Oil ban fear likely to cause cuts in costs, imports and halt to new contracts

Libya may send back 5000 overseas workers

TRIPOLI, May 10: Libya, fearing a possible oil ban in its dispute with the West, is moving to cut spending and might send home about 5,000 foreign workers, reports Reuter.

"The central bank recommends not to enter into new contracts and to limit imports to the necessary goods such as food, medicine, spare parts and raw materials needed by the industry," central bank Governor Abdel Hafiz Zlitni told a meeting on Tuesday night that discussed the 1992-93 fiscal budget.

Oil revenues are the backbone of Libya's economy and Tripoli last month boosted its oil production by around 100,000 barrels per day (BPD) to 1.55 million BPD compared with March figures in anticipation of a possible oil embargo, traders said last week.

Libya is under a three-week-old UN air and arms embargo for its failure to hand over to the United States or Britain two suspects accused of bombing an American airline over Lockerbie, Scotland, in 1988, killing 270 people.

"We should punish them like they are punishing us. We should respond by economic sanctions to (their) economic sanctions," said Libyan leader Muammar Gaddafi, who also attended the meeting that was broadcast live by the Libyan television.

"The best answer to the (western) plot is to ignore them, to rely on ourselves, to compensate our losses and to deprive them from gaining billions of dollar," he said.

Without giving figures Zlitni said Libya's balance of payments showed a deficit at the end of 1991. The country's fiscal budget begins on April 1.

He said the deficit was caused by an increase in imports. "We regret to say that the Libyan economy still relies on oil ... this is dangerous in the long term," he added.

Gaddafi said government expenditures should be sharply cut, especially in the education and health services, which are provided free to Libya's four million population.

"The education and health (sectors) which spend about 1.2 billion dinars (US 4.25 billion dollar) - about half of the total budget - should be reduced," he said, adding that such services should only be provided to the poor.

"The rich can open private schools for their children and private clinics for their own health care," he added.

He said the public sector should replace some 5,000 foreign workers, particularly in the health and education sectors.

He also urged the general people's congresses (parliament) which met Saturday to adopt a law privatising some areas of the public sector.

"The public sector enterprises should go to the street. They can be sold to individuals, families or a cooperative society. Even some small units related to strategic industries, such as Iron and Steel plants can be sold," Gaddafi said.

Grim life awaits West Bank, Gaza people

ABU DHABI, May 10: The Gulf crisis, massive Jewish immigration and tough Israeli policies are pushing the economy of the Israeli-occupied territories toward disaster, the Arab League says, reports AFP.

Palestinians in the West Bank and Gaza Strip have seen remittances from the oil-rich Gulf states drop sharply and have lost both land no jobs to a wave of Jewish immigrants, according to a League report.

The report, distributed by the Abu-Dhabi-based Arab Monetary Fund (AMF) in the past week, said Palestinians had lost income due to curfews and other measures Israel has imposed on the territories to control the uprising.

The study examined conditions in 1989 and 1990 and said they were likely to worsen.

"All signs point to a quick deterioration in economic indicators in the occupied territories in 1990 and the first half of 1991 in Amanner that could lead to a serious economic and social disaster, it said.

The loss of job since the Gulf slashed remittances to the West Bank and Gaza Strip by nearly 60 per cent, the report said. Estimating the figure at 350 million dollar in the nine months after Iraq's August 1990 invasion of Kuwait.

Most of the 400,000 Palestinians who lived in Kuwait have been forced to leave the oil rich Emirate since the Gulf crisis.

The crisis also aggravated unemployment in the West Bank and Gaza, where more than 1.7 million Arabs live.

The report said unemployment there rose by more than 10 per cent to 29 per cent one month after the invasion and was expected to reach about 40 per cent by the end of 1991.

It said the Jewish immigrants put further pressure on the Palestinian economy by seizing Arab land and replacing Palestinian workers inside Israel.

Although Israel has imposed a news blackout on Jewish immigration, it said that leaked information shows that the number of Jewish immigrants until May 1991 reached about 274,000 including 90,000 from (the) former Soviet Union.

"It is expected that such migration, the second mass emigration of Jews to Palestine (Israel) since 1948, will accelerate and it will reach two million migrants by the end of 1992, it said.

The sectors of tourisms, industry, and trade also suffered losses as a result of the uprising , or Intifada, and Israeli countermeasures.

A six-week curfew imposed by Israeli troops on the territories during the Gulf crisis caused losses of around 270 million dollar, the report said.

Oman posts $ 1.54b trade surplus with Japan

MUSCAT, May 10 : Oman registered a trade surplus of 1.54 billion dollar with Japan last year, a Japanese embassy official said Saturday, reports AFP.

The oil-producing sultanate's total exports to Japan jumped to 2.16 billion dollar, an increase of 10.6 per cent from 1.95 billion dollar in 1990, an embassy spokesman told AFP.

Oil accounted for most of Oman's growing exports to Japan. Vegetables and fish, lobster in particular, were other major export items during 1991.

On the other hand, Japan's exports to Oman for the same period amounted to 613 million dollar, an increase of 187 million dollar from the 420 million dollar in 1990.

Saudi firm to give Pindi $ 100m trade finance

ISLAMABAD, May 10 : Saudi Arabian company, Samaha Holding Ltd, will give the Pakistani government a 100 million dollar trade finance facility under an agreement signed on Saturday, the official APP news agency said, reports Reuter.

The one-year facility will be at a mark-up equivalent to labour, it said. No further details were given.

Rs 20 crore WB rubber project for Tripura

CALCUTTA, May 10: For the first time a Rs 20-crore World Bank aided forest-based rubber plantation project would be undertaken in Tripura, according to the state Chief Minister, Samir Ranjan Burman, reports PTI.

The state government already had first round of discussion with the World Bank officials for the rubber plantation project covering an area of 5000 hectares, Burman said here yesterday.

The project, he said, would be undertaken in west and south Tripura which produced good quality rubber.

He said that the Birlas had shown interest in setting up a mini-steel plant in Tripura which was regarded as a zero-industry state and preliminary round of talks were held in this regard.

LUMINOUS PEARL: A luminous pearl, placed in the half open mouth of a bronze and gold alloyed monster which has a dragon head but a turtle body, was displayed in Taipei on May 10. According to the owner Chen Chih-Yang, he bought the treasure of 1.54 million US dollar from a descendant of a royal Ching Dynasty family now living in Inner Mongolia in China last year. The pearl, in light green, shows luminescence in dark. —AFP photo

Assam tea industry at stake

GUWAHATI, May 10: High production cost, government fiscal measures and land policy, acute shortage of managerial manpower and deteriorating soil-climate environment are threatening the future prospects of the tea industry in Assam, reports PTI.

The Assam Branch of Indian Tea Association (ABITA) Chairman, Basanta Kumar Goswami, in a recent research paper has said that the rising production cost was outside the control of the industry as workers wages had increased remarkably along with the price of fuel, fertilizers, powers, and other inputs used in cultivation and manufacture of tea.

The other important element, according to Goswami, was the never ending demand of the central and state exchequers for contribution to their respective budgets.

Not withstanding the fact that the industry had gone through a prolonged period of depression, the ABITA Chairman said that both the central and state governments continued initiating fiscal measures to mop up the profits, thereby restricting the long term growth of the industry.

Instead of sharply raising agriculture income tax, imposing price controls and various forms of chess, export restrictions and sale regulations, Goswami suggested that the government allow a proper scope for internal generation of fund to the tune of 800 crore rupee, out of the total requirement of 1,500 crore rupee in the next decade to achieve the targeted production in the year 200 A D.

The Assam government's land policy prohibiting land allotment to he existing tea planters was another factor threatening the industry's prospects as the producers were expected to infinitely improve their yield within the contained area, he added.

The ABITA chief cautioned that the tea sector would soon feel the acute shortage of proper management personnel to run the industry unless there was clear thinking in that direction and concrete plans drawn up to be executed without loss of time.

Dr D N Barua, retired adviser to the Tea Research Association (TR), in another paper, warned that the soil-climate condition of Assam was deteriorating at such a rapid rate that it would have repercussions in both the tea and agro-based industries.

Devastating floods annually during the rainy season was due to rising of the river beds from fresh deposition of silt — endangering the future of tea gardens.

Bombay stock plunge on

BOMBAY (India) May 10: Prices took a further beating on the Indian stock market in two days of trading on the country's biggest stock exchange here this week, reports AFP.

The Bombay Stock Exchange (BSE) sensitivity index lost 229.72 points to close at 3,658 points, while the BSE national index was down by 78.37 points at 1,626.92 points.

Some 70 per cent of Indian's stocks are traded in the Bombay market.

Like last week, the dramatic crash followed further revelations in the 230 million dollar government security scandal involving one of India's biggest brokers, Harshad Mehta, and more than a dozen top banks in Bombay.

Mehta is accused of siphoning money out of the government bond market to invest for personal gain on the stock market.

The Reserve Bank of India, the country's central bank, has ordered a high-level inquiry into the scandal and the controversy has repeatedly sparked uproar in the national parliament.

The fall in stock prices could have been much more had not state-owned financial institutions stepped in as big buyers.

In trading this week, Associated Cement Co's shares lost 750 rupee to 6,450 rupees. Bajaj Auto's shares went down by 40 rupees to 465, while Century Textile dropped 100 rupees to close at 8,300.

Glaxo India slipped 35 rupee to 255 and Reliance Industry lost 35 rupee to 325 rupee.

Tata Steel's shares fell by 25 rupee to 447.50, while those of Tata Engineering lost 30 rupee to close at 500 rupee.

The BSE was open Wednesday and Thursday , after being closed for settlement on the first two days. It was shut Friday due to a general strike called by opposition parties to protest drought conditions in the region.

Treaty on warming readied for Rio

UNITED NATIONS, May 10: Negotiators on Saturday approved a proposed treaty for world leaders to sign that would commit industrialised nations to fight global warming by limiting emissions of Greenhouse gases, reports Reuter.

A meeting of delegates from at least 145 nations agreed to language for a landmark convention on climate change to be signed by heads of state or government at next month's UN Conference on Environment and Development in Rio de Janeiro.

The treaty's goal is to stabilise emissions of Greenhouse gases such as carbon dioxide at levels that prevent dangerous changes to the world's climate. Such gases are said to threaten the world with higher temperatures and accompanying catastrophic climate changes.

Wealthy nations would take action aimed generally at stabilising emissions by the end of the decade, and would provide developing nation with finances to study and control their emissions.

Following are excerpts from the text of the United Nations convention on climate change.

Australia now turns to 'Asian Tigers'

SYDNEY, May 10: Bitterly disappointed by stagnating trade with Europe and North America and hurting from a deep recession, Australia is looking toward nearby 'Asian Tigers' to reverse its economic fortunes, reports IPS.

In recent months, business leaders have sought to promote greater trade with Asia, arguing that Australia must learn to identify itself as a part of Asia and begin to integrate with the region if the country is to succeed as a trading nation.

"If Australia is to have any influence on the world stage, it must participate as a nation of the Asia-Pacific region," the Australian Society of Certified Practising Accountants said in a paper presented at a recent major business meeting here.

Added John Ralph, Chief Executive Officer of Cral Ltd, "How well we do as a nation will arguably be determined by how well we do in Asia."

Australia's trade with Asia has grown, accounting for about half of its exports and 40 per cent of its imports, in comparison, Canberra's trade with the United States makes up about 12 per cent and with the European Community 24 per cent of its total trade.

Australian exports to Asia, especially to South Korea, Taiwan, Singapore and Hong Kong, are growing at 22 per cent a year.

But while seven of the country's top 10 export markets are in Asia, analysts say it has failed to capitalise on the region's booming trade in manufactured goods. About 80 per cent of Australian exports to Asia are agricultural and mineral products.

A report released by the business council of Australia in March described the performance of Australian firms in Asia as "underwhelming."

It said only a few Australian companies had tried integrating themselves into the Asian business community while majority choose to stick of Europe and the United States. But data showed companies that invested in Asia earned more profits — about US 429 million dollar — than the others.

Canberra has already taken the cue. Foreign Minister Gareth Evans has set up a steering committee made up of trade officials and economists to develop a plan for Australian trade and investment activities in South-East Asia over the next decade.

The government's overseas trade promotion arm— Austrade — has been allocated an additional US three million dollar to open and build up offices particularly in South-East Asia.

Austrade Managing Director Ralph Evans said many Australian firms have been forced to go offshore because of the recession and a growing awareness of Asia's potential.

The government has cautioned companies to first do more market research and learn the Asian way of doing business. Said Frank Ilam of Sydney's Research Institute for Asia, "You've got to do long-term planning, build personal relationships and understand the cultures you're dealing with."

One example of Australian success in Asia is pet food maker Uncle Ben, which sells the pedigree Chum brand suited to Japanese needs. The brand now enjoys a 20 per cent share of Japan's pet food market worth US 40.5 million dollar.

Australian media generally portrays trade with Asia as going one way — with Australia exporting goods and technology.

China allows old foreign cloth trade

BEIJING, May 10 : After stock exchanges and pawnshops, another capitalist tool is making a legal comeback in China — second-hand goods markets, reports Reuter.

In Shenyang, northeast China, some 500 entrepre-neurs have got together to open the Kaiming used clothes trading market, the China Daily newspaper reported Sunday.

All the clothes are sterilised, it said.

The first such market in modern times was approved on a trial basis, a major concession by communist officials who once condemned such markets for trading in human misery and were worried they would spread infectious diseases.

Business briefs

Iraqi ports ready for vessels: Iraqi ports on the Gulf, damaged during the Gulf War, have been repaired and are ready to receive merchant vessels, a port official has reported, according AFP from Baghdad.

Abdel Razzaq Abdel Wahab told Iraqi television on Friday that the Khor Al-Zubeir and Umm al-Qasr ports had been restored to their pre-war levels. He did not elaborate.

Ukraine to replace rouble by '93 : Ukraine said Saturday it was still confident of issuing its own convertible currency by 1993 despite delayed economic reforms, reports Reuter from Muenster, Germany.

Economics and Vice Prime Minister Volodymyr Lanovoy said the former Soviet republic was determined to replace the Russian rouble completely this summer with a "coupon rouble" before issuing the Grivna, named after a coin in ninth century Kiev.

US okays some exports to Vietnam: US companies will be allowed to export certain commercial items, such as food, clothing, shelter and health-related goods, to Vietnam for the first time since the Vietnam War, reports Xinhua from Washington.

However, while announcing the decision on Wednesday, the US Commerce Department did not lift the US trade embargo against Vietnam as a whole. To export the above mentioned basic commodities, exporters must first obtain a special export licence from the department.

Prices : North Sea crude fluctuates, gold weakens, tin firms while sugar goes quiet

LONDON, May 10 : The crash in coffee and cocoa prices continued this week, as the seasonal slowdown in demand coincided with rising sales by producer countries, notably Ivory Coast, reports AFP.

Given the high level of world stocks and distant prospects of new international agreements to regulate the markets, analysts viewed a recovery in prices as unlikely. Prices are now at their lowest level since the beginning of the 1970s.

The other commodities markets were quiet in a week shortened by the May Day public holiday on Monday.

North Sea crude oil approached the 20 dollar a barrel threshold, but did not manage to breach it, then fell back on profit-taking. The latest report from the International Energy Agency confirmed signs of a recovery in oil demand, showing a two per cent rise of oil demand in OECD countries in the first quarter.

On the London Metal Exchange (LME) base metals were generally unsettled by strikes in Germany. A prolonged strike by metal workers would lead to a fall in base metal demand in that country, a major European consumer.

However, public sector workers ended their 11-day strike Thursday after accepting the government's new pay offer, and London-based analysts said this would influence ongoing negotiations in the private sector.

Zinc prices drifted from recent 18-month highs, but the squeeze on the zinc market kept spot prices at a hefty premium over three-month deliveries.

Precious metals were affected by continuing lack of investor interest.

Gold: Weaker. Gold prices fell gradually in quiet trading, with the Japanese market closed Monday and Tuesday for public holidays.

Operators indicated some demand from Italian jewellers, covering their requirements before summer. But they said prices were mainly affected by technical factors.

Platinum: Weaker. Platinum fell despite encouraging economic statistics.

US-built car sales leapt by 18.5 per cent year-on-year at the end of April, and British new car sales rose in April for the first time in two and a half years. This should be positive for platinum, whose main industrial use is in the manufacture of catalytic converters.

But according to traders, precious metals are likely to stay at current levels in the short-term, as there is no sign of a rise in inflation in most western countries or of better demand from investors.

Silver: Steady. Silver was slightly firmer, boosted by hopes for US economic recovery. But it fell back a the end of the week.

Copper: Quiet. Copper prices traded in a narrow range on the LME, as traders watched the situation in Germany.

Traders predicted copper prices would rise, however, due to falling sales from the Commonwealth of Independent States (CIS), good demand in the US and uncertainties in copper-producing countries.

The threat of further strikes this year by Chilean port workers, affecting the country's 1.1 million tonnes-/year of copper exports, according to analysts Billiton-Enthoven, is also potentially bullish.

LME stocks of copper fell 4,300 tonnes over the week, more than double the expected fall, to 275,350 tonnes.

Zinc: Weaker. Prices fell further from 18-month highs achieved at the beginning of last week, as technical tightness on nearby delivery dates eased. A 1,000 tonne rise in LME stocks, to a new record high of 245,775 tonnes, contributed to losses.

Lead: Quiet. Lead prices hardly moved, in quiet trading. Some traders however said they hoped higher US car production would boost prices in the coming months.

Tin: Firm. Prices improved throughout the week, with three-month deliveries breaching the 5,900 dolla-r/tonne level Tuesday and approaching the 6,000 dollar level by the end of the week.

Traders said the market firmed as commission houses took the opportunity to buy while many operators were out of town, attending an international conference in Phuket, Thailand. They predicted tin prices could rise further in the coming months, if demand remains strong.

Brazilian mining company Paranapanema forecast western world demand for tin would outstrip supply this year by about 17,000 tonnes. This was partly because Brazil, the world's largest producer country, was expected to cut output by 4,000 tonnes this year, to 25,000 tonnes, as a result of rationalisation.

LME stocks fell 105 tonnes to 11,955 tonnes.

Aluminium: Firmer. Prices rose slightly over the week, despite news Thursday that unions at US producers Alcoa and Reynolds voted for labour contracts to be extended for another year from May 31.

The news that workers at the plants of the two US companies, which represent 1.78 million tonnes/year of production capacity, were not taking any industrial action over their annual pay talks removed the main bullish factor from the market.

Other sources in the industry predicted aluminium was poised to benefit from US economic recovery, when it arrives, and from falling CIS exports.

LME stocks rose 15,250 tonnes to a new record high of 1,231,750 tonnes.

Weaker. Prices fell steadily over the week, but turned up slightly by Thursday's close.

Prices were depressed by news of an end to the long-running dispute at Western Mining Corp's (WMC) Kambalda plant in Australia, after miners agreed to switch to seven-day continuous shifts.

WMC is expected to upgrade its Kambalda operations and increase the group's total output from about 50,000 to 66,000 tonnes/year, the trade publication Metal Bulletin reported.

Coffee: Weak. Prices continued to fall, slumping below the 700 dollar/tonne threshold for the first time in 22 years. Traders attributed the fall to selling by Ivory Coast and Indonesia, to a seasonal fall in demand and to high stocks.

Consumer stocks stand at 19.2 million 60-kilo bags, of which seven million are held in the United States, according to traders ED and F Man.

Sugar: Quiet. Prices fluctuated in a narrow range, in a hesitant market. GNI said the trend was weak, since fears of tight supplies due to a drought in southern Africa had receded. They said that Cuba's harvest would have to be at the lower end of analysts' forecasts to support prices.

Carlos Lage, a Cuban economy spokesman, said Cuba was facing a difficult year after the collapse of the socialist bloc and disintegration of the Soviet Union. He indicated that the sugar harvest would be far from the 1991 level, which reached 7.6 million tonnes, according to official figures.

The harvest, which has been hit by a lack of fuel, spare parts and fertilisers, could fall to as low as six million tonnes this year, according to trade sources. In 1992, Havana expects to buy just six million tonnes of oil at world market prices, instead of 13 million which it received from the former Soviet Union in 1989, Lage said.

Cocoa: Weaker. Cocoa prices fell to their lowest level in 17 years, depressed by rumours of selling by Ivory Coast. Ivory coast has to sell two-satisfy its conditions imposed by the International Monetary Fund (IMF), traders said. Abidjan has only sold 140,000 tonnes until now on the world market, according to GNI. Other traders estimated that the country's sales were as high as 300,000 tonnes.

Vegetable oils: Firm. Vegetable oil prices were supported by figures published in newsletter Oil World, which estimated that world grindings of oilseeds have risen by 4.4 per cent in the first quarter of 1992, to 43.63 million tonnes.

The figures show a growth in world demand, and resulted from a survey in 44 countries, representing 95 per cent of world grindings.

Palm oil prices firmed, although the US agricultural attache in Kuala Lumpur forecast that Malaysian palm oil exports would reach a record 5.6 million tonnes in 1991-92 (October— September), against 5.44 million tonnes last year.

Soya oil prices firmed on the back of the Chicago market, which rose on hopes of fresh Russian purchases of US agricultural produce. Traders predicted that 150 million dollars' worth of credit guarantees would soon be allocated, of which at least 20 per cent would go towards purchases of soybean meal.

But price rises were restrained by the Brazilian Vegetable oils Association raising its forecast for Brazil's 1992 soybean harvest to 18.84 million tonnes, from 14.94 million tonnes last year.

Crude oil: Easier after strong start. North Sea Brent prices seemed on the point of crossing the 20 dollars barrel threshold at the beginning of the week, boosted by a rise in the New York market. But they did not achieve this, and then fell back on profit -taking.

But the trend remained firm, supported by the recent upturn in demand for gasoline in the US and by hopes for a world economic recovery.

British oil output could fall by seven per cent in May, according to traders GNI, due to maintenance work. According to Royal Bank of Scotland figures published last week, oil production fell by 10 per cent in March , due to the high level of maintenance work.

Rubber: Weaker. Prices fell on the back of Far Eastern markets, as fears of a shortage of nearby physical supplies did not materialise, amid signs that US demand was slowing down, a trader said . The strength of sterling contributed to falling prices.

Grains: Easier after steady start. Wheat and barley futures prices firmed at the beginning of the week, supported by a recent increase in wheat purchases by shippers for nearby delivery.

Concerns about US production of winter wheat which could be affected by lack of rainfall, also supported prices at the beginning of the week, but these fears later died down. Profit-taking then reduced the price rises.

Cotton: Easier after strong start. The index price rose at first on the Liverpool market, but the persistent lack of activity in Western Europe pushed prices down again.