Toyota, Nissan suspend operation in Thailand

TOKYO, May 21 : Toyota Motor Corp suspended operations at its Thai joint venture Wednesday following the bloody clashes between military and anti-government protesters, a spokeswoman for Japan's top automaker said, reports AFP.

Toyota Motor Thailand Co Ltd, located in the suburb of Bangkok and in which Toyota has a 59.6 per cent stake, will review its position Thursday, "depending on what the Thai government suggests," she said.

Nissan Motor Co Ltd, Japan's second largest automaker, will suspend night shifts at two plants of Siam Nissan Automobile Co Ltd for the time being, a spokesman said.

Siam Nissan is a vehicle assembling concern in which Nissan has a 25 per cent stake.

India plans to import 26.5m tonnes of crude

NEW DELHI, May 21 : India plans to import 26.5 million tonnes of crude oil worth about 3.2 billion US dollar in 1992-93 financial year, 2.5 million tonnes more than in the previous year, reports Xinhua.

Local press quoted official sources as saying that India has so far signed contract for the import of 17.5 million tonnes of crude oil.

The sources said that 80 per cent of the crude requirement have been firmed up.

According to the contract signed with oil producing countries, Saudi Arabia will supply five million tonnes of crude oil while Kuwait will contribute four million tonnes, the United Arab Emirates one million tonnes, Malaysia 1.5 million tonnes and Russia four million tonnes.

In addition, Iran has signed a contract for the supply of two million tonnes and is likely to give one million tonnes of crude additionally.

25000 tonnes WFP food for Kenya soon

NAIROBI, Mar 21 : The World Food Programme said Thursday it will soon provide 25,000 metric tons of wheat to feed an estimated one million drought victims in northern Kenya, reports AP.

The Rome-based UN Organisation said in a statement sent by telex to news organisations in Nairobi that the amount is one-third what the victims need to escape starvation.

"The affected areas face serious food shortages for months to come. Unless further assistance is forthcoming quickly, there is a distinct possibility of widespread famine," the statement said. The aid will come over a six-month period.

New gas field discovered in Malaysia

KUALA LUMPUR, May 21: Malaysia's national oil corporation Petronas Wednesday announced the discovery of a new gas field in eastern Sarawak state which may warrant the setting up of a new Liquefied Natural Gas (LNG) plant, reports AFP.

Petronas President Azizan Zainul Abidin said initial drillings at the field showed reserves of 2.7 trillion cubic feet.

"But geologists engaged by our production-sharing contractor, US-based Occidental Petroleum Corporation, estimated reserves at four trillion cubic feet," Bernama news agency quoted Azizan as saying.

He said Petronas would consider establishing Malaysia's second LNG plant in Sarawak if further drilling showed that the field had an even higher reserve potential.

Int'l labour market restrictions will cost $ 1000b by 2000

Poor states can earn $ 250 b from migration

Developing countries would earn at least 250 billion dollar annually if rich countries eased immigration restrictions on the entry of foreign workers, concludes the Human Development Report 1992, published for the United Nations Development Programme (UNDP).

Rich countries also stand to gain from increased labour mobility, the reports says, citing studies that show that international labour market restrictions will cost the world 1,000 billion dollar in foregone growth by the year 2000, says a UNDP report.

The report, third in an annual series, has been prepared by an independent team of distinguished economists under the guidance of Dr Mahbub ul Haq, former Finance Minister of Pakistan and now Special Adviser to the UNDP Administrator.

"No market is perfect, but the international market for labour is one of the most restricted of all," says the report. "The supply is there : millions of workers in developing countries are unemployed or underemployed. But immigration laws block the flow of labour from poor countries to rich." Currently, about 75 million people from developing countries are on the move each year as refugees, displaced persons, transient workers or legal or illegal migrants.

Immigration restrictions from industrialized countries deny market opportunities just as quotas and tariffs inhibit labour intensive goods and agricultural exports. Such barriers slow global economic growth , harming poor countries the most. They are even more onerous to poor countries than are trade barriers because migration of unskilled and semi-skilled labour is one area where they enjoy a comparative advantage. As a result, developing countries currently lose much more from immigration controls than from trade barriers.

Lost opportunities in global markets cost developing countries a minimum of 500 billion dollar each year, according to the report, with half the losses stemming from immigration restrictions alone. But while international trade barriers are being eased through the General Agreement on Trade and Tariffs (GATT) negotiations, distortions in the international labour market have so far escaped scrutiny.

"It would be clearly unrealistic to expect that industrial countries will greatly lower their immigration barriers," acknowledges the report. But it argues that this places an even greater responsibility on industrial nations to create enough economic opportunities in developing countries to reduce the pressures for migration. As it is, industrialized countries have further tightened immigration laws, reversing two decades of liberalization. These laws jeopardize the 25 billion dollar that is currently being remitted to home countries by migrant workers.

Pressure for limiting the number of unskilled workers in industrialized countries has increased in recent years because of fears that rising influxes of Southern immigrants will increase social tensions. Since the 1960s, the vast majority of immigrants to the US and Canada have come from developing countries.

In Europe, too, the proportion of developing country immigrants increased during this period from 30 per cent to 46 per cent. Now groups in some European countries have urged their governments to expel unemployed migrants.

Developing countries have also suffered because of the growing preference in rich countries for immigrants who are skilled workers or potential investors. The US and Canada recently changed their immigration laws to attract more skilled workers and entrepreneurs. Between 1960 and 1990, the US and Canada accepted over one million professional and technical immigrants from developing countries.

The report notes that the industrial countries, in what is effectively a 'buyers market' for migrants, have been setting higher and higher levels of qualification — giving preference to highly skilled workers, to those who bring capital with them or to political refugees.

The loss of skilled workers has hit hard in many countries of Asia and Africa, threatening their ability to absorb new technologies and to train future generations of professionals. Africa has already lost a third of its skilled people to Europe. Sudan alone lost 17 per cent of its doctors and dentists, 20 per cent of its university teachers, 30 per cent of its engineers and 45 per cent of its surveyors to migration in 1978 alone. The Philippines lost 12 per cent of its professional workers to the United States in the 1970s.

The loss of professionals and the growing barriers to unskilled workers could not come at a more difficult time for most developing countries. High birth rates mean that some 38 million additional people join the labour force of the Southern nations each year, adding to the over 700 million already unemployed or underemployed. "This means that one billion new jobs must be created or improved by the end of the decade — equivalent to the total population of the North," notes the report.

"If the international community does not have the foresight to create economic opportunities where they are needed most," warns the chief author, Mahbub ul Haq, "then the world may witness unprecedented international migration in the 21st century, far outstripping the vast movement of people when the United States, Canada and Australia were settle."

Brain drain from poor to rich

A UNDP report

Developing countries lose thousands of skilled people each year—engineers, doctors, scientists, technicians. Frustrated by low pay and limited opportunities at home, they head for richer countries where their talents can be better applied — and better rewarded.

The problem is partly overproduction. Education systems in developing countries are often modelled on the requirements of industrial countries, and train too many high-level graduates. Somalia produces around five times more graduates than the country can employ. And in Cote d'Ivoire, up to 50 per cent of graduates are unemployed.

Industrial countries certainly profit from immigrants' skills. Between 1960 and 1990, the US and Canada accepted more than one million professional and technical immigrants from developing countries. The US education system is particularly dependent on them. In engineering institutions in 1985, an estimated half of the assistant professors under 35 were foreign. Japan and Australia, too, have tried to attract skilled migrants.

This loss of skilled workers represents a severe haemorrhage of capital. The US Congressional Research Service estimated that in 1971-72 the developing countries as a whole lost an investment of 20,000 dollar in each skilled migrant — 646 million dollar in total. Some of this returns as remittances but not on a scale to compensate for the losses.

Some countries may have more educated people than they can use, but others are losing desperately needed skills. In Ghana, 60 per cent of doctors trained in the early 1980s are now abroad —leaving critical shortages in the health service. And Africa as a whole is estimated to have lost up to 60,000 middle and high-level managers between 1985 and 1990.

The major responsibility for reducing such losses lies with the developing countries. They need to tailor their education systems more closely to their practical needs and improve the management of their economies. But for that, they also need better access to international markets.

Insurance losses from LA riots may hit $775m

LOS ANGELES, May 21 : Insurance losses from the Los Angeles riots are now estimated at 775 million dollar, the Western Insurance Information Service and the Property Claim Service trade groups said, reports Reuter.

"The catastrophe will probably rank as the fifth costliest in terms of claims payments," said Gary Kerney, Director of Catastrophe Services for Property Claim Service.

Hurricane Hugo, the Oakland Fire and the 1989 San Francisco earthquake were among the costliest catastrophes, Kerney said.

Claims from the riots are unlikely to rise much higher than 775 million dollar, Patricia Lombard, spokes-woman for the Western Insurance Information Service, said.

"We're pretty confident the 775 million dollar will be an all-inclusive number," Lombard said at a news conference given in front of a burned-out shop in south central Los Angeles, the area hardest hit by the riots.

Fifty-nine people were killed and more than 2,000 injured in the riots that followed the acquittal of four white policemen in the beating of black motorist Rodney King.

Kerney said insurers expect to receive about 6,000 claims resulting from the riots.

"This (775 million dollar) estimated includes damage to buildings, equipment, vehicles, inventory, glass breaking, looting, and business interruption," Kerney said.

The figure compares to 182.5 million dollar, in 1992 dollar, in damages caused by the Watts riots in 1965.

Talks on to break deadlock

Rubber producers threaten to abort INRA pact

KUALA LUMPUR, May 21: Natural rubber producers Wednesday threatened to abort a price stabilisation pact for the commodity unless consumer nations agree to negotiate a new agreement, reports AFP.

Lim Keng Yaik, Malaysia's Minister for Primary Industries, said producer nations would revert to their own 1975 agreement to firm prices. The producers pact does not provide for consumer participation.

"Producers have suffered low prices for too long. We will not tolerate consumers holding us by the neck," Lim told reporters.

Malaysia is spokesman for the six producer members of the International Natural Rubber Organisations (INRO) which oversees the International Natural Rubber Agreement (INRA).

The INRO's six producers and 20 consumer nations and the European community are now holding talks here to break a deadlock over when to start negotiation on a third rubber agreement or INRA III to replace the current second agreement with express in December 1993.

Although the current agreement provides for a two-year extension after December 1993, producer nations want negotiations started on a successful pact.

Lim said that consumers were using delay tactics so that they could continue to benefit from current weak rubber prices resulting from dwindling demand.

Lim said INRA II had to be renegotiated to reassess the intervention levels that serve as a guide for the INRO Buffer Stock Managers buying and selling operations to stabilise prices.

"Producers generally feel that the Buffer Stock Manager has been ineffective in propping up falling prices although he has been very efficient when it comes to selling to bring prices down," he said.

Lim said that producer nations want the price intervention levels under the INRA II lowered to allow the Buffer Stock Manager to enter the market earlier to bolster prices.

"Our official stand is, we want INRA but not at any cost and we will not give in to consumers to the detriment of producers," Lim said.

Lim said if both producers and consumers failed to achieve consensus at the INRO talks here, producers would activate "there fallback position".

'Reforms' cost average income go down to $ 300 from $ 1200 ?

LAGOS, Nigeria , May 21 : Kehinde Obalereko drew water from the only tap in a compound of crowded one-room homes, then cursed the economic reforms that promised a better life but spawned poverty, reports AP .

When Nigeria's military government began what it called an economic revolution in 1986, she was a data processor at the Federal Ministry of Works and lived with her husband, and four children in a two-room house.

President Ibrahim Babangida promised democracy and to turn the economy around in 18 months when he seized power in 1985. Nearly seven years later, on the brink of a promised return to civilian rule, he astonished the nation by acknowledging the economy had defied all logic :

"Frankly, I have kept on asking my economists, 'why is it that the economy has not collapsed 'till now? ' " he said in April.

This oil-producing nation is potentially rich, but corruption and incompetence have crippled it. The average Nigerian income has shrunk from 1,200 dollar a year during the 1970's oil boom to less than 300 dollar.

Today, Mrs. Obalereko sells notebooks, pens and pencils from a rickety table in front of a shelter where families and lodges lie down head-to-toe to cram in.

Stinking open drains, daily electric power cuts and water shortages are part of her life.

"My husband's pension is not enough to buy a loaf of bread a day," said Mrs. Obalereko. "We can't afford meat, eggs or milk anymore and the children are always complaining they're hungry.

Governments balked at the reforms initially. But they were near-bankrupt after years of mismanagement, corruption and uncontrolled spending funded by massive loans.

'China will adopt capitalist method'

BEIJING, May 21 : Communist Party General Secretary Jiang Zemin has said China will adopt capitalist methods, but warned young people against embracing wholesale Westernization, reports AFP.

"A very small number of people, including a very small number of intellectuals, believe China should undergo 'complete Westernization,'" the People's Daily today quoted him as saying.

"We must pay attention at all times to preventing this wrong tendency and not allow them to interrupt our economic reform and opening to the outside world," he said.

Jiang was speaking Wednesday to a meeting of some 100 graduating university students, whose peers were the driving force behind the 1989 Tiananmen Square democracy movement.

The meeting was held at the Communist leadership compound, Zhongnanhai, where three years ago security forces clashed with student-led demonstrators calling for the end of corruption and special privileges for cadres.

"China should boldly learn from and adopt the good things of foreign countries," Jiang said. "We should not be fettered by abstract disputes on the question of whether something is called socialist or capitalist."

But he told the students that the Chinese people should "stand firm against degenerate things" and oppose blind worship of capitalism.

The General Secretary's remarks reflected calls for reform by senior leader Deng Xiaoping issued during a tour of southern China in January and February.

China's leaders have made it clear that while they welcome market economics and advanced technology, they intend to keep their monopoly on power and will not tolerate Western ideas on democracy and pluralist politics.

Russia will spend $112m to buy US wheat

WASHINGTON, May 21 : Russia will spend 112 million dollar to buy US wheat and another 78.5 million dollar for feed grains with loans guaranteed by the Agriculture Department, the department announced Wednesday, reports AP

It said 300 million dollar in credit guarantees to Russia was being allocated immediately. Another 150 million dollar will be made available on or around July 1, followed by 150 million dollar to be released on or around Aug 1.

Agriculture Secretary Edward Madigan said Wednesday's announcement allocates by commodities the export credit guarantees President Bush announced May 8 in connection with sales to Russia.

The commodity breakdown for the 300 million dollar allocation includes : 112 million dollar for wheat; 78.5 million dollars for feed grains; 26 million dollar for protein meals; 13.85 million dollar for tallow; and 6.4 million dollar for vegetable oil.

Another 24.75 million dollar was not allocated, while 38.5 million dollar is available to cover freight.

Maastricht Treaty to raise new trade barriers : Thatcher

LONDON, May 21 : Former British Prime Minister Margaret Thatcher launched a fresh attack on the European Community, saying last December's Maastricht Treaty would give "Colossal Powers" to Brussels Bureaucrats, reports Reuter.

She said in an interview in Thursday's edition of the European newspaper that the treaty on political and monetary union would weaken democratic government, raise new trade barriers and alienate US defence policies in Europe.

"The fact is the Maastricht Treaty passes colossal powers from parliamentary governments to a central bureaucracy," Thatcher said.

The comments by Thatcher, ousted by her Conservative Party in November 1990, came before a vote on Thursday in the British parliament which is expected to ratify the Maastricht agreement.

Prime Minister John Major, in contrast, told parliament earlier the treaty market a turning point away from the centralisation of the EC.

"We have moved decision-taking back towards the member states in areas where community law need not and should not apply," Major said in a bid to placate Conservative rebels who say they will vote against ratification on the grounds that closer EC integration will erode British sovereignty.

The government is unlikely to lose the vote because the opposition Labour Party has said it will abstain.

But Thatcher, who retired from parliament at last month's general election, gave heart to the rebels by saying the treaty extended EC authority in a host of areas, including many in which Britain would have no veto.

"A dispassionate observer could perhaps be forgiven for wondering whether it is we in the West who are trying to convert the east to democracy, or they who are converting us to bureaucracy," she said.

Thatcher praised Major for holding out against a single currency, for rejecting the social chapter at Maastricht and for resisting EC moves to scrap border controls.

But she said there was a danger of fuelling isolationist opinion in the United States through the treaty's associated provisions talking of a greater European defence role.

Industrial costs imposed by the social chapter on other EC countries and the "protectionist" common agricultural policy could throw up more trade barriers when fewer were needed, she said.

Thatcher said last week the community was creating a Europe "combining all the most striking failures of our age."

Major acknowledged that many Britons feared community institutions would gradually increase their powers, creating a federal Europe.

Y'slav republics plan series of reforms

BELGRADE, May 21: Yugoslavia's remaining republics, teetering on the brink of hyper-inflation, plan a series of monetary reforms to put the economy on a sound footing, a senior central bank official said, reports Reuter.

National bank of Yugoslavia General Manager Gavrilo Djedovic said that supply-side measures to boost production would be introduced to bring down inflation.

At the same time the bank was considering abandoning the peg of the Yugoslav dinar currency, the mark, and wanted to become a genuinely independent central bank.

Branislav Cosic, Managing Director of the Belgrade Bourse, said that apart from an independent central bank authorities would set up a securities and exchange commission and investment funds. "The whole structure, the legal structure, will be the same as in developed countries," he told Reuters.

The Bourse aimed to become an exchange not only for securities but for foreign exchange, gold and derivatives and would set up a separate commodities exchange, he said.

April inflation in the new federal republic of Yugoslavia, comprising Serbia and its ally Montenegro, was a monthly 73 per cent and will probably be higher in May, Djedovic said.

Such a rate, if continued and compounded, would produce five-digit inflation over the year.

The inflation is mainly due to printing money to finance the Yugoslav civil war, while output declines.

Authorities in Serbia and Montenegro were taking measures to bring government spending in line with revenue and the national bank would bring monetary instruments to bear too, he said.

ROK's current account deficit may fall to $ 8 billion

SEOUL, May 21: South Korea's Economic Planning Minister predicted Thursday the current account deficit would fall to eight billion dollar this year as the government's stabilization policies take effect, reports AFP.

Choi Gak-Kyo reported to President Roh Tae-Woo that the deficit would be slashed to eight billion dollar, down from last year's 8.8 billion dollar, and would shrink further to five billion dollar in 1993.

Consumer prices will be curbed at eight per cent this year, instead of the initial target of nine per cent.

Communism's dilemma haunts world's most closed society

PYONGYANG(North Korea), May 21: The dilemma of Communism that spurred the collapse of the Soviet Union and has agitated China's leaders since Tiananmen Square is now haunting the world's most closed society, reports AP.

How can the system be reformed without being destroyed?

North Korea's leaders say the general collapse of Communism has had not effect on them. But diplomats and scholars say this nation is in the throes of an economic crisis that many think will lead to the overthrow of its Stalinist system.

How much economic reform can Communist dictator Kim Il Sung allow without loosening the screws of political repression?

Kim has encouraged more trade with and investment from capitalist countries. But Chinese-style reform-unaba-shed capitalism under con-tinued Communist rule— has yet to take place.

The economy is in serious trouble.

Western diplomats in Beijing say Koreans living in China who visited family in North Korea last month reported a severe lack of food, clothing and fuel.

Most of the country's estimated 22 million people have no home heating. They receive miserly rations, such as one-third pound of meat per month for a family of four.

Annual per capita income is estimated at dlrs 1,100 and the country has a dlrs 7 billion foreign debt.

Former Soviet-bloc diplomats in Pyongyang, the capital, say dozens of factories have been shut down for more than a year in some industrial cities because of fuel shortages.

"They have no choice but to reform the economy, because they are facing severe shortages such as hard currency and fuel, and the Soviet Union no longer helps," said Dr Albrecht Lein, a German historian who regularly visits. "But once you allow economic reform some level of political reform is inevitable."

That's where North Korea's ruling class draws the line.

"Pluralism can never be tolerated in a socialist society," declared Kim Jong Il, the son and powerful heir-apparent of Kim Il Sung, in a widely disseminated speech in January.

"Liberalism in ideology, a multiparty system in politics and diversity in the form of ownership," said the younger Kim, will produce "social disorder and chaos."

That would be anathema to the reclusive Kims, who have smothered North Korea with a blanket of repressive measures.

The tuners of radios and televisions entering the country, for instance, are sealed to government propaganda stations. Possession of shortwave radios or foreign literature is a crime.

Many diplomats like Kim Il Sung's absolute control to the Romanian dictatorship of Nicolae Ceausescu. They say Ceausescu's overthrow and swift execution in December 1989 taught North Korea's leaders the disturbing lesson that any political reform could result in the collapse of the existing system.

Still, the economic crisis has left North Korea no choice but to reluctantly encourage a small degree of foreign investment and offer improved relations to the West and South Korea.

Diplomats say spare parts and most commodities are in short supply because of severe shortages in hard currency. Most of North Korea's trading partners began to refuse credit and demand payment in hard currency last year.

Projects like the dlrs 30 billion free trade zone being proposed for the Tumen River area where North Korea meets China and Russia would generate badly needed hard currency. North Korea is also increasing trade with rival South Korea.

In the end, though, every move toward economic opening raises the question of political change— and the possibility that even a small dose of freedom could set off a revolution.

Government officials dismiss such talk.

"Our position is that the current hard time that socialism is facing is a temporary thing," said Song Rak Un, who heads United States Affairs for the Foreign Ministry. "It is a law of history that people are heading toward socialism."

Business briefs

Frankfurt Stocks hit yr-high: Frankfurt Stocks enjoyed a boomy session on Wednesday, as the Dax Spot Trend Index jumped to 1,787.50 at the close, up 1.37 per cent from the Tuesday close to the year's closing high so far, reports AFP from Frankfurt.

The Commerzbank indicator rose by 21.30 points to 2,022.20. Operators said the Frankfurt market had been boosted by good performances on the New York, London and Paris markets, as well as by some good business news.

Japan's trade hardly growing: Japan's trade surplus is hardly growing at all if one looks at the volume of goods being exported and imported rather than their monetary value, said Takafumi Kaneko, Director in the Coordination Bureau at the Economic Planning Agency (EPA), reports Reuter from Tokyo.

SA set for tough wage talks: South African gold mines looked set for tough annual wage talks after Mining Houses offered a four per cent rise in reply to a union demand for 20 per cent, reports Reuter from Johannesburg.

Mining Houses represented by the Chamber of Mines, made their offer Wednesday to the National Union of Mineworkers (NUM), which claims to represent about 300,000 workers.