market which has a big trade potential. Pakistan will send ambassadors to these states and offices of trade and diplomatic counsellors will be opened in other three states Ali said.

Pakistan also plans to establish air links shortly with main cities of the republics.

Meanwhile, it is officially learnt here Wednesday that a delegation of Islamabad Chamber of Commerce and Industry will under take a tour of the Central Asian states in February to explore markets for Pakistani merchandise goods.

## EC suspends food credit worth \$635 m to CIS

BRUSSELS, Jan 15: A 500-million-European currency unit (Ecu) (635-million-dollar) credit for the former Soviet Union to buy food has been suspended pending negotiation over repayment with the newly independent republics, a European Commission spokesman said on Tuesday, reports Reuters.

"The principles for providing credit guarantees to the independent states of the former Soviet Union are fully confirmed, but the modalities have to be defined to put things into practice," he said.

Pending further definitions, implementation is being suspended," he said.

A spokeswoman for Deutsche Bank, which leads the issue, said earlier, "The terms for paying out the credits do not exist since legal aspects surrounding the debtor are unclear."

The Commission said negotiations to ensure legal responsibilities for repayment in the Commonwealth of Independent States (CIS) were continuing. Vneshekonban, the former Soviet bank for foreign economic affairs, is in charge of handling the credits.

The agreement was reached last November and was long delayed over the question of who was responsible for repaying the debt.

The Deutsche Bank spokeswoman said further statements on the issue would be made later this week.

Her comments coincide with talks in Frankfurt between the CIS and creditor banks on its ability to repay 60 to 70 billion dollar in foreign debt inherited from the former Soviet Union. The Ecu credit was not on the meeting's agenda, the spokeswoman said.

## Libya will curtail oil output to boost prices

CARACAS, Jan 15: Libya's Oil Minister said his nation will cut its oil production by up to 30,000 Barrels Per Day (BPD) within several days to support sagging world oil prices, reports Reuters.

Abdulla el-Badri said he will also urge fellow OPEC members to return to the fixed quota system in order to avoid a further fall in prices.

The Libyan minister said he followed the lead of Venezuela, which on Friday announced a unilateral 50,000-BPD cut in its output to help bolster prices.

"There is no doubt that we consider that the market is weak and we should send a message to change the situation," El-Badri told reporters after meeting the president and the oil minister of Venezuela.

"Because of this, Libya agreed to make a cut in production," he said.

Libya currently produces 1.55 million BPD, according to the minister.

The OPEC basket of seven crude oils fell to 16.57 dollar a barrel last week. This is well below the 13-member group's official target price of 21 dollar.

OPEC agreed at its November ministerial meeting in Vienna to keep a 23.65-million BPD ceiling on its overall production.

According to a Reuters survey of industry sources, OPEC pumped an average 24.14 million BPD in December, up slightly from 24.10 million BPD in November.

**Kuwait may triple output**

AFP says from Kuwait City:

Kuwait hopes to triple its oil output to 1.65 million barrels a day by the end of the year. Oil Minister Hammudi al-Roqba said here Tuesday.

Roqba, speaking after a meeting with Japanese International Trade and Industry Minister Kozo Watanabe, also said Kuwait wanted eventually to resume exports to Japan at their level prior to the Gulf crisis.

He did not disclose the volume of sales to Japan prior to the Iraqi invasion of Kuwait on August 2, 1990.

But overall Kuwaiti production capacity before the invasion stood at more than two billion barrels a day. The Emirate had then been authorized by the Organisation of Petroleum Exporting Countries to turn out 1.5 million barrels a day.

With its oil industry sustaining heavy damage during the seven-month Iraqi occupation, which ended last February, Kuwait is now producing around 550,000 barrels a day — a figure that Roqba said should be tripled by the end of 1992.

Watanabe who arrived here overland from Saudi Arabia, met Tuesday with the Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sabah and Crown Prince Sheikh Saad al-Abdallah al-Sabah.

The talks, according to Roqba, focused on boosting Japanese-Kuwaiti cooperation in energy, investment and technology.

He said his government wanted to see increase investment by Kuwait and Japan in each other's economy in addition to joint projects in third countries.

## Nepal's revenue expenditure accounts for 75 pc of budget

KATHMANDU, Jan 15: Nepalese Prime Minister Girija Prasad Koirala has said that the country is facing severe difficulties in the economic front, reports Xinhua.

Nine billion rupee (211.3 million US dollar) of its total annual budget of 12 billion rupee (281.7 million US dollar) is spent on the salary of the employees, he noted.

He told a mass meeting in Chitwan district, southern Nepal, Tuesday that the coun-

try has to spend 2.5 billion rupee (58.7 million US dollar) a year on payment of the interest of foreign loans.

Of the total annual budget, he said, only 25 per cent is left for use in the country's development works.

The Nepali Congress government will accord top priority to the projects which are mostly desired by the people and have the potentialities of mobilizing maximum participation of the people, he added.

## Kabul to set up trade ties with Iran

KABUL, Jan 15: Afghanistan is to step up trade contacts with Iran following signs of improving relations between Kabul and Tehran, business sources said here Tuesday, reports AFP.

They said the unprecedented airlift of relief supplies from Tehran to Kabul on January 9 had been viewed by most businessmen here as an Iranian gesture of goodwill towards the Government of President Najibullah.

Iranian diplomats here said the relief supplies were part of Tehran's humanitarian assistance to the poorest segment of the Afghan population.

Government officials confirmed that Kabul had discussed with Tehran prospects of buying Iranian petrol to ease a severe shortage here. Iranian embassy sources said a delegation from Kabul had visited Iran in this connection.

A delegation of Iranian entrepreneurs also visited Afghanistan recently to study possibilities of launching an industry for the manufacture of agricultural equipment in Afghanistan.

The sources said a delegation from Afghanistan's Chambers of Commerce, and Industries was to make a reciprocal visit to Iran this month when they would also discuss prospects of buying Iranian buses for Kabul's city transport service.

Afghanistan traditionally exported wool and cotton to Iran before trade was disrupted after the 1979 Soviet invasion.

## ADB grants \$56m loan to Nepal

KATHMANDU, Jan 15: The Asian Development Bank will give a loan of 85 million dollar to Nepal to help the Himalayan kingdom implement various agriculture-related projects, the Finance Ministry said Tuesday, reports AP.

An agreement for the loan was signed Tuesday by Finance Secretary Thakur Nath Pant and Dalheue Coue, the Asian Development Bank's Representative in Nepal, the ministry said in a press statement.

The loan will be utilized, among other things, to improve Nepal's Agriculture Development Bank and revive an irrigation and farmers' welfare project that has made little headway because of lack of funds.

The project, in the town of Rajapur in Bara district, 60 kilometres (40 miles) south of Kathmandu, will benefit farmers spread over an area of about 16,000 hectares (39,520 acres).

Predominantly agricultural and mountainous Nepal is one of the poorest countries in the world. Its 17 million people have an annual per capita income of 170 dollar.

## Australian exports likely to penetrate Asian market

SYDNEY, Jan 15: Export growth resulting from the Australian dollar's devaluation is expected to be concentrated in Asia, Trade Commission officials said Tuesday, reports AFP.

The dollar fell almost two US cent in trading last Thursday and Friday as investor anxiety about the government's economic strategy and lower interest rates pushed the unit down to 73.5 US cent, its lowest level in four years.

It has since stabilised and peaked Tuesday at 74.5 cent, dealers said.

Australian Trade Commission Director Ralph Evans said he expected exports to be stimulated by the fall — particularly Asian markets not affected by deep recession.

"This drop in the dollar may well act as further stimulus,"

The Commission says recent headway made in Japan and South Korea could be expected to accelerate, while companies which had previously shied away from Asian

## Oil discovered in Central Sumatra

JAKARTA (Indonesia), Jan 15: PT Caltex Pacific Indonesia has discovered oil in Central Sumatra, an official said Wednesday, reports AP.

Erwin Kasim, spokesman of the state-owned oil company Pertamina, said the Caltex Pacific oil well in Riau province, about 1,300 kilometres (810 miles) northwest of Jakarta, pumped out 873 barrels of oil per day in a recent test.

## Business briefs

**Kazakhstan to bar price hike:** Kazakhstan is to limit the increase in prices in some basic necessities to a maximum of three times last year's prices, reports AFP from Moscow.

The decision on the prices of bread, flour and dairy products was announced in a decree by President Nursultan Nazarbayev to take effect within the next few days, the Republic's news agency Kazrevo reported Tuesday.

**Cotton, Soybean yield up in US:** US farmers reaped smaller harvests of corn and wheat, but bigger harvests of soybeans and cotton in 1991, the agriculture department reported Wednesday, Xinhua reports from Washington.

Soybean production was up three per cent to reach 1.99 billion bushels and up one per cent from the November forecast. The yield per acre averaged a record high 34.3 bushels in 1991.

Cotton production shot up 13 per cent, to total 17.5 million bales (a bale is equivalent to 480 pounds), the largest harvest since 1937.

**Brent oil price shots up:** The price of Brent North Sea oil for February delivery rose to 18.05 dollar per barrel in early trading in London Tuesday, up from 17.95 dollar at the close on Monday, reports AFP from London.

This increase continued a recovery from 16.92 dollar reached last week when the market fell to the lowest level since the Gulf War in February 1991.

**India targets 1000m kg tea:** The target for tea production in India has been fixed at 1000 million kg by the turn of this century, but this would be possible only by bringing fresh areas under cultivation, according to A K Bose, Chairman, Doors Chapter of the Indian Tea Planters Association, reports PTI from Jalpaiguri (India).

Addressing the 114th annual general meeting of the association at Binaguri recently, Bose said that total tea production last year was 740 million kg, which exceeded its target by 25 million kg.

**OPEC output highest in decade:** With super-producer Saudi Arabia setting the pace, OPEC nations pumped an average 23.3 million barrels of oil a day last year, the highest level in a decade, according to estimates Tuesday, reports AP from Brussels.

Saudi Arabia, the world's largest crude exporter, lifted an average 8.2 million barrels a day last year, the most since 10.1 million barrels in 1981.

A new report by the International Energy Agency said the cartel nudged output up in December to 24.2 million barrels a day, a rate unmatched in nearly two years.

**Biggest gold catch in India:** Authorities at Bombay's Sahar International Airport seized 1,832 bars of gold worth four million dollar in the Indian market from a cargo consignment abroad a Gulf Air flight from Sharjah, a news report said Tuesday, AP from New Delhi says.

United News of India said the seizure Monday was the biggest ever at any Indian airport. The bars weighed 468 pounds (213 kilograms).



LONDON: Christopher Morris (R) one of the joint liquidators of the Bank of Credit and Commerce International (BCCI) and Q Malik, representative of the employees leaving the High Court after the unopposed winding-up order of the BCCI.

The orders followed the liquidation of BCCI Jan. 3 in Luxembourg, where the failed bank was registered.

Judge Donald Nicholls, Vice Chancellor of the High Court in London, granted an application from the Bank of England on Tuesday after lawyers for creditors and employees of the bank and its provisional liquidators, London accountants Touche Ross, said they did not

in Britain will trigger the operation of a depositor protection plan that will guarantee investors some of their money back.

Investors stand to receive 75 per cent of their deposits, up to a maximum of 20,000 pounds. For many, this amounts to as little as 5 or 10 per cent of their assets.

John Jarvix, the lawyer for the Deposit Protection Board,

month.

Depositors, employees and their supporters were seething Tuesday about the protection they have been offered so far.

Dr Adil Elias, chairman of the bank's Depositors Protection Association, said: "We feel depositors have been neglected. The authorities in the Bank of England and the British government have forgotten these people."

—AFP photo