

Russian GNP plunges

MOSCOW, Apr 25. Russia experienced a deep recession in the year's first quarter and economic reforms are proving hard to implement, according to a report by the State Statistics Committee quoted on Thursday by Itar-Tass news agency, reports AFP.

It said that national income had plunged by 14 per cent in the quarter, and all economic sectors had been affected. About 50 million people, a third of the population, have incomes of less than 900 rubles a month, while the subsistence level is estimated at 1,200 rubles.

The situation in agriculture is disastrous, the report says with livestock down by six per cent due to shortages of feed. Meat output plunged by 503,000 tonnes in the quarter and milk by 1.58 million tonnes, both by comparison with the same quarter last year.

Industrial output has fallen by 13 per cent in a year, leading to higher unemployment — though the latter is put at only 118,000 against 70,000 a year previously the State Statistics Committee expects more than half a million jobless workers at the end of the current second quarter.

The Committee says economic reforms are difficult to put through, particularly because of the high degree of monopoly observed in the economy, the absence of competition, the slow progress of privatizations, and lack of discipline in businesses, among other reasons.

WB may ensure upto \$5b annual loan to CIS

WASHINGTON, Apr 25: The world Bank plans an ambitious loan programme for the former Soviet Union that could see annual lending reach four billion to five billion in the next two to three years, World Bank President Lewis Preston said on Friday, reports Reuter.

He told reporters that the Bank expects to kick off its assistance later this year with about a 500 million dollar loan for Russia to buy essential imports. But he stressed that the Bank would not go ahead with that loan unless Russia reaches agreement with the International Monetary Fund on a 'tough package' of economic reforms.

Preston echoed warnings by IMF Managing Director Michel Camdessus against Russia diluting its reform efforts in response to domestic pressures. The IMF and the World Bank are expected to finish processing membership applications by Russia and other former Soviet republics next week during the two organisations' semi-annual meeting here.

Membership of the two organisations would give the newly independent states access to billions of dollars in loans to help shift their economies from communism to capitalism.

World Bank officials had previously estimated that the Bank could lend 12 billion to 15 billion to the former Soviet Union by 1995.

S Asian Commission consensus on strategy to curb poverty

COLOMBO, Apr 25: The independent South Asian Commission on poverty alleviation has reached a consensus on the nature of the problem of poverty in South Asia, on how to perceive the poor and on the strategic thrust for poverty alleviation, reports Lankapubath.

Industrialisation and modernisation are not possible without alleviating poverty, it observed.

Cabinet spokesman Ranil Wickremesinghe said at Thursday's news briefing in Colombo that the Commissioners had been in total agreement with President Ranasinghe Premadasa's perception that the poor can contribute to growth.

Sri Lanka was the only South Asian country with an innovative macro strategy

based on social mobilisation and participation of the poor in development.

The cabinet spokesman said a special session of the SAARC standing committee of Foreign Secretaries will be meeting in Colombo from April 27 to 29 to discuss seven important proposals.

He said a mid-term summit, making SAARC more businesslike, cooperation between SAARC, the UN, ASEAN, the European Community, recognition of non-governmental organisation by SAARC and improving the performance of the SAARC Secretariat and technical committees were subjects that would be discussed.

He said former central bank governor Dr W Rasaputram has been nominated as Sri Lanka's

representative to the first meeting of the South Asian Development Fund which will be held in Bhutan.

The cabinet spokesman said SAARC will have a joint position at the UN Conference on Environment and Development to be held in Brazil in June.

Prime Minister D B Wijetunge will lead the delegation at the conference, as the representative of President Premadasa and state the joint SAARC position.

The ministerial conference on children in South Asia will be held in Colombo from September 14 to 17, this year.

Wickremesinghe said the draft treaty on preferential trade agreement has been circulated among SAARC countries. Across the board reduction

of 10 per cent of all import duties from existing levels, freezing and elimination of all non-tariff barriers, a series of trade facilitation measures, are some of the salient features of the draft.

The decision of the government of Sri Lanka to increase imports from SAARC countries and to see what measures are necessary for this was an unilateral decision of the government of Sri Lanka.

The cabinet spokesman said the Indian Prime Minister P V Narasimha Rao had written to President Ranasinghe Premadasa requesting him to send Sri Lankan artists and cultural troupes to participate in the first South Asian festival of SAARC countries to be held in New Delhi in October 1992.

OPEC move to fight efforts to single out oil as main cause of warming

VIENNA, Apr 25: An OPEC position paper circulated to big oil exporters this week says oil producers should fight efforts to single out oil as the primary cause of global warming, reports Reuter.

This was part of the advice offered by OPEC to counter expected attacks on their industry at the environmental Earth Summit in June.

Other points made in the paper stressed the economic cost of limiting greenhouse gases and insisted the world find ways to help combat poverty in developing countries.

Reuters obtained a copy of the paper, which the Organisation of Petroleum Exporting Countries (OPEC) distributed when 25 major producers met on Thursday to discuss the environment.

The paper is designed to arm producers with information they can use to state their case at the Earth Summit in June and at a final negotiating session in New York in April.

Big exporters are especially concerned world leaders could adopt limits on carbon dioxide emissions at the summit, perhaps via higher taxes, thus crippling oil producers' revenue at a time they need steady sales to finance expanding capacity.

"Oil producers are advised to take a more pro-active position, not by denying that the (global warming) problem exists but by participating actively in the current international negotiations," the paper said.

They should negotiate for delaying any specific targets in the framework convention (on climate change) so that more studies could be carried out both to reduce the scientific uncertainties and also to assess the economic impacts of any policy options.

It cited suggestions from experts who attended an OPEC environmental seminar last week that producers fund scientific research and stress car makers' efforts to meet existing environmental regulations. If energy taxes seem



VIENNA: Kuwaiti Oil Minister Homoud Al-Rqobah was surrounded by press as he arrives at a Vienna hotel Apr 24 for the meeting of the ministers of the Organisation of Petroleum Exporting Countries.

unavoidable, producers should insist they be levied on a global basis and the revenue turned over to the United Nations to finance environmental projects in developing lands.

Kuwaiti output poses problem

Another despatch adds: Kuwait, whose fire-ravaged oil fields left it a bit player in OPEC in the aftermath of the Gulf War, is quickly rebuilding its capacity and expects to hit its pre-war output of 1.5 million barrels per day (BPD) in October, reports Reuter.

The faster than expected rise in production could pose problems for the Organisation of Petroleum Exporting Countries (OPEC) in its difficult task of sharing out oil output quotas. "They cannot ignore us any more. We're back," a senior Kuwaiti delegate attending

OPEC ministerial talks told Reuters on Friday.

Exacting vengeance of the Gulf War defeat at the hands of the US-led allies, Iraq troops torched and destroyed more than 700 wells before they retreated from Kuwait 14 months ago.

Kuwaiti officials said shorter repair times for the damaged wells and extensive drilling programmes were boosting the Emir's output faster than previously expected.

"If we continue at the same rate than we can reach 1.5 million BPD by October," the delegate said. The officials said 165 wells were pumping 950,000 BPD now compared with 780,000 BPD in March and 650,000 BPD in February.

OPEC ministers last February allocated Kuwait a production quota of 812,000 BPD for the second quarter ending in June, but 1.2 million

BPD, delegates said.

"A western oil executive told Reuters he was amazed by the surge in Kuwait's production. 'I can't believe it. I hope they are not damaging the oil fields. No one still has any idea about the extent of damage inflicted by the Iraqis,' he said.

But Kuwaiti officials said the wells were running 'very smoothly.'

The new estimates surprised even Kuwait's ally, Saudi Arabia. "They might be inflating their figures to get a better deal in OPEC quota distribution," one Saudi delegate said.

Declaring it wanted to stabilise prices that soared after Iraq's invasion of Kuwait some 21 months ago, Saudi Arabia boosted its output by 60 per cent to around 8.5 million BPD.

Now the world's biggest oil exporter is reluctant to cede its more than one-third share of OPEC output

Fake credit card ring uncovered

WASHINGTON, Apr 25: Federal authorities have broken up a multimillion dollar counterfeit credit card ring that stretched from Chinese restaurants in Washington to Hong Kong, the US-Secret Service said Friday, reports AP.

Nineteen people were arrested in Hong Kong after a seven-month investigation of a group that defrauded people of more than 2.3 million dollars worldwide. The arrested included two residents of the Washington area.

The probe began in September 1991, after the Secret Service received information that phony credit cards made in Hong Kong were being used in Washington, according to a written statement released by the agency.

The numbers apparently were taken from the cards of unsuspecting patrons of Chinese restaurants in the Washington area. Corrupt employees gave the numbers to others ring members in Hong Kong, the statement said.

In March, Secret Service agents and a Fairfax County, Va, police officer traveled to Hong Kong to help authorities there track down members of the ring.

As a result, Hong Kong police arrested 19 people, seized 60 counterfeit credit cards and equipment used to manufacture them and confiscated 10 illegal firearms and 300,000 dollars worth of counterfeit Hong Kong money.

Counterfeit money intended for use in China and 100 boxes of phony antibiotics also were seized, the statement said.

Many of those arrested have been identified as members of the 14K Triad, a Chinese organized crime syndicate, according to the statement.

BCCI debtor spared liquidation

LUXEMBOURG, Apr 25: Gulf International Holdings SA, owned by the shipping magnate Gokal Brothers of Pakistan, was spared liquidation of Friday and given five more months to work out how to repay its creditors, reports Reuter.

Judge Maryse Welter signed a judgement in Luxembourg's commercial court giving the company until September 30 to negotiate reimbursements to its creditors, including the Bank of Commerce and Credit International (Overseas).

The holding company has been under controlled administration since October 25, 1991 with an April 25 deadline to reorganize the company in order to repay creditors or face liquidation.

Gulf International directors dispute the debt owed to BCCI. BCCI says it owed 327 million dollars, while Gulf directors say the debate is only 244 million dollars.

Bonn announces strong growth, rejects US blame for debt

STUTTGART (Germany), Apr 25: Bundesbank President Helmut Schlesinger on Friday announced strong German first-quarter economic growth, while another German official sharply rejected US criticism of German government debt, reports AFP.

Schlesinger said that Gross National Product in western Germany (former West Germany) was "probably" up by four per cent in real terms in the first quarter by comparison with the same quarter last year.

But he said that "good news" had been "overshadowed" and eclipsed by numerous negative events, such as government deficits, inflation rates, strikes and recession in other countries.

Meanwhile, German Secretary of State for Finance Horst Koehler rejected criticisms made by US Treasury Under-Secretary David Mulford of Germany's high public debt ratio.

"We will not be put on the carpet" in that connection, Koehler said here on Friday, adding that Mulford had over-estimated German government

debt, a fact that he said would cast a shadow at this week-end's Group of Seven meeting in Washington.

Koehler said that "we must reject both the content and the form of Mulford's statements. It is unacceptable for the G-7 minister's talks to have to suffer from one-sided and sometimes false judgements made by a high official."

"Cooperation within the G-7 is based on the principle that each member keeps its own house in order."

He said that it is "false" to say that German government deficits amount to six per cent of GNP rather than three or 3.5 per cent. Even adding the deficits of the postal and railroad systems, one would reach only 4.5 per cent, he said.

"What is important is that Germany finances its deficits by its own savings," he commented.

Schlesinger also touched on the debt issue, commenting that he would come under fire from German partners in Washington for high government debt, high interest rates, and the Bundesbank's tight monetary policy.

Business briefs

China to double fund for jobless: China has decided to double its funds in a national unemployment insurance programme, a safety net as the government works to break the "iron rice bowl" of lifetime employment, the official China Daily said Saturday, reports Reuter from Beijing.

But the newspaper quoted economists as saying that even doubling the amount would not be enough to provide a soft landing for China's jobless.

'Bush to do better with economy': President Bush would do a better job with the economy than Democrat Bill Clinton, according to voters surveyed in a USA Today-CNN Gallup poll released Friday, reports AP from Washington.

The poll also found that Bush leads both Clinton in a two-way race and Clinton and possible independent candidate Ross Perot in a three-way race.

Bush firm to work for NAFTA: President George Bush said on Thursday election-year-political pressures will not slow his efforts to create a North American Free-Trade Zone with Mexico and Canada and he had ordered negotiators to accelerate their efforts, reports Reuter from Washington.

In an address to the Council of the Americas, Bush sought to dampen speculation that he would ease efforts to reach a North American Free Trade Agreement (NAFTA) this year because of claims by organised labour that it would cost American jobs.

US tightens embargo on Cuba: The US government on Friday tightened the long-standing American trade embargo against Cuba, implementing President Bush's call to further isolate the communist regime of Fidel Castro, reports AP from Washington.

The Treasury Department's Office of Foreign Assets Control said that effective immediately any ship carrying passengers or goods from Cuba or carrying Cuban-owned goods from another country would be barred from US ports.

US-Vietnam telelink restored: Beginning Saturday, Americans can call Vietnam directly for the first time since the communist takeover of South Vietnam in 1975, the American Telephone and Telegraph Co announced Friday, reports AP from Washington.

Restoration of phone links, approved late Friday by the Federal Communications Commission, has been cited as one example of gradually improving relations between the former enemies. Washington and Hanoi still have no formal diplomatic relations.

Move to cut US budget by \$ 5.8b: Congressional leaders will move ahead next week with 5.8 billion dollar in cuts from this year's federal budget, including a cut-off of military aid to Peru and end to car-and-driver service for a top administration official, reports AP from Washington.

Commodity prices: Brunt Crude falls, gold eases while vegetable oil quiet

LONDON, Apr 25: Cocoa prices fell to a nine-month low this week, after forecasts for the world production deficit this season were lowered due to better crop prospects in the Ivory Coast, reports AFP.

The International Cocoa Organisation (ICCO) revised its forecast for the world production deficit in 1991-92 to 115,000 tonnes, from 140,000 tonnes forecast in January.

The Economist Intelligence Unit (EIU) revised its forecast of the deficit down to 100,000 tonnes, having raised its forecast for Brazil and Ivorian harvests.

Coffee was also in the doldrums despite confirmation that producer members of the International Coffee Organisation (ICO) would meet in May to discuss export quotas.

Brunt Crude oil also fell, as traders anticipated OPEC would adhere to its current output ceiling at its meeting Friday in Vienna, which it subsequently did. The ceiling of 23 million barrels day was not adhered to in March.

Against this background, underlying fears of an extension of the air and military sanctions against Libya to an oil embargo had little effect on prices.

Gold: Easier after strong start. Gold prices attempted to rally towards the 340 dollar ounce mark at the beginning of the week. There were unfounded rumours of intervention by South Africa's central bank.

But prices fell back on Friday towards 336 dollars, the six year low touched recently,

depressed by falls in the Hong Kong market, where Middle East selling was reported.

Silver: Silver fell below the four dollars ounce mark for the first time since the beginning of the year, weakened by fund selling and concerns about the slowdown in the Japanese economy.

They then fluctuated in a narrow range around this level, and did not succeed in staging a technical rally.

Analysts kept an eye on the situation in Peru, following President Alberto Fujimori's coup at the beginning of April. Andrew Smith, analyst with Brokers UBS Phillips Andrew, said that if Peru was hit by international sanctions or a cut-back in foreign loans, it may be forced to sell part of its silver stocks. Peru provides about 15 per cent of world mining production, and is the world's third-largest producer after Mexico and the United States.

Platinum: Weak Prices weakened by fears of slackening demand from Japan due to the country's economy slowdown. Japan normally imports 50 per cent of world production.

Copper: Weaker. Copper prices weakened on the London Metal Exchange (LME) following falls early in the week in Comex, and on the New York and Tokyo stock markets. They later steadied at lower levels.

Some Chinese buying was also reported. Speculation about possible strike action at US producer Asarco, where labour contracts are due for renewal in June, also prevented further losses.

LME's stocks of copper fell 9,300 tonnes from the previous Tuesday, to 282,945 tonnes.

Japan's copper imports fell 52 per cent last month compared to March 1991, to 16,120 tonnes, according to the Japanese Ministry of Finance (MOF), due to slowing demand and stonoring of excess cargoes.

Zinc: Firmer after a hesitant start. Zinc surged at the end of the week after a weak start, as three-month prices breached 1,300 dollars tonne. Options-related trade and commission house buying pushed prices up.

By Thursday's close spot prices commanded a 44 dollar-tonne premium over three-month prices, due to tight physical supplies.

But analyst GNI said there was no fundamental reason for the firmer prices, with ample stocks in the US combined with slowing consumption in Japan and Europe, where car and construction industries are major end-users.

Japan reduced its zinc imports by 64 per cent last month compared to March 1991, to 4,444 tonnes, due to slowing demand, according to the more.

LME stocks rose 12,000 tonnes from the previous Tuesday, to a new record high of 236,275 tonnes.

Lead: Slightly easier. Prices eased slightly over the week, with consumer buying at the lower levels preventing further losses.

But the outlook for lead is more positive, according to brokers Rudolf Wolf. In their latest report on lead, Rudolf

Wolf forecast a rise to 305 pounds per tonne in the medium term, on growing confidence for economic recovery in the US and parts of Europe. Cutbacks in production at secondary smelter in the US and, for environmental reasons, in Europe, have led to a shortage of scrap metal and this should lead to a reduction of stocks once demanding picks up, the report adds.

LME stocks fell 1,050 tonnes to 130,475 tonnes.

Tin: Slightly firmer. Delays in shipments from two leading producer countries, Malaysia and Brazil, led to tight supplies of physical metal and supported prices. However, gains were reduced at the end of the week after three-month prices failed to breach the 5,900 dollar-tonne resistance level.

LME stocks rose 420 tonnes from the previous Tuesday, to 12,125 tonnes.

Aluminium: Easier after steady start. Prices were supported early in the week by news of a fall in western world production in March, but later eased slightly as LME stocks reached new highs. In March, but later eased slightly as LME stocks reached new highs.

International Primary Aluminium Institute (IPAI) figures showed that production had fallen by 300 tonnes on an average daily basis in March compared with February to 39,400 tonnes/day, this compares with 40,200 tonnes per day in March 1991.

But analysts GNI saw little reason for any firmness in the market, citing 450,000 tonnes of fresh capacity due to come

on stream later this year, and slack demand due to industrial slowdowns in Japan and Germany.

Canadian producer Alcan's Chairman David Morton called for more closures of western shelters to redress the imbalance in supply caused by massive Russian exports, the London-based Financial Times reported. Morton said prices had bottomed out but would have to struggle to maintain current levels. The closure of nearly one million tonnes of capacity has already been announced. Analysts expect Russian exports this year to be between 500,000 and 600,000 tonnes, about half last year's level.

LME stocks rose 9,475 tonnes to a new record high of 1,212,625.

Nickel: Firmer Nickel prices were supported by speculative buying, but levelled off at the end of the week as traders said fundamentals remained weak.

Demand from stainless steel mills, a major end-user, was poor, and Russian exports were plentiful, they said.

Japanese producer Sumitomo Metal Mining forecast that world production of refined nickel in 1992 would outstrip consumption by 20,000 tonnes. Sumitomo predicted Japanese consumption would fall by 6.5 per cent due to a continuing downturn in stainless steel demand.

LME stocks fell 134 tonnes from the previous Tuesday, to 26,034.

Coffee: Weaker. Prices rallied briefly at the reopening of the market after the long easter, weekend, benefiting

from a technical correction after big losses last week. But they soon turned down again, weakened by abundant supplies lack of demand from roasts and the high level of stocks, particularly in the US meanwhile, the prospects of a new international agreement remain distant.

Sugar: Firm after hesitant start. After an erratic start to the week, prices firmed sharply Thursday on the back of New York, due to fresh concerns about a lack of supplies in the short term.

Thailand's 1992-93 harvest could fall by 10 per cent from the previous year, if the current drought continues beyond mid May, according to local sources.

For South Africa, however, brokers GNI said strong rains could limit the effects of the drought, which is expected to sharply reduce the 1992-93 harvest.

The EIU lowered its forecast for the average price of sugar this year to 8.41 cents pound against 8.44 cents which represents a six per cent fall from the 1991 price.

Cocoa: Weaker. Prices fell below the 600 pound tonne threshold for the first time in nine months after the International Cocoa Organisation (ICCO) lowered its forecast for the world production deficit in 1991-92 (October-September) to 115,000 tonnes, from 140,000 tonnes.

Vegetable oil: Quiet. Vegetable oil prices hardly moved, in quiet European markets.

The EIU said in its latest report that conditions recently improved for tropical oils (

palm, kernel and coconut), owing to lower production in Malaysia and Indonesia, but the report warned that this trend will soon be reversed, with a sharp increase in palm and kernel production expected before the end of this year.

Seed oils (soya rampaged and sunflower) remain weak. However, due to abundant supplies in 1991-92 the EIU said but a reduction in harvests in 1992-93 should lead to stocks falling and prices rising, particularly for soya and sunflower oils, it forecast.

Crude oil: Easier after steady start. Brunt, the benchmark for North Sea crude, fell below the 19 dollar barrel threshold mid-week, after release of weekly statistics by the American Petroleum Institute (API), showing a rise in stocks of crude and refined products in the US.

Brokers GNI predicted that demand will fall during the current quarter and that Iraq exports will resume soon, they also indicated that Kuwait's output was increasing faster than previously thought, and that prospects of a gasoline shortage in the United States this summer had lessened.

OPEC (Organisation of Petroleum Exporting Countries) maintained its production ceiling at 23 million barrels day (BPD), as expected, after meeting Friday in Vienna.

OPEC production only fell to 23.5 million BPD in March, where demand hardly exceeded 22.5 M BPD, according to the International Energy

Agency.

Rubber: Steady. Natural rubber prices fluctuated in a narrow range in London supported by the strength of the Malaysian ringgit against sterling.

Good demand from the US for Indonesian rubber helped support prices, while the European market was calm.

The EIU said the weakness of prices has had an impact on supply causing Malaysia and Indonesia to diversify toward more profitable crops the research unit predicted a one per cent fall in world production this year, to 5.34 million tonnes, and a three per cent rise in consumption to 5.39 million tonnes. Average prices were forecast to rise to 531.4 pound tonnes against 518.9 pounds in 1991.

Grains: Erratic. Wheat prices weakened. As traders feared British exports would be insufficient to prevent end-of-season stockpiling.

Barley, however, was boosted by the recent purchase of one million tonnes by Saudi Arabia, a small proportion of which is expected to come from Britain.

French banks signed a finance agreement at the end of last week for the implementation of food credit worth 2.2 billion franc (394 million dollar), granted by France to Russia.

Cotton: Steady. The index remained stable on the Liverpool market, in a quiet market after the long Easter weekend. Good buying interest was reported for Control Asian grades.

Wool: Quiet. Wooltop prices were stable in Bradford, in a quiet market, with no sales in Australia.