

French minister resigns over business malpractice

PARIS, May 24: French Urban Affairs Minister Bernard Tapie, facing a court hearing over alleged business malpractice, resigned on Saturday, the Prime Minister's office said, reports Reuters.

Tapie asked to be relieved of his duties in the interests of defending himself with full liberty of expression... against accusations arising from a difference of opinion in his business affairs," a statement said.

The Prime Minister accepted this decision... it added. Tapie, a flamboyant self-made millionaire who joined the government last month, faces possible indictment on malpractice charges when he appears before a court on Wednesday.

A business partner from the early 1980s, Georgestranachant, now an opposition deputy, has accused Tapie of concealing accounts and taking an unfair share of compensation following the collapse of one of his ventures.

The government statement said Prime Minister Pierre Bérégovoy would assume responsibility for Tapie's portfolio himself and did not exclude taking him back in to the government once the legal proceedings were over.

G-7 discusses economic woes of former Soviet Union

SELLIN (Germany), May 24: Senior finance officials of the Group of Seven industrial countries met on the Baltic Island of Rugen in Germany on Saturday but said they were not talking about currency levels, reports Reuters.

A G-7 spokesman told Reuters the officials were not discussing currency levels but were talking about the general world economic situation and how to solve economic problems in the former Soviet Union.

They were also debating a programme to improve safety of Eastern European nuclear reactors and examining relations between the G-7 and Eastern Europe and the Middle East, he said.

The meeting of the officials, nicknamed Sherps after the Nepalese climbers who scale the heights of the Himalayas, was part of a series to discuss the agenda of the G-7 Summit in Munich in July.

The officials, who were meeting in a hotel in this seaside resort, would end their talks on Sunday, he said.

The G-7 groups the United States, Japan, Germany, France, Italy, Canada and Britain.

Arabs welcome trade with S Africa

MANAMA (Bahrain) May 24: Gulf Arab states are throwing open doors to South African business with a speed which would have been unimaginable six months ago, an executive of the South African Foreign Trade Organisation (SAFTO) said, reports Reuters.

Gyford Fitchat, Middle East Area Manager for SAFTO, told reporters Bahrain and Oman had led the way by establishing direct trade links with South Africa and he expected neighbouring states to follow suit soon.

"Certainly the Western

OPEC decision can give crude prices moderate temporary lift

VIENNA, May 24: A decision by the Organisation of Petroleum Exporting Countries to allow a smaller than expected rise in OPEC's third quarter oil output could give crude prices a moderate temporary lift, analysts said at the weekend, reports AFP.

The deal that emerged late Friday after one of the shortest half-yearly OPEC conferences of recent years seemingly marked a truce in a running feud over pricing between heavyweight Saudi Arabia and OPEC's traditional 'price hawks', led by Iran.

This was one of the more unexpected features of the two-day talks. Others included the absence, officially because of 'fatigue', of influential Saudi Oil Minister Hisham Nazer, who usually makes sure he has the last word.

The analysts said key Western markets — which re-open on Tuesday after holidays in both Britain and the United States — might be reluctant to take the deal at face value. It had ambiguities, including formal reservations by three leading producers, which were in fact not new.

But operators could give the accord the benefit of the doubt, at least until there is clearer evidence as to whether and to what extent OPEC's major players, including Saudi Arabia and Iran, intend to translate communique language into action. OPEC admittedly has a poor track record in this respect.

The new production pact was presented as a roll-over for July through September of OPEC's second-quarter production ceiling of 22.98 million barrels a day (MBD) except for Kuwait which will be allowed to continue rebuilding its war-stricken capacity.

Iraq, still under a United Nations oil export embargo, remains outside the quota system.

The formal roll-over helped OPEC ministers avoid another round of haggling over the distribution of national production quotas.

But it masked a foreseeable effective rise in output to a range of 23.5 to 23.6 MBD, senior officials conceded.

This should in no event exceed 23.7 MBD, OPEC's own estimate of the amount of its crude that the market will digest without any risk of renewed pressure on prices, they said.

"Anything less than 24 MBD is a little bonus for the market, confirmed Vienna-based oil consultant Bahman Karbasian, a veteran OPEC watcher.

But several analysts said the test would be whether OPEC members could resist a temptation to cheat on their quotas.

Oil industry observers said an effective ceiling of about 23.5 MBD had a positive ring due to expectations raised by strong pre-conference signals from Saudi Arabia that it wanted a ceiling of about 24 MBD. Saudi experts set likely demand a little higher still.

They flagged a figure and then climbed down, an expert said, adding that no one had any explanation for this.

The Saudis have tended to

'The city of marvels' to shine again

RIO DE JANEIRO, May 24: Twenty years after the first UN meeting on the environment convened in Stockholm, most of the planet's leaders will gather for a repeat summit here next month in search of ways to stop the wasting of natural resources that began with the industrial revolution, reports AFP.

Just two heads of state attended the Stockholm meeting in 1972. This year, more than 100 heads of government and 185 delegations totalling 30,000 people are expected for the mammoth Rio Parley scheduled for June 3 to 14.

To protect the participants, Rio de Janeiro is mobilizing 35,000 soldiers and police. Brazil is also spending 300 million dollars to bring back some of the shine that earned Rio the nickname 'The City of Marvels.'

In the past two years, the airport has been modernized and connected to downtown via a new highway. In the past four years, 600 kilometers of highway have been resurfaced and 300 kilometers of road given new lighting. And soon the city will open the world's largest garbage recycling plant with a capacity of 1,120 tonnes of garbage every day.

About 3,500 official delegates and 700 UN officials will attend the conference, which will be held in a huge park 25 kilometers south of the city.

Non-governmental organizations invited to the meeting are sending 20,000 delegates, who are to gather in the huge Flamengo Public Park in downtown Rio near the bay. Just the catalog listing the hundreds of meetings, conferences and seminars they have scheduled takes up 250 pages.

But with a week to go before the meeting opens, organizers are pulling out their hair because they have a 1.8 million dollar deficit out of a total budget of 11.6 million dollars. If they cannot find the money, participants could arrive to find empty tents, with no tables or chairs.

Indigenous people — who claim to represent 37 million people around the world — have taken advantage of the summit to organize their own global meeting. They will be holding two gatherings, one of which will be held in a huge 'maloca' or communal hut built on the outskirts of Rio.

Brazilian organizers of the gathering — which some local humorists have called 'the biggest global jostle ever organized' — have done all the work in just a couple of weeks.

Brazilian President Fernando Collor moved the country's seat of government from Brasilia to Rio for the duration of the conference. All the hotels on the famous beaches of Copacabana, Ipanema and Leblon have been requisitioned for delegates. Highways are temporarily closed to traffic and there is talk of declaring holidays for the four last days of the summit.

The Mayor of Rio, worried about the city's worsening im-

Arabs welcome trade with S Africa

shore of the Gulf is a highly significant market in terms of openness," he said.

"Each country is adopting its own policy and following what it believes is good for its own business," Fitchat said.

"Bahrain and Oman have declared their trade totally open and we have reason to believe that other people in the Gulf will remove (restrictions) soon," he said.

The six members of the Gulf Cooperation Council (GCC), which import most of their food and manufactured goods, have not formally lifted sanctions against South Africa and officials say they are unlikely to do so ahead of the Arab League.

But commercial deals which took place surreptitiously for years are gathering momentum as apartheid is dismantled.

Fitchat, who is leading 10 South African firms on a Gulf tour, said more than 70 Saudi companies had approached SAFTO after a March 17 referendum in which a majority of South Africans voted in support of President De Klerk's reforms.

"There was very little con-

Call for free trade zone to lure HK-Indians

NEW DELHI, May 24: An Indian economist has called for a free trade zone to be set up to lure Hong Kong-Indians when the British colony reverts to Chinese rule in 1997, press reports here said Saturday, says AFP.

Sorab Sadri, a Visiting Professor at the National Institute for Industrial Engineering in Bombay, said the Andaman Islands in the Bay of Bengal would serve as an ideal free trade zone, the United News of India news agency said.

Sadri was quoted as saying in Bombay that India would lose a "golden opportunity" if Indian capital and labour in Hong Kong relocated to other parts of the world.

New Delhi should move fast to lure them to Indian shores with an attractive alternative, he said, warning of the possibility of a ban on capital flight when Hong Kong goes to China in 1997.

The "one country-two system" formula proposed for the colony would not work, Sadri was quoted as saying, calling it too fragile and difficult to sustain.

He said members of the Indian community played a vital role in Hong Kong business, controlling between 10 and 12 per cent of its total trade, and represented a pool of entrepreneurial talent New Delhi should not neglect.

Filipino economy depends on next few days' events

MANILA, May 24: The success of the next president in addressing the economic problems of the country will depend on the events of the next few days. Congress meets Monday to review the election results and proclaim the winner, writes AP.

Ramos' chief rivals — businessman Eduardo Cojuangco and Miriam Defensor Santiago — have raised fraud charges that must be sorted out before a proclamation.

A bruising congressional battle would diminish further the stature of the new president.

Whoever wins will enter office with far less support and goodwill than Aquino. She took power with unprecedented acclaim as the saviour of democracy after 20 years of authoritarian rule under Marcos.

For more than a year, Aquino enjoyed dictatorial powers until the new constitution was ratified in February 1987 and the newly elected Congress was convened the following January.

But her successor will take office with a mandate of no more than 25-30 per cent. The new Congress will be controlled by the struggle of the Democratic Filipino party, whose candidate, Ramon Mitra, has already conceded.

Still, the new president will have some advantages over Aquino. Special provisions of the constitution mandated that all elected officials — from Congress to mayors — served concurrently with her.

Paris, Bonn differ on EC farm policy effect

LA ROCHELLE (France), May 24: France and Germany appeared at odds Friday on their interpretation of how they see the new EC farm policy affecting the outcome of the stalled Uruguay Round, Chancellor Helmut Kohl, at the end of a two-day bilateral summit here, had conflicting views, while GATT Director General Arthur Dunkel said CAP reforms slashing agricultural subsidies and replacing them with conditional direct compensation were a major step, but not enough to overcome all the disputes that have prevented conclusion of the Uruguay Round since December 1990.

Most European leaders on Friday hailed the CAP reform, while a majority of farm unions panned it.

The reform drastically reduces subsidies, but replaces them with direct compensation to farmers who agree to leave 15 per cent of their land lie fallow.

It still falls short, however, of cuts sought at the Uruguay Round by the United States on grounds that subsidies make for unfair competition on world export markets.

He acknowledged that he was seeking to reassure French farmers, who reacted harshly to the new CAP with a series of sometimes violent demonstrations.

In a communique released by his office in Bonn, Kohl said approval of the CAP Thursday in Brussels by EC ministers

UAE banks seek help for BCCI depositors

ABU DHABI, May 24: A group representing most national banks in the United Arab Emirates (UAE) has sought protection for local depositors and shareholders of the collapsed Bank of Credit and Commerce International (BCCI), reports AFP.

The influential UAE Banks Association, grouping nearly 15 of the country's 20 national banks, said it had presented proposals on the issue to the central bank.

The Association has put forward its views to the central bank on the BCCI problem, the Association's Director Louay Bustanji, said in a report during the group's annual meeting on Thursday.

This is a contribution on the issue from the Association with the aim of protecting local depositors and shareholders, he added in the report, obtained on Saturday.

The biggest UAE Emirate of Abu Dhabi owns 77 per cent of BCCI, which was shut down worldwide last year for massive fraud and is in the process of liquidation.

The majority shareholders have agreed on a package to compensate creditors worldwide but it does not include the more than 30,000 depositors in the UAE, where BCCI has eight branches.

Bankers said they expected UAE-based BCCI to compensate most creditors by depositing 40 per cent of their deposits while small clients could get all their funds.

Marshall Islands gets WB membership

Meanwhile, the Republic of Bosnia-Herzegovina applied for membership in the World Bank on April 20.

The republic has also applied for membership in the International Monetary Fund (IMF). The membership in the IMF is a prerequisite for membership in the World Bank.

Pak Interbank rates close higher: Interbank call rates in Pakistan closed sharply higher on the eve of the auction of T-bills worth four billion rupees on Sunday, reports Reuters from Karachi.

Nasir Bukhari, a dealer at KASB and Company, said the rates rose to 7.75-00 per cent from 2.25-00 per cent but the money market was in active on Saturday.

Crude oil prices become firm while gold eases, tea remains steady

LONDON, May 24: North Sea Brent crude prices rallied this week during OPEC's meeting in Vienna as, contrary to expectations, there appeared to be a consensus in favour of maintaining the output ceiling at around the same level in the third quarter, reports AFP.

OPEC Oil Ministers appeared to be moving towards an agreement in early afternoon Friday.

Oil sources had feared before the meeting started that Saudi Arabia, OPEC's biggest producer, would insist on the ceiling being raised by one million barrels per day (BPD) from its current level of just below 23 million BPD. But by Friday, Saudi Arabia seemed prepared to accept a compromise, giving Kuwait and may be Saudi itself a slightly higher quota.

Coffee prices, which recently fell to their lowest levels since the early 1970s, staged a partial recovery. Brazil and Colombia, the world's leading producers, appeared to be closing the gap in their positions on a new international agreement.

The market was waiting for the producer meeting of the International Coffee Organisation (ICO), due from May 27 to 29 in London.

Unilateral initiatives, such as Costa Rica's suspension of exports last week, seemed to be no substitute for concerted international action.

On the London Metal exchange (LME), zinc firmed and cash prices retained a high premium over forward metal on renewed options-related trade. Copper firmed as traders looked ahead to US labour negotiations in June. But tin fell back on profit-taking, after reaching 19-month highs, and aluminium reduced its gains as stocks rose to new record highs and demand remained weak.

Gold: Quiet. Gold prices eased slightly in quiet trading. The group Gold Fields Mineral Services said in its annual report, considered as the "bible" of the gold market, that western mining production had grown by just two per cent in 1991, the weakest growth rate in the past decade. Production was "edging towards a plateau", the report said. Total supply of gold in the western world fell for the first time since 1983 last year, falling by over three per cent to 2,815 tonnes.

But lower investor demand and lack of speculative buying interest had pushed gold prices down by six per cent to their lowest levels in real terms since the 1970s, making more than a third of the producing industry unprofitable.

But gold fields noted that it was difficult to predict the future trend in prices, as 55,000 tonnes of gold as well as gold coins were stockpiled and could be sold on the market at any time.

Platinum: Erratic. After a hesitant start, platinum was supported by buying attributed to a US trade house, but later lost some of its gains.

Johnson Matthey, the world's leading platinum refiner, gave what was considered an encouraging assessment of prospects for the metal in its annual report. The report predicted prices would recover from the third quarter of this year, due to an improvement in the balance between supply

and demand.

Silver: Slightly weaker. Silver prices eased on the back of gold.

Copper: Firmer after weak start. Prices fell at the beginning of the week, despite a wage settlement in the German engineering industry Far East buying interest and hopes for an upturn in the market then supported copper prices from mid-week.

Analysts GNI predicted prices would rise in the short-term, due to labour negotiations at US producers representing 800,000 tonnes/year of capacity over the coming weeks.

LME stocks fell 6,025 tonnes to 265,725 tonnes.

Zinc: Firmer. Zinc prices firmed after a hesitant start, on a renewed bout of options-related buying, traders said.

The premium for spot metal over three-month metal remained high at 94 dollar tonne by the end of the week, but narrowed from 103 dollar at the end of last week.

The backwardation, a feature of the market since the end of March has reportedly been caused by certain traders buying to raise physical prices. Then selling their physical supplies to buy forward metal at a discount.

LME stocks rose 2,000 tonnes to a new record high of 256,950 tonnes.

Lead: Firmer after weak start. Prices fell at the beginning of the week, stabilised on consumer buying at the lower levels, then showed signs of an upturn towards the end of the week.

Japanese demand for lead was slack, according to traders in Tokyo, as battery manufacturers, the main end-user of lead in Japan, had excess stocks.

LME stocks rose 300 tonnes over the week to 136,650 tonnes.

Tin: Lower after strong start. Tin prices fell back at the end of the week on a wave of technical-based selling and profit-taking, after soaring to their highest since October 1990, breaching the 6,300 dollars/tonnes level in early trading Thursday.

In Kuala Lumpur, tin prices reached new 10-month highs. The head of one of Malaysia's two smelting companies said prices were boosted by consumer demand.

Lme stocks rose 730 tonnes to 12,775 tonnes.

Aluminium: Easier after firm start. Prices lost some ground towards the end of the week on profit-taking, after breaching the 1,350 dollars/tonnes level mid-week.

Analysts at Billiton-Enthoven Metals forecast a slight rise in the average price of aluminium this year, to 60 cent/pound against 59.1 cent in 1991.

But the rally will accelerate in 1993 to bring the average price to 75 cent, they said. The supply surplus in the West, which climbed to 915,000 tonnes in 1991, should decrease to 265,000 tonnes in 1992 and eventually turn into a 250,000-tonne deficit in 1993.

The latest International Primary Aluminium Institute (IPAI) figures showed western world production rose by an average daily rate of 400 tonnes in April from March, to

39,700 tonnes/day.

LME stocks rose by 7,825 tonnes to a record 1,239,500 tonnes.

Nickel: Easier. Nickel prices were hardly changed, and ended the week slightly down in a dull market, as they were unable to sustain levels above 7,400 dollar/tonne, traders said.

LME stocks rose 336 tonnes to 27,390 tonnes.

Coffee: Firmer. Prices were supported by efforts by the world's two largest producers, Brazil and Colombia, to unify their stance on a new international agreement.

Representatives of the two countries met Monday in Rio de Janeiro and later indicated they had virtually closed the gap between their respective viewpoints. They agreed in particular on unification of the world market, the global volume of export quotas and methods of controlling quotas.

Sugar: Easier. Prices eased, despite a violent three-day military suppression of anti-government demonstrations in Bangkok.

Operators did not expect disruptions to deliveries from Thailand, where 1991-92 production was estimated at 5.15 million tonnes by London traders Czarnikow, against 4.06 million tonnes last year.

London traders ED and F Man estimated that world sugar production would exceed consumption by three million tonnes in 1991-92.

Cocoa: Weak. Cocoa prices continued to ease, falling to their lowest levels in 17 years on fears of new sales by Ivory Coast and a lower forecast for this year's world production deficit from a London trade house.

London traders Gill and Duffus revised their forecast for the world deficit in cocoa production against consumption for 1991-92 (October-September) to 107,000 tonnes from 177,000 predicted in January. This was largely due to a higher estimate for Ivory Coast's production, and sharply lower consumption in the former Soviet Union. But Gill and Duffus stressed that a second annual deficit in 1992-93 would boost prices.

The market remained depressed by the prospect of increased sales from Ivory Coast.

Vegetable oils: Weak. Vegetable oil prices eased despite lower estimates for harvests of Polish Rapeseed and Argentinian Sunflowerseed.

According to newsletter Oil World, Poland's rapeseed harvest could fall to its lowest level in eight years, at around 0.9 million tonnes, compared to 1.04 million tonnes last year.

The Sunflower oil market could benefit from the fall in Argentina's output to 3.26 million tonnes from 4.03 million tonnes last year, oil world predicted. But the combined impact of the lower harvest and low world stocks of Sunflower oil was not expected to be felt until September.

Palm oil prices, on the other hand, firmed on news of a lower-than-expected rise in Malaysia's stocks. The stocks rose by 5.2 per cent at the end of April compared to a month earlier, to 509,922 tonnes.

Crude Oil: Firmer after weak start. North Sea Brent prices fell before the start Wednesday of OPEC talks in Vienna, as analysts feared the cartel would raise its output ceiling by one million barrels per day (BPD) for the third quarter of 1992.

According to specialist publications Petrostrategies and Middle East Economic Survey (MEES), Saudi Arabia was expected to ask for the global production ceiling, now slightly below 23 million BPD, to be raised to at least 24 million BPD.

But prices began to recover Thursday, as operators speculated on the real reason for the absence from the Vienna meeting of Saudi Oil Minister Hisham Nazer, who, according to Saudi sources, was overworked. Some saw it as a snub of Iran, which was seeking a cut in OPEC's output ceiling. Others saw Nazer's absence as an attempt to push prices up.

Prices continued to rise as it became clear that OPEC was moving towards a compromise of maintaining its production virtually unchanged in the third quarter. Delegates indicated Friday morning that they were hoping to convince Saudi Arabia to accept either no change or a modest rise in the production ceiling. They added that Saudi Arabia appeared conciliatory.

London analysts on Friday morning were expecting a rise of about 400,000 BPD in Kuwait's quota and one of about 100,000 BPD for Saudi Arabia. These changes would raise the total ceiling to about 23.5 million BPD.

Rubber: Weak. Rubber prices fell back in spite of a violent end to demonstrations in Bangkok. Thailand is the world's leading natural rubber producer, with production estimated at 1,373 million tonnes in 1991 by the International Rubber Study Group.

The International Natural Rubber Organisation (INRO) embarked on an eight-day meeting in Kuala Lumpur Tuesday. Producer countries threatened to abort the international agreement if consumers continue to refuse to negotiate a more effective pact to support prices, and said they would revert to the 1975 agreements which excluded consumers.

Grains: Easier after strong start. Grain prices eased after a strong start on the London market, while in Chicago they fluctuated following weather forecasts for producing regions in the US which have been affected by hot, dry conditions.

The agreement reached Thursday on a radical reform of the European Community (EC)'s Common Agricultural Policy (CAP) to take effect from 1993-94 did not affect prices. The reform is expected to lead to a 29 per cent fall in the grain index price over three years and a freeing of 15 per cent of arable land of EC farmers.

Tea: Steady. Demand was slightly more selective this week on the London auction, but prices remained firm due to the drought affecting production in India, Malawi, Zim-babwe, Kenya and Sri Lanka.

Average prices for quality grades steadied at 145 pence/tonne, medium grades at 105 pence and low medium grades at 88 pence.

Cotton: Quiet. The index was hardly changed on the Liverpool market, where the trend remained cautious due to a lack of demand from Europe.