

Russia ratifies its IMF membership

MOSCOW, May 23: Parliament ratified Russia's membership of the International Monetary Fund (IMF) and gave the government the green light to continue its economic reforms, reports Reuters.

Parliament voted 127-1 to approve Russia's decision to join the IMF and World Bank.

"Entering the system of world currency and financial operations meets Russia's vital interests," President Boris Yeltsin said in a message to parliament.

Yegor Gaidar, architect of Russia's economic reform plans, told deputies the money the Kremlin would get as a result of membership would mainly be used to make the rouble convertible.

He said a promise of 2.2 billion dollar to help Russia and other members of the Commonwealth of Independent States service the foreign debt of the former Soviet Union was at the moment more important than other loans and future investments.

Russian currency reserve were in a poor state, he said. Economics Minister Pyotr Aven told journalists in Washington last month the Russian central bank held reserves of 60 million dollar in currency and 170 tonnes of gold.

Gaidar said the government intended to introduce import taxes from July 1. At present imports are tax free.

North South agree on planet protection treaty

NAIROBI, May 23: United Nations delegates agreed on Friday after two days of crisis talks on a treaty to protect the planet which world leaders are due to rubber-stamp at the earth summit in Brazil next month, reports Reuters.

"All delegations agree to the treaty," said Vicente Sanchez of Chile, Chairman of the conference on Biological Diversity.

Sanchez, who earlier had accused some industrialised countries of trying to sabotage an agreement, said he had reached a compromise between North and South after the 20-nation talks.

The talks chaired by UN Environmental Programme Executive Director Mostafa Tolba had been bogged down over differences on who should bear the cost of protecting the world's resources and how profits from their exploitation should be shared.

The United States said it would back a treaty that would respect the relationship between federal and state laws and not leave loose ends in the treaty.

"We also would like open access to genetic resources so as not to impede scientific and economic development," said Eleanor Savage, head of the United States delegation.

Developed countries want funding for the treaty channelled through the global environmental fund administered by the World Bank — Third World nations want a new fund created.

But Third World countries won a North-South dispute over global lists of areas and fishes to be protected and had them removed from the document.

The talks convened to rescue the treaty, one of several to be discussed in Brazil, involved representatives of the United States, Britain, Canada, France, Sweden, Japan, China, Australia, Germany and the Netherlands — the northern countries — and Kenya, Nigeria, Egypt, Malaysia, Guyana, Ghana, Brazil, Mexico, Indonesia and India — the southern countries.

Kuwait denies selling out BP stake

KUWAIT, May 23: Kuwait has denied rumours that it is planning to sell its 9.8 per cent stake in British Petroleum (BP), reports Reuters.

A senior executive with the Kuwait Investment Office (KIO) in London told the *Sawt al-Kuwait* newspaper the rumour was unfounded. A report carried by the Kuwait News Agency today said.

"An official source in London who did not want to be identified has denied reports that Kuwait was planning to sell its 9.8 per cent stake in BP," KUNA said.

KUNA said the KIO official today *Sawt al-Kuwait* reports circulated in international media of Kuwait's intentions to sell its BP stake, one of its prime overseas assets, were only "rumours."

Market talk that Hanson Plc (H.L.) had bought the BP shares boosted prices and trade volume yesterday. Kuwait has repeatedly said it will not sell its strategic overseas assets.

Oil prices likely to soar by one dollar per barrel

OPEC decides not to sell an extra barrel

VIENNA, May 23: Saudi Arabia, angered by the European Community's proposed energy tax and hardup for cash, finally did what the rest of OPEC has begged for by keeping oil output low enough to set oil prices jumping, reports Reuters.

The world's biggest crude exporter and champion of moderate prices agreed on Friday not to sell any extra barrels during the coming months even though the market is headed into a period of high demand.

"Saudi Arabia is convinced that an increase of one, two or three dollar will have no effect at all on (world) economic growth or demand for oil," a senior Gulf Arab delegate said after the Organisation of Petroleum Exporting Countries set an output agreement which is widely expected to boost prices.

"In real terms the price is low. The price should be a little bit higher... 20 to 22 barrel a dollar is really very reasonable for Saudi Arabia," said the delegate, speaking on condition he was not identified.

Long-time price hawk Iranian Oil Minister Gholamreza Aghazadeh left the two days of talks a happy man, with members of his delegation predicting this agreement would add a dollar to oil prices languishing 2.50 dollar below OPEC's 21 dollar target.

Of the 13 OPEC countries, only Kuwait is free to boost output under the deal as the emirate rebuild an industry shattered by the Gulf War.

The net effect will see OPEC output near 23.5 million barrels per day (BPD), a measly 200,000 barrel above production now.

Even if some members cheat on their quotas, Saudi Arabia said it was confident demand would soak up any overproduction.

It even predicts that demand during the northern winter will be the highest level for 12 years at 25.5 million BPD, slightly more than OPEC can produce flat out.

Other members welcomed the new accord.

"I'm very happy with it, said Indonesian Oil Minister Ginanjar Kartasasmita. "It is good for the market, it is good for OPEC, it is good for all member countries. I don't think we could get a better agreement than this."

OPEC Secretary-General Subroto said he expected a bullish reaction from oil markets that had been braced for OPEC to boost third-quarter output to 24 million BPD.

The fact is that we will produce much lower than the 24 million BPD that the market has calculated, he told reporters.

Saudi Arabia's acting head of delegation at the twice yearly talks also foresaw a good market reaction. "I think it should be favourable," Fayed Ibrahim Bader said.

Only Iraq, its exports bottled up by UN economic sanctions, refused to sign, dismissing the deal as a pact the Saudis had dictated to other members.

The Gulf delegate source said Riyadh's change of heart was partly caused by the EC's proposal to raise energy taxes by 10 dollar a barrel by the year 2000.

This step had alerted Saudi Arabia that it should think carefully about the international oil market, he said.

"The carbon tax is not going to reduce the emission of carbon dioxide as the EC only consumes around 20 per cent of total world oil of 66 million BPD, he added.

"We better reduce it (CO emission) by increasing oil prices, he said. Saudi Arabia always wants to see higher prices.



AN INTIMATE MOMENT: Russian President Boris Yeltsin jokes with Polish President Lech Walesa (R), after signing a treaty between the two countries in the Kremlin Friday. The two presidents signed a bilateral economic co-operation treaty and it also addressed problems associated with the withdrawal of former Soviet troops from Poland. — AFP/UNB photo.

China takes key step to resolve market access dispute with US

BEIJING, May 23: China has agreed to give the United States a list of all its trade bans, import controls and quotas within two months, a key step toward resolving market access disputes, a US official said Friday, reports AP.

Assistant US Trade Representative Joseph Massey said Chinese negotiators also proposed eliminating certain import licensing requirements according to a timetable and reducing some tariffs that have been raised since 1988.

He made his comments following two days of talks with Chinese trade officials. It was the fourth round of negotiations between the two countries since the United States set an Oct 10 deadline for settling market access disputes.

"This round in many respects was among the most constructive and productive," Massey told a news conference.

But he said Chinese and US trade negotiators still have a long way to go to resolve market access differences.

"There are many of these barriers that they really haven't figured out — that they don't have a grip on," Massey said.

The talks came as the deadline nears for US President Bush to renew China's most-favoured nation trade status, which entitles China to low US tariffs.

China's trade surplus with the United States and the market access disputes have become major irritants in US-China relations. The United States said it had a trade deficit of 12.7 billion dollar last year with China, second only to Japan.

Massey compared US complaints over market access in China to disputes American trade negotiators have had with Japanese officials.

"We haven't always known with Japan either what the barriers have been," he said. "It's been a succession of peeling away the skin of the onion. Maybe we're at a somewhat cruder outer skin with the Chinese now."

The list of all products covered by bans, restrictions and quotas will enable US negotiators to know more about the Chinese system so they can press for specific changes, Massey said. One of the major US complaints is over secret Chinese trade regulations that pose barriers to American traders.

The Chinese proposed a timetable for eliminating import licensing on 53 product categories, Massey said. He refused to give specifics, saying the issue was under negotiation.

The Chinese also listed 90 items on which the government had increased tariff rates since 1988 and proposed possible reductions on those, he said.

If the market access disputes are not solved by the US deadline, China could face higher import tariffs on its goods sold in the United States.

Most Asian share prices down, \$ eases

TOKYO, May 23: Asian share prices were mostly lower but Bangkok began recovering on hopes of a political settlement. The dollar eased in Tokyo, reports Reuters.

Tokyo stocks closed sharply weaker but off their day's lows. The market, braced for bad news when the Ministry of Finance announced a violation of securities regulations, relaxed after the complaint was filed against an unlisted rice-cracker maker, brokers said.

"People felt relieved when they realised none of the big brokerages were involved in Saturday's MOF announcement. But it didn't really last long as arbitrage selling kept up the pressure," said one Japanese trader.

The 225-Share Nikkei average was down 470.29 points or 2.52 per cent to 18,221.00, with about 250 million shares traded.

In Bangkok, stock prices closed sharply lower in a volatile session marked by continued concern over the aftermath of a bloody crackdown on unrest.

But brokers said that losses were pared by bargain hunting after reports that ruling coalition parties would fully agree to an opposition demand to amend the constitution.

The set index lost 22.36 points or 2.7 per cent to 718.51 after lagging by 30 points earlier. Australian shares edged up to close at a six-month high in an otherwise featureless day. Tone was positive, dealers said.

The market opened lower in thin trade but picked up impetus in the afternoon with good volumes in certain key stocks. It closed quietly, ahead of long weekends in London and New York.

The all ordinaries closed 1.9 points higher at 1,684.5.

It is now Washington's turn

French farmers furious at EC's subsidy slash plan

PARIS, May 23: French farmers furious with an EC decision to slash agricultural subsidies took to the streets throughout the country Thursday night and Friday in protest demonstrations that turned violent in places, reports AFP.

In Bordeaux about 60 farmers pelted the US consulate and the local prefect's governor's office with eggs until a prefecture official agreed to meet them and near their grievances.

In the western city of Rouen, a farmer and a policeman were slightly injured when demonstrators trying to storm the prefecture clashed with security forces.

Reports of widespread protests, with farmers burning tires and bales of straw and chanting anti-EC slogans, came from the northwest, north, east and south of the country.

It was the harshest reaction in Europe to the EC agreement designed to end overproduction by slashing price supports for grains, beef and dairy products, but providing farmers with direct compensation on condition they leave 15 per cent of their land fallow.

Agriculture Minister Louis Mermaz, in a radio interview Friday, promised that "farming revenues will not only remain stable, they will improve, because the reduction in guaranteed prices will be totally offset by the compensation, regardless of the size of the farmland involved."

He said France aims to reduce the number of its farmers from the current one million to about 700,000 by the start of the next century.

"We do not want to produce less," he explained "but only to produce as much as we can sell — and we want a produce of better quality."

The mainstream farmers union, the FNSEA, said the EC agreement signified "the sacrifice of European agriculture to American interests."

The demonstrations recalled widespread unrest last Fall, marked by violent clashes with security forces as farmers intercepted trucks carrying imported meat or wines and destroyed their contents.

The high point of the protest was a mass rally in September, in which 200,000 farmers paraded peacefully through the streets of Paris in protest against government and EC agricultural policies.

According to agriculture ministry figures, farmers constitute less than nine per cent of the active population in France and contribute only four per cent to the Gross Domestic Product, compared to seven per cent two decades ago.

But France remains the world's top exporter of agricultural goods, holding 11.5 per cent of the world market ahead of the United States and the Netherlands.

Another report from Brussels adds: British Agriculture Minister John Gummer said the agreement, to make deep cuts in farm subsidies, was a signal to the United States that it was now Washington's turn to make concessions in GATT negotiations on world trade.

EC Agriculture Commissioner Ray MacSharry said that a formal agreement on the farm reforms was still being blocked by Italy, which was demanding the right to produce more milk than allocated to it under the reform plan.

"The problem of Italy can be settled tomorrow or next week," MacSharry said.

But other stumbling blocks include Washington's refusal to open up such service sector industries as telecommunications and transport to GATT trade rules.

Gummer said that, following the EC's concessions on farm subsidies, it was now up to the United States to make concessions in other areas that would allow final agreement in the GATT negotiations.

Earlier report by AP from Geneva says: The organization overseeing world trade talks welcomed the European Community's change in its farm-subsidy programme on Friday, but said the United States and other countries must decide the fate of the stalled talks.

But of course the other participants in the round will wish to look very closely at the community's decisions as part of a continuing multilateral negotiation," he said.

Economic woes driving the Japanese crazy

TOKYO, May 23: Japan's economic woes are partly to blame for a recent wave of murders and serious crimes, Tokyo police said today, reports Reuters.

Seven murders have been reported in Tokyo this month, the worst monthly record since 1951 when police started compiling records, they said.

"A recent trend shows that financial troubles after the collapse of the bubble economy contributed to the rise in murders," said an official of the Tokyo Metropolitan Police Agency.

Tokyo police have set up 16 special squads this year to investigate 15 murder cases and one kidnapping case, compared to 17 such teams in 1991.

Earlier this year a securities' economy employee robbed and killed a 27-year-old woman in Tokyo after suffering losses on the stock market.

Last week a 44-year-old man was killed by his brother-in-law who had lost thousands of dollars on the stock market.

Apartment from murders, the number of Japanese who killed themselves for financial reasons rose 31 per cent to 1,660 in 1991 from the previous year, police have said.

Business briefs

1.6 pc rise in Japan's money supply:

Japan's money supply grew at an annual pace of 1.6 per cent in April, down from 1.8 per cent in March and equal to the all-time low recorded in February, the Bank of Japan said Friday, reports AFP from Tokyo.

The April growth rate in the money supply comprising M2 — or cash in circulation plus time and demand deposits — and certificates of deposit was 0.2 percentage points lower from March, the central bank said in a report.

March's expansion rate was the first year-on-year rise in four months.

Kazakhstan to issue new currency:

The former Soviet republic of Kazakhstan is to introduce a new currency to be used alongside the rouble, *Itar-Tass* news agency said, reports Reuters from Moscow.

Tass said the new currency, the tanga, would initially only be used by pensioners and people on low incomes who could use it to buy goods in special state shops.

Tass gave no date for its introduction and did not say what exchange rate was planned against the rouble or the dollar.

NY stock market turns upward:

The stock market turned upward in quiet pre-holiday trading Friday, reversing Thursday's decline, reports AP from New York.

A session of light trading had been expected on the eve of the long Memorial Day weekend. The markets will be closed on Monday for the holiday.

Stocks suffered a slight letdown in the past several days as hopes cooled for new action by the Federal Reserve to ease credit conditions.

Many of these social services like health and housing disproportionately benefit the "non-poor". The services tend to be low in quality and unresponsive to the needs of the people.

Benefits from the agricultural subsidies meanwhile also tend to be cornered by the better off, "often leaving the poor squeezed out", the report said.

The ADB survey on Asian poverty reflects the rise of neo-liberal economic thinking worldwide as evidenced by the increased acceptance of market-oriented economic reforms by many Third World governments, including socialist regimes.

But many Asian non-governmental organisations (NGOs) remain deeply critical of such economic approaches and say much of their world consists of clearing up the mess left by behind by governments pursuing free markets.

Thal NGO's point out Thailand's remarkable economic success in recent years actually illustrates the fundamental flaws of high-growth economic strategies.

They say the boom has enriched Bangkok, but impoverished the north and northeastern regions of the country and created social and environmental crises that will plague Thailand in the coming years.

Order to seize \$2.3m dividend of Union Carbide

BHOPAL (India), May 23: An Indian court on Friday ordered seizure of a 2.3 million US dollar dividend accrued to the US based Union Carbide Corp from its shareholding in its Indian subsidiary between 1984 and 1991, reports Reuters.

The ruling was handed down by Chief Judicial Magistrate Gulab Sharma.

The multinational company has a 50.9 per cent stake in Union Carbide India Ltd, owner of the chemical plant in Bhopal in central India that spewed out poison gas which killed more than 3,800 people in early December 1984.

The court, hearing a petition filed by a government agency against Union Carbide officials who it said were responsible for the worst-ever industrial disaster, had on April 30 ordered seizure of its Indian assets.

Sharma also ruled that his court would separately try nine Indian officials accused in the case by the Central Bureau of Investigation.

Earlier, trade unions and relief organisation had opposed a plan by the Union Carbide to sell its Indian assets to build a hospital for victims of the gas disaster in Bhopal.

Union Carbide last month announced from its headquarters in Danbury, Connecticut that it planned to sell its 50.9 per cent stake in its Indian subsidiary.

Union Carbide said neither the sale price nor a buyer has been determined. But it said it hoped to raise as much as 17 million US dollar.

In March, the court had issued an extradition warrant against the UCC's former chief, Warren Anderson, to stand trial on criminal charges.

Latin America hopeful of banana compromise

LONDON, May 23: The leaders of Honduras, Panama and Costa Rica said here they were hopeful of success in their mission to persuade the European Community to modify proposals to slap import quotas on Latin American bananas, reports Reuters.

Presidents Rafael Callejas of Honduras, Guillermo Endara of Panama and Rafael Angel Calderon of Costa Rica told reporters they were pleased with their talks this week with British Prime Minister John Major and French President Francois Mitterrand.

Later on Thursday they took their case against last month's EC executive commission banana quota proposals to commission president Jacques Delors in Brussels.

Callejas, asked whether he believed they would achieve a breakthrough and find a compromise, replied, "We would hope so."

"It follows...that some sort of acceptable determination will be taken into account by the European Community," he added.

Callejas said he did not yet know whether the EC was preparing to change its position on the quotas designed to protect Caribbean and African banana producers. But he added: "This is something that we are trying to convince them to do."

Costa Rica's Calderon said Latin American banana exporting countries did not want to damage the position of the so-called ACP (Africa, Caribbean and Pacific) states.

But he said the EC's plans would hurt their own economies. Latin American producers rely on the EC for billion dollar revenue from bananas every year.

Endara said the proposals also ran counter to the west's free trade philosophy.

"We are being advised to open up but we see things closing in other places," he said. "We have come here to ask them to do what they preach...to keep markets open. But we don't want to damage our friends and neighbours from the Caribbean."

Britain wants to protect its traditional Caribbean suppliers, while Spain, Portugal and Greece as well as France want a secure market for their own products.

France has special interests to protect as some of its Caribbean territories and former colonies in West Africa also want to find markets for their bananas.

Callejas said the Latin American producers would be happy with the status quo — maintaining their current share of the EC market in bananas estimated at about 60 per cent — because that would mean a steady share of a growing market.

But he said that while both Major and Mitterrand had expressed support for such a compromise, it presented a technical problem for the 12-nation EC bloc when its single market is created at the end of this year.

Free-market strategy can combat poverty most successfully

MANILA, May 23: Countries that embraced "high-growth, free-market, outward-oriented" economic strategies have been most successful in reducing poverty, according to the Asian Development Outlook 1992, and annual publication of the Manila-based Asian Development Bank (ADB), reports IPS.

The report debunks some long cherished development notions. For instance, it says land reform and subsidised social services, supposedly potent antidotes to poverty, may be ineffective, or even make matters worse.

In the 1960s, high-growth economic strategies were hit for favouring the rich and worsening social inequalities. Rather than wealth "trickling down" and benefiting the poor, the poor became poorer and the rich richer.

But many centrally-planned, government-directed economies failed. In the late 1980s and early 1990s, free markets acquired renewed respectability and development thinking has embraced high-growth strategies.

The latest ADB analysis echoes that of the World Bank's 1991 World Development report, which says countries can best achieve sustained economic growth through a "market-friendly" approach.

This means government should let the economy work freely and take on only those functions — like defence, education and other essential services that only the state can properly perform.

The ADB adds this economic approach beats all others in taming poverty, which in Asia is mainly a rural crisis. It says rural poverty in Asia has fallen significantly in the region's developing countries over the past quarter century.

China, Indonesia and Korea lead the pack. In China, the number of poor people has declined by nearly 15 per cent yearly. Indonesia has averaged about eight per cent and Korea 7.5 per cent yearly.

Some economic analysts have long argued there are trade-offs between measures to combat poverty and push economic growth but the record shows the two objectives go together, the ADB report says.

Every one per cent rise in the overall per capita rate of economic growth seems to be associated with a 1.1 per cent decrease in the poverty head count, it added.

Asia has an enormous stake in global efforts to alleviate poverty since it is home to two-thirds of the world's 630 million "extremely poor" and three-fourths of its 1.1 billion "poor" people. About two-thirds of these are in South Asia and over half live in India alone.

Billions of dollars of aid funds have been poured into various anti-poverty programmes intended to directly assist the poorest of the