

Stunned EC ministers to hold emergency meeting today

Danes marginally reject proposed Euro-union

COPENHAGEN, June 3: Denmark's voters rejected the EC Maastricht Treaty on Tuesday by the slimmest of margins, stunning the European Community and their own overwhelmingly pro-treaty leaders, reports Reuters.

"This puts us in an extremely difficult position," Prime Minister Poul Schlüter told Danish Television. "We must take this as the will of the people and weigh up the whole situation."

The final count in the country's binding referendum showed that only 48,000 votes separated the two sides, with 50.7 per cent of Denmark's 3.96 million voters rejecting the treaty against 49.3 per cent in favour.

Foreign Minister Uffe Ellemann-Jensen, an outspoken advocate of the treaty, said Denmark's politicians and under-estimated the strength of popular opinion against the treaty.

"It's a blow to all of us from the Danish voters," he said. "There's no hiding that I'm deeply disappointed."

The final result contrasted sharply with the latest opinion polls, which has showed a clear majority supporting the treaty after a neck-and-neck race until the last week of the campaign.

Denmark's shock rejection of the treaty cast uncertainty over its future status in the Community it joined 30 years ago.

Heads of several other member states have said they will refuse any Danish request to renegotiate all or parts of the treaty, and will press ahead with a new version of the treaty that simply excludes Denmark from future areas of cooperation.

Danish political and business leaders have said a Danish "no" would drive away foreign investment, push up Danish interest rates and put thousands of jobs at risk.

But Holger K Nielsen, leader of the strongly anti-Maastricht Socialist Peoples Party, gave the result an exuberant welcome.

"This shows a majority of Danes have seen through the scare campaign waged by the pro-treaty leaders," he declared.

A despatch from Brussels adds: European Community ministers, stunned by Denmark's rejection of the Maastricht Treaty, will hold emergency talks on Thursday to survey the wreckage of their plans for economic and political union.

"It's a very serious blow for the Community... the bottom line is that the Community is not ready for a step forward," one EC official said.

Portuguese foreign Minister Joao de Deus Pinheiro, whose country holds the EC presidency, said he was deeply disappointed by the narrow victory for the "no" camps in Tuesday's referendum.

He was due to have previously scheduled breakfast talks Wednesday with European Commission President Jacques Delors, who then chairs a weekly meeting of the EC executives which is certain to become a crisis session on the bloc's future.

Unless the Danish vote can be reversed, the elaborate union treaty on closer integration which includes a blueprint for a single EC currency by 1999 cannot take effect.

And the rest of the Community's ambitious plans, including negotiations to bring in several new members in the coming years and a radical overhaul of its finances known as the Delors II Package, are now on hold.

This result will cut across the entire Community agenda, including enlargement and Delors II, one official said.

"Everything is on hold... there will be a sobering pause," said another.

A Portuguese spokesman said the 12 EC Foreign Ministers would hold emergency talks on the sidelines of a NATO meeting in Oslo on Thursday. All except Ireland are NATO members and plan to be in the Norwegian capital.

Deus Pinheiro pledged to salvage what he could.

"As a first reaction and as a European, I can't but express my deep disappointment as well as my strong conviction that the ideal of European Union must continue to be pursued," he said in a statement.

EC officials said the Danish vote, though partly fuelled by long-standing anti-German feeling, was symptomatic of the frustration among Europeans which has produced resounding protest votes in several recent elections.

An economic downturn after the boom of the late 1980s has fed popular resentment.

The problem is that the Danish vote shows that there is so much discontent with politicians," one official said.

"I don't think that the Maastricht Treaty could survive a referendum in France either... or Germany," he added.

The officials said the chances of salvaging the treaty by some traditional EC legal manoeuvring appeared slim, since the other 11 states were far from united in their enthusiasm for the text and faced opposition to many aspects of the treaty.

Their tortuous year-long negotiations culminated in a fragile 12-way compromise at last December's summit in the Dutch city of Maastricht.

Governments had been so nervous about reopening debate on the treaty that they refused earlier this year to allow Dublin to amend a special protocol protecting Ireland's ban on abortion after a teenage rape victim was initially refused permission to travel abroad for an abortion.

"It wouldn't be so bad if Denmark were the only member state with problems," one official said.

The troubles is that now everybody will have an excuse to start opening Pandora's Box," he added.

The officials said the Danish vote would have a huge impact on the ratification debate throughout the Community, even in countries which did not need a referendum.

Apart from Denmark, only Ireland had been planning to hold one.

The main argument governments have been using in countries where there is opposition is to say that this is a "take it or leave it" package, that it would be unthinkable for anyone to say "no," one official said.

"Now someone has said 'no' and there is no reason for anyone to hold back... but perhaps this was needed. Maybe the lesson is that you can't force progress by twisting people's arms."

BRIEFS

ESCAP meet on transport begins

BANGKOK, June 3: Transport and Communication Ministers from 27 Asian and Pacific countries began a meeting here Wednesday to discuss problems concerning the development of export-oriented transportation and tourism in their respective countries. That news agency reported Wednesday, says Xinhua.

The ministers or delegates will attend the second Asian and Pacific Ministerial Meeting on Transport and Communication, being organised by the UN Economic and Social Commission for Asia and the Pacific (ESCAP) from June 3 to 5, the report said.

Quoting a press release from the ESCAP, the report said that these ministers or delegates will finalise and launch Phase II (1992-1996) of the transportation and communication decade programme which will assist ESCAP member countries to adopt multi-modal transport systems through the use of new technologies.

EC endorses ban on Yugoslavia

BRUSSELS, June 3: The 12 European Community states formally endorsed United Nations and EC sanctions against Serbia and Montenegro on Tuesday and the measures will come into effect on Wednesday, EC officials said, reports Reuters.

The complex legal texts will come into force as soon as they appear in the next issue of the Community's official journal on Wednesday.

The EC sanctions were agreed in principle last Wednesday but their formal approval was held up by the need to include more far-reaching UN decisions.

Transport strikes start in Italy

MILAN, June 3: Italy's independent unions began a series of transport strikes as labour leaders and employers lined up for major wage negotiations despite the absence of an effective government, reports Reuters.

At state in the formal talks opening on Tuesday is the future of wage-indexation, a cornerstone of Italian labour legislation that has largely guaranteed social peace since the early 1970s. The system is known as the Scala Mobile.

With Italy under fire from its EC partners over its disastrous public finances, employers want to stop protecting wages against rises in the cost of living — a system they blame for making Italian exports increasingly uncompetitive.

Iran-Abu Dhabi caviar deal

ABU DHABI, June 3: Iran, the world's biggest caviar producer, has signed a marketing deal with Abu-Dhabi based company to face competition from former Soviet Caspian republics, Iranian officials said, reports AFP.

The government-owned Al-Shifaf Trading Company of Iran signed a 30-million-dollar deal with Al-Nabouda General Enterprises Corporation on Saturday.

"It is the first contract of its kind awarded by Iran to a company in the Middle East," Al-Nabouda General Manager, Ahmed Abdul Karim, told AFP by telephone from Dubai on Sunday.

Unemployment in Israel soars

JERUSALEM, June 3: Unemployment soared in the first quarter of 1992, helping to push immigration from the former Soviet Union to a record low one month before Israel's general election, figures showed on Tuesday, reports Reuters.

The Central Bureau of Statistics said joblessness reached 11.5 per cent in the first three months of the year compared with 11 per cent in the fourth quarter of 1991. It was the highest in more than 20 years.

Tokyo shares mixed in early Wednesday

TOKYO, June 3: Share prices on the Tokyo Stock Exchange were mixed in Wednesday morning trading, while the US dollar edged lower against the yen, reports AP.

The 225-issue Nikkei Stock Average was up 42.86 points, or 0.23 per cent, closing the morning session at 18,168.41. On Tuesday, the average rose 121.44 points, or 0.67 per cent.

The Tokyo Stock Price Index of all issues listed on the first section, which gained 4.04 points Tuesday, fell 0.38 points to 1,364.20. At late morning, the dollar was changing hands at 127.44 yen, down 0.04 yen from Tuesday's close.

It opened at 127.54 yen after finishing overnight at 127.45 yen in New York.

Probe body finds 'massive collusion' between banks, brokers

British bank faces \$ 363.8m losses in Bombay Stock scam

BOMBAY, June 3: A foreign-owned bank is facing losses of up to 363.8 million dollar in India's biggest stock scam, authorities said Tuesday, reports AP.

The Standard Chartered Bank and five other financial institutions entered into irregular financial transactions in securities dealings, a committee appointed by India's central bank, the Reserve Bank of India, said.

The committee said it found "massive collusion" between bank officials and stock and securities brokers in secretly transferring 1.06 billion dollar from banks and government financial institutions to the share market.

Investigations show that the Standard Chartered Bank paid 103 million dollar for buying "gilt-edged" government securities. But the bank does not possess receipts for the purchases, said the committee in an 80-page preliminary report submitted Tuesday to federal Finance Minister Manmohan Singh.

The British bank purportedly bought separate securities worth 260.3 million dollar from two banks. Although it had receipts for the purchases, the banks that issued the receipts did not possess the securities, the report said.

The receipts "do not have sufficient backing and are of doubtful value," the report added.

The Bank of Karad Ltd, one of the two banks that issued the receipts to Standard Chartered, was liquidated last week. Also last week, the Metropolitan Cooperative Bank Ltd, the other bank that issued receipts, was superseded by the Reserve Bank.

In the London headquarters of the Standard Chartered Bank, executives Tuesday denied the reports as false. Last week, the bank acknowledged potential exposure to the Bombay stock scandal and said it was studying transactions involving about 180.4 million (100 million pounds).

It also said it would make a provision of 90.2 million dollar (50 million pounds) against its accounts in relation to the expected losses.

Another British bank, ANZ Grindlays, also is facing a 167-million dollar setback in the stock market scandal. On Sunday, the bank assured depositors it had done nothing wrong and that their losses would be covered.

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CHILDREN'S CAUSE: The Princess of Wales Lady Diana (R) with Ivana Trump at a lunch in London for the Birthright/St Mary's Save the Baby Fund on June 2. — AFP photo

Bush to keep MFN status to China

WASHINGTON, June 3: President George Bush told Congress on Tuesday that he intends to extend preferential trade treatment to China for another year, the White House said, reports Reuters.

The President informed the Congress Tuesday that he plans to extend China's Most Favoured Nation (MFN) status for another year, a statement by Press Secretary Marlin Fitzwater said. In making this

important decision, the President stressed that it is wrong to isolate China if we hope to influence China.

Under MFN trading status, China will be continue to be guaranteed the best possible tariff treatment under US law.

The White House statement said Bush made the decision despite US disappointment in Chinese progress on human rights.

It declared that the US

policy of direct engagement with the Chinese had been successful, and the administration intended to maintain this policy to protect American interests while we promote positive change in China.

Beijing's welcome
AP/ from Beijing adds: China on Wednesday welcomed US President Bush's "sensible decision" to renew its Most-Favoured Nation trade status, but urged an end to the annual renewal debate.

"The US Congress's annual consideration of China's MFN status creates a sense of instability and insecurity for businessmen of both countries.

They don't dare make long-term plans," the Ministry of Foreign Economic Relations and Trade said in a statement.

GCC pact to unify tariffs, currencies

ABU DHABI, June 3: Gulf Arab states have dropped their reservations and are moving toward unifying their customs tariffs and currencies, regional officials have disclosed, reports AP.

Ahmed al-Tajer, Minister of State for Financial and Industrial Affairs, said agreement had been reached by Gulf Cooperation Council (GCC) Finance and Commerce Ministers at talks in Riyadh over the weekend.

We agreed on a timetable of five years to implement all articles of that agreement.

But Kuwaiti Finance Minister Nasser al-Rowdan said the minister had set 1999 as the target date for the creation of a Gulf common market.

The economic accord was signed a year after Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the UAE created their defence and economic alliance in 1981.

It calls for free movement of trade and travellers among member states, permission for GCC citizens to do business in any member country and unification of custom tariffs and currencies. The eventual target is a common market.

At present some GCC currencies are pegged to the US dollar while others are tied to a basket of currencies.

Customs are even more complicated, exceeding 20 per cent on some products in Saudi Arabia but less than four per cent in the UAE, which also have varying tariffs among its own member emirates.

But the UAE English-language newspaper Emirates News has reported that officials have agreed to unify tariffs in the seven emirates by June 15.

In another move to bring the UAE closer to GCC customs regulations, authorities have said they plan to raise tariffs on cigarettes from 34 per cent to 50 per cent, the level enforced in other member nations.

GCC Assistant Secretary General for Economic Affairs Abdullah al-Quwaihi said recently the planned single GCC tariff would be midway between existing rates.

World Watch Institute seminar that "unfortunately, there has been a gradual watering down of many proposals during the preparatory processes."

"We hope, and believe," she said, "that his trend can still be reversed with the help of public opinion and by bringing pressure to bear at top political levels in a number of countries."

Gitar's ship, berthed against the magnificent backdrop of Rio's Sugar Loaf mountain and its statue of Christ with outstretched arms, is a reminder to the 30,000 attendees here that French secret agents blew up the first Rainbow Warrior in 1985 — with the loss of one life — to prevent its sailing to the French nuclear test site on the south Pacific Atoll of Mururoa.

"The Rio conference is already stillborn, and only a miracle could save it from disaster," Gitar said.

Worldwatch President Lester Brown said the United States was in a leadership role at the first UN conference on Environment and Development in Stockholm 20 years ago.

But now, he said, "Many delegates see the United States as part of the problem."

Brown said he was glad US President George Bush was coming to the conference "because he will be exposed to the views of other leaders and might leave 'thinking of some of the problems inspired by US recalcitrance.'"

The Earth Summit Secretary estimates that industrialized countries need to provide 125 billion dollar a year to fund environmental projects in developing countries, which themselves need to put up 500 billion a year.

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Information tech leader has gap in information with others!

TOKYO, June 3: Japan, the leader in information technology, communicates less with the rest of the world than its major trading partners, according to a government report out Tuesday, reports AFP.

Exchanges of information with the rest of the world (by telephone, television, office equipment) are about a third of that in the United States and Britain and well below Germany, France, Italy, the Netherlands, Canada and Australia, according to the annual telecommunications white paper.

Per head of population in terms of the flow of information within a country, Japan is in fourth position after Canada, the United States and the Netherlands. In 10 years, information flows within the 30 largest countries studied has climbed 1.83 times (mainly due to the telephone and television).

The figures go some way towards explaining international ignorance about Japan and Japan's knowledge gap about the rest of the world, the white paper said.

By contrast Japan is the world's top consumer of news, if one excludes Cable Television, it said.

The telecommunications sector is in full bloom in Japan, as witnessed by the rapid growth of mobile telephones and high speed digital circuits ISDN (Integrated Service Digital Network).

During the 1980s, while Japan's Gross National Product grew 43 per cent, the telecommunication market swelled 123.7 per cent to represent 9.6 per cent of Japanese output.

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WB gets a unique plea to help reduce poverty

WASHINGTON, June 3: More than 1,300 legislators from 26 countries have petitioned the World Bank to support education, health and other programmes aimed at reducing world poverty, reports AP.

The lawmakers' letter of appeal, made public Tuesday, was sent to World Bank President Lewis Preston.

It originated with Congressman Tony P Hall, Chairman of the US House of Representatives Committee on Hunger. Aides said it had been signed by 259 other members of Congress and 309 British parliamentarians, as well as 231 from Germany and 172 from Japan.

The letter said discussion of how to reduce the number of the world's poor is likely to be central to the Earth Summit that opens in Rio de Janeiro Wednesday.

We would like to see substantial increases in the portion of the Bank's lending going to the programme of targeted interventions against poverty," the legislators wrote.

They asked for: An increase of the bank's lending for basic health care to 5 percent of the total, which would be about 1.2 billion dollar for 1993-4, and a substantial increase for primary schooling.

Increased loans for low-cost improvements in water and sanitation. It quoted a UN estimate that 80 per cent of spending for this purpose goes to projects that cost more than 500 dollar per person helped, rather than to low-cost projects that cost less than 30 dollar a person.

A significant number of loans based on the borrowing country's anti-poverty policies. Such loans would include targets for reducing the number of poor people and changes in policies that make poverty worse — policies on taxes, subsidies, military and social spending, land ownership and credit for the poor.

There is no ground for that kind of information," he told AFP.

Japan, which is subject to foreign pressure to prod internal demand, has repeatedly trimmed its discount rate the implemented stimulatory fiscal measures to kick along economic growth.

"We are waiting to see what is going to happen," the official said, toeing Tokyo's official "wait and see" line.

The officials said Japan's Gross National Product (GNP) figures for the first quarter of 1992, out in mid-June, will be better than expected.

This will undermine the arguments of those who want Japan to take more monetary and fiscal measures to stimulate its economy, he said.

They said the yen's rise against major currencies and the Bank of Japan's recent interest rate cut would speed a world recovery.

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