## Poverty in Canada

likely to worsen OTTAWA, June 28: Poverty in Canada is likely to worsen in the 1990s because of a growing number of family breakdowns and a decline in mid dle-level jobs, reports Xinhua.

In a report on the changing face of Canadian poverty, the Economic Council of Canada, a government-funded economic forecasting agency, says that current indicators suggest the problem may worsen rather than improve during the 1990s.

After four years of research, the council says one-third of all Canadians will experience poverty over the course of their working lives.

### EC rejects Delors' budget compromise

LISBON, June 28 : EC President Jacques Delors said his compromise proposal to extend his EC budget package to seven years from five and effectively guarantee a doubling of funds to poorer countries had not been accepted by EC leaders here, reports Reuter.

"That proposal is withdrawn. I'm going back to the original package," he told reporters. Richer countries had been unwilling to commi themselves because of fears of consequences at home for ratification of the Maastricht Treaty on European union and because they are preparing their own 1993 budgets, he added.

#### India to buy Canadian wheat

NEW DELHI, June 28 India is buying one million tonnes of Canadian wheat to beef up its reserves and the first shipment will arrive in July, the Press Trust of India (PTI) said Saturday, reports

New Delhi floated global tenders for the wheat in March after the United States refused to sell it the commod ity at subsidised prices on grounds that India was not a traditional buyer.

Washington was also angered by an Indian rice sale to

#### Illegal foreign firms in Vietnam

HANOI, June 28: As many as 52 foreign companies, mostly Asian, have been found doing tilegal business in Ho Chi Minh City, the Vietnam news agency reports, according to Xinhua.

VNA quotes the ministry of Commerce and Tourism as saying that most of them rented hotels or private homes to open offices without going through investment proce-

### EC leaders plan to woo constituents

LISBON, June 28: Adopting a conciliatory line, European Community leaders on Saturday pledged to do better in explaining their far-reaching plans for a united Europe to wary constituents, reports

In doing so, the leaders hoped to avoid a repeat in the coming months of the humiliating setback dealt by Danish voters who turned down a historic accord for a fledging federal government.

France and Germany, key architects of the unity project, have yet to approve the agreement. Strong opposition has surfaced in those countries since the Danish referendum.

#### French farmers' protest continue

PARIS, June 28: Farmers dumped vegetables in Marseille, rallied in Lyon and rampaged in Brittany Saturday in the latest set of daily protests across France, reports AP.

Farmers protesting cheap foreign competition dumped thousands of tomatoes, leeks and tangerines along the quais of Marseille's old port.

In Lyon, further north, farmers drove about 200 tractors and other farm vehicles into the centre of town for a peaceful three-hour protest. In the Breton town of Lanion, officials cleaned up after an early morning rampage by vegetable growers who damaged a courthouse and administrative of-

### Egypt raises prices of petrol

CAIRO, June 28: Egypt, seeking to meet the goals of an economic reform programme agreed with the International Monetary Fund (IMF), raised prices of petrol on Sunday by about 25 per cent, reports

Reuter. Motorists who stopped at filling stations after midnight were told of the new rates, which took the price of a litre of high octane petrol to one Egyptian pound (30 cent) from 0.8 pound (24 cent). Lowergrade petrol went up to 0:9 pound (27 cent) from 0.7 pound (21 cent). Egypt, which signed an agreement with the IMF 13 months ago, is committed to a reform programme that would abolish state-imposed price controls.

# UN study expresses cautious optimism for world economy

UNITED NATIONS, June 28: The world economy may pull out of its recession this year but the recovery could be too weak to overcome all the problems caused by the downturn, according to a United Nations study, reports AFP.

The report, entitled "World Economic Survey 1992" said that while the world's economy will probably rebound this year from its first recessions since the end of World War II, the recovery will be modest one at best.

The study predicts that the world's Gross Domestic Product will increase slowly this year, at an average rate of just one per cent, but should increase to three per cent next year.

In industrialized nations, the growth rate is expected to reach 1.7 per cent in 1992, but should improve to almost three per cent next year, the study said. Inflationary trends should continue to wane in North America but could increase slightly in Europe, it

financial flows in both developed and developing

economies. In developing economies, although

the participation in FDI increased, official devel-

opment finance remained the major source of

funds. In both developed and developing

FDI became an increasingly important com-

ponent of total financial flows worldwide. Tran-

sitional corporations also expanded their use of

a variety of non-equity arrangements, such as licensing agreements, management contracts,

franchising, turnkey contracts and international

subcontracting. These arrangements involved

intercountry transfers of capital although they

do not fall into the category of FDI. The global

of which \$ 30 billion, or 15.0 per cent, was

invested in developing economies. Thus,

have grown at an average rate of 16 per cent

inflows fell, on average, from 25.0 per cent

commercial banking flows.

flows to developing economies.

economies the relative importance of interna-

tional commercial bank lending declined.

added.

After having virtually stagnated in 1990, global per capita economic growth declined by more than two per cent in 1991.

Among the developing countries, the economic growth rate in Africa is forecast at 3.5 per cent in 1992 compared to 3.1 per cent the year before, barely keeping pace with a rapid increase in population.

Latin American economies. for their part, finally appear to be awaking from a " lost decade" of stagnation, with a growth rate of three per cent forecast for 1992 and four per cent next year. It was at 2.6 per cent in 1991.

The highest growth rates are predicted for South and East Asia, with increases of 5.5 per cent expected this year and 6-4 per cent in 1993. The region's economies grew by 5.4 per cent last year despite the global recession, the re-

The relative lack of eco-

Changing structure of global financial

flows and the developing countries

There have been substantial changes in the nancial firms accounted for only 4 per cent of

composition of global financial flows during the the total flows to developing countries in 1990.

1980s. Foreign direct investment (FDI) and the It is expected that further developments in fi-

securitized forms of borrowing, rather than bank nancial markets will modify the structure of fi-

loans, have become major components of private nancial flows to developing countries in the fu-

flow of FDI grew rapidly in the 1980s and over \$ 7 billion during the period 1986-1988.

reached a level of nearly \$ 200 billion in 1989. Moreover, the apparent surge in flows from

although FDI flows to developing economies flect voluntary lending on the part of the banks

during the period 1980-1984 to 19.0 per cent most important form of financial flow into de-

during the period 1985-1989. The percentage veloping economies. The two components of of-

share of FDI in total financial flows to developing ficial development finance are : (a) official devel-

countries, however, increased from 7.9 per cent opment assistance (ODA), which represents

in 1985 to 22.0 per cent in 1990. That reflected grants but also loans given on a concessional ba-

not only growth in FDI flows but a decline in sis to developing economies, and (b) other offi-

five developed economies: France, Germany, development finance accounted for 55.0 per

Japan, the United Kingdom of Great Britain cent of total net flows to developing economies,

and Northern Ireland and the United States of compared with 38.0 per cent in 1982. ODA re-

America. Japan replaced the United Kingdom as mained the major source of financial flow for

the largest source of investment flows, account- many of the poorest developing economies of

ing for 23.0 per cent of the total worldwide out- the world. In fact, for most least developed

flow in 1989. Recently, newly industrializing economies, ODA accounted for about 90.0 per

economies (NIEs) and ASEAN (Association of cent of total external flows coming in. In 1990,

South-East Asian Nations) countries of the total ODA flows increased by about \$ 10 billion

ESCAP region also emerged as an important in nominal terms, the largest such annual in-

source of outward FDI flows. These economies crease during the period of 1980-1990. How-

are expected to increase their share in global ever, ODA from major European countries has

FDI flows in the future. The Asian and Pacific re- remained more or less stationary during recent

gion also received almost half of the recent FDI years. Moreover, there appeared to be a risk

flows originated from securities and financial side, Japan's ODA programme has grown

services firms; generally bypassing the com- rapidly in recent years. While most ODA was

mercial banks. These firms innovated new fi- disbursed bilaterally, more than a fifth was

nancial instruments such as Eurobonds, Euro- multilateral. In 1990, multilateral disbursements

commercial papers, not issuance facilities, float- rose by \$ 1.0 billion to \$ 13.2 billion from \$ 12.2

and United States firms usually dominate securi- finance consisted of disbursements from multi-

ties markets and do their business mostly in de- lateral development banks, principally the World

veloped countries. Developing economies have Bank, and bilateral official development finance

not benefited substantially from these changes from DAC (Development Assistance Committee)

in international financial markets, except for the countries. These funds were most often utilized

Bahamas, Bahrain, the Cayman Islands, Hong for debt buy-backs, exchange of debt at a dis-

Kong, Lebanon, the Netherlands Antilles, count under the Brady Plan of restructuring

Panama and Singapore, which have developed debt, which aims at the reduction of developing

themselves as offshore financial centres. A few country debt and debt-service ratios. In 1990,

NIEs also floated short-term notes on the Eu- these initiatives reduced commercial debt and

rocurrency market, although the scale of these debt services in Costa Rica, Mexico and the

operations was rather small. Overall, total bond Philippines by a total of \$ 9.5 billion.

A large proportion of other private financial Eastern European countries. On the positive

The major part of FDI flows originated from commercial terms of lending. In 1990, official

annually since 1984, their share in worldwide structuring and rescheduling of debts.

nomic growth and the consequent deterioration of social and economic conditions around the world over the last several years have created serious problems that need to be

addressed, the U.N survey said. Government have reacted. experts said by reducing budgets and slashing the salaries of public servants, which has had the effect of " accentuating the problem, rather than remedying it," the report said.

The international debt crisis has been defused, although in many countries it is still a problem and credit is rare. In 1991, the volume of

world trade grew by just three

per cent, marking the third straight year that the growth rate has slacked off. Trade is expected to risc by around 4.5 per cent this year, however, and a further in

the report said. The countries of Eastern Europe and the former Soviet Union have had to grapple with a "savage economic con-

ture as they securitize their outstanding debt

through debt equity swaps and shift their bor-

rowing from commercial banks to the securities

firms in financial markets was also accompanied

by a sharp decline in international commercial banking activities. In 1991, there was a decline

in the external assets and liabilities of banks

due to the contraction of interbank activities

and a further slow-down in final lending glob-

ally. The share of commercial bank lending in

total flows to developing countries declined

from 18.3 per cent in 1985 to 12.8 per cent in

1990, despite the absolute rise in the volume of lending to \$ 18.5 billion from an average of just

commercial banks to developing countries dur-

ing the years 1989-1990 ( see table) did not re-

but was substantially tied to the Brady Plan of re-

Official development finance has been the

cial flows which reflected more or less the

that some for their ODA could be diverted to

The major part of other official development

The increase in the activities of securities

crease is predicted for 1993,

traction" that is unprecedented in the developed world, and the number of poor and homeless is on the rise.

"There is no other way to resolve the economic and political crisis multiplying in the world community than to give priority to the restoration of growth," the U.N report said.

Experts contributing to the study said that priority should be given to increasing investment rather than reducing budget deficits.

In the modicum team world economic growth will be unnecessarily restrained by the inadequate allocation of resources to investment projects, as well as the " inopportune" cutbacks of investments in the public sector, the report

The pendulum may have swayed too far in the direction of market orientation, leading to a neglect of the role and responsibility of the state in development", the study concluded.

## Japan's ruling party outlines measures to buoy economy

TOKYO, June 28: Japan's ruling Liberal Democratic Party (LDP) said Saturday it has worked out the outline of pump-priming measures to buoy up the falling economy. reports AFP.

The second emergency economic package proposed by the LDP this year features measures to stimulate domestic demand, including a supplementary budget to be compiled by the government, party officials said.

Such additional steps are necessary for Japan to achieve the targeted 3.5 per cent real growth in the Gross National Product in the fiscal year end ing March 1993, the officials

The first emergency pack age included the advance im plementation of public works projects and the promotion of private-sector capital invest-

Additional fiscal measures should be adopted "as soon as possible," the ruling party said, adding the size of the proposed supplementary budget would be decided later.

## Arab banks should form cartels, says senior banker

DAMASCUS, June 28 A scnior Arab banker advised Arab banks to form cartels in order to be more competitive, re-

ports Reuter. Adnan el-Hindi, secretary general of the Union of Arab Banks (UAB), which groups all Arab commercial banks and most central banks, said in an interview Friday, that international banks were creating strong cartels which Arab banks could not compete with if they were not united.

Hindi also said the union was seeking measures to give depositors more confidence in the Arab banking system. He said 1990 banks deposits in Arab League states totalled 338 billion dollar and investment in the same year was 450 billion dollar.

"With this volume of money. Arab banks could have a big say in international banking affairs (ESCAP study -1991) If they were united," he said.

# Bombay Stock suspends another leading broker

NEW DELHI, June 28: The Bombay Stock Exchange has suspended a leading broker and his two companies from its membership for his alleged involvement in a major securities scandal, a local news agency reported Saturday, according to Reuter.

The United News of India, quoting and exchange official, said the decision to suspend Bhupen Dalal and his companies had been taken after he had been found guilty of conduct and business methods unbecoming of a member of the exchange.

The Central Bureau of Investigation (CBI), probing the 30-billion rupee fone billion dollar) scandal, arrested Dalal earlier this week.

In a criminal complaint field before a special court, the CBI linked Dalai's name to an alleged fraud committed against the Indian branch of the Standard Chartered bank. Standard Chartered, in a

complaint lodged with the CBI carlier this week, had said that it had been cheated of about 8.90 billion rupee (342 million dollar) in its securities trans

actions with brokers and other banks. The complaint named nine bankers and brokers, in-

cluding Dalal. The CBI has arrested 11 people, including broker Harshad Mehta, the alleged kingpin of India's worst finan-

cial scandal.

The Bombay Stock Exchange has also suspended Mehta, his wife and brother. all three of them stock brokers, from the membership.

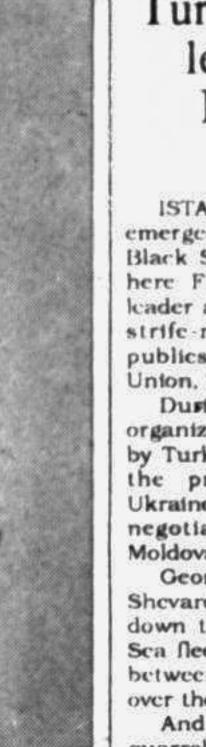
The CBI says brokers and bankers connived to divert funds from the government securities market to take profits on the then booming Bombay Stock Exchange.

The diversions were accomplished with banker's reccipts, which are promissory notes pledging delivery of securities in exchange for shortterm money to invest in the

AFP adds from Bombay: Brokers' protests over stern government measures to deal with a billion-dollar securities fraud limited, trading on the Bombay Stock Exchange (BSE) to just two days this week.

DELUXE

MILD



SEOUL: This undated photo shows a new model of cordless telephone (L) unveiled by South Korea's Samsung Electronics June 25 hailed by the company as the world's smallest and lightest. The phone, which Samsung plans to market beginning in August or September, is small and light enough to fit a shirt pocket. - AFP photo

## Corruption scandal rocks Brazil's government

SAO PAULO (Brazil), June 28: Brazil's President Fernando Collor de Mello, is slipping deeper into isolation as his government grapples with a widening corruption scandal, reports Reuter.

The corruption accusations, though as yet unproven, have threatened to derail Collor's efforts to overhaul Brazil's cconomy, the most important in Latin America. "I have never seen anything

like this. It is by far the worst crisis I have seen in this country, exploding from within the presidential palace," top busi nessman Antonio Ermirio de Moraes said on Saturday. The scandal-centering on

charges that Collor knew of widespread graft in his government and did nothing to stop it has shaken markets and left foreign and national firms with their investment plans on

It has also frozen progress on Collor's cornerstone project, an economic reform through a Congress currently obsessed with the corruption scandal. And it has raised the spe-

package he is trying to push

cific of an impeachment proceeding against Collor, just two years into his five-year term, and the possible ascension to the presidency of Vice President Itamar Franco who has openly opposed some of Collor's reforms. Franco last week told re-

porters he was "perfectly prepared" to take the presidency if Collor quit. Collor will return to Brasilia

Sunday from a two-day summit of six South American leaders in Argentina, where he was seldom seen and rarely ventured out of his hotel room except for formal functions.

Detractors say Farias set up a network of henchmen inside the government to skim off millions of dollar from state contracts and had anyone who got in his way fired.

## Asia-Pacific to have centre on investment information

PYONGYANG, June 28: A regional expert meeting has decided to establish an Asia-Pacific area investment information centre in Seoul next year to boost regional investment, a Tin Yonhap report said Friday, reports Xinhua.

The report said the threeday meeting concluded Friday, the centre was made up of representatives from six UN organisations, the South Korean government, the South Korea Export-Import Bank and the World Bank.

Participating UN organisations will include the Economic and Social Commission for Asia and the Pacific (ESCAP), the United Nations Conference on Trade and Development (UNCTAD) and the UN Development Programme (UNDP), the report added.

The report added that some 43 experts from 12 nations and regions including experts from China, India, Singapore and South Korea as well as representatives of international organisations attended the meeting.

## Turkey emerges leader from Black Sea summit

ISTANBUL, June 28: Turkey emerged from the 11-nation Black Sca summit that ended here Friday as an economic leader and peacemaker for the strife-ridden southern republics of the former Soviet Union, reports AP.

During the two-day summit, organized and lavishly hosted by Turkey in a seaside palace, the presidents of Russia, Ukraine, Moldova and Romania negotiated a cease-fire in Moldova's civil war.

Georgian leader Eduard A Shevardnadze proposed paring down the former Soviet Black Sca fleet to defuse the quarrel between Russia and Ukraine over the powerful armada. And Turkey persuaded its

quarreling neighbours to form a Black Sea Economic Cooperation Zone, which it sees as a vehicle for overcoming the region's bitter ethnic conflicts, including the undeclared war between Armenia and Azerbaijan over the enclave of Nagorno-Karabakh.

There were no guarantees that the diplomatic initiatives would succeed.

## US Congress urged to help end rail strike

NEW YORK, June 25: Automakers warned to layoffs and businesses pressed Congress to intervene in the coast-tocoast rail shutdown that has idled freight cars full of fruit and vegetables and stranded travelers, reports AP. An even wider shutdown,

affecting Amtrak's busy Washington-to-Boston corridor, loomed Thursday "The nation itself cannot

tolerate a long strike," Labour Secretary Lynn Martin said Wednesday. "you're starting to talk very soon about economic consequences." The shutdown began early

Wednesday when the Machinists union went on strike against CSX Transportation, one of the nation's biggest freight lines.

Freight shippers and farm groups joined the White House in urging Congress to end the shutdown.

# Crude oil, copper, tin record high price while coffee falls In London for the 50th an-

LONDON, June 28: The price of Brent North Sea crude oil reached its highest level in seven months this week after failure to find immediate agreement on lifting sanctions against Iraqi oil sales, reports

Oil experts from the United Nations and Iraq met in Vienna and settled the main technical details, but the last word on the issue went back to the UN Security Council and authorities in Baghdad.

On the London Metal Exchange (LME), the price of copper was boosted by fears of strikes in Polish and US mines while speculative buying carried tin to its highest level for

27 months. Prices of coffee fell, dealers being disappointed by the slowness of negotiations on export quotas intended to cut the present coffee surplus.

Producers and consumers, meeting in London in the week, will probably need several additional meetings to reach an agreement, delegates

Cocoa fell to its lowest level for 19 years weakened by rumours of sales from Ivory Coast and Ghana.

ing rate notes, interest rate and currency billion in 1989.

swaps, and options and futures. The Japanese

and other private lending by securities and fi-

Gold: Easier after higher start. Gold prices reached a three-month high at the start of the week, pushed up by violence in South Africa. The world's leading producer provided 601.1 tonnes of gold last year or more than one-third of

total world output. The clashes in Moldova and Georgia, capable of disrupting production in Commonwealth Independent

States (CIS), helped the rise. Silver: Down. the price of silver was affected by doubts over the recovery of the world economy, needed to revive industrial demand for the metal. Copper: Firmer. Copper

prices reached their highest level for two and a half months on the London Metal Exchange (LME) with concern over several supply factors and signs of an increase in demand boosting prices. Longer term outlook for

copper price looks good, with

a positive report from analysts

GNI Research on the basis of

fears over supply and pros-

pects of an improvement in

demand in the United States,

Japan and Germany.

Lead: Slightly firmer. Lead prices firmed slightly on the LME, with concern over possible industrial action in Canada pushing the metal's price, dealers said.

According to the weekly Billition-Enthoven Metals Report, the price of lead could receive support if workers strike at Cominco Trail Smelter in British, Columbia,

Zinc: Firmer. The price of zinc firmer steadily through the week after its slide the previous week when the LME imposed a restriction to prevent backwardation, the premium of cash over forward price, from occurring.

LME zinc stocks rose 2,750 tonnes to a new record high of 327,550 tonnes. Aluminium: Flat. Aluminium

prices stayed flat over the week, dipping on Tuesday and Wednesday then regaining all the ground they had lost. Continued selling by the investment funds was offset by trade buying at the lower levels, dealers said.

LME stocks of aluminum 4,025 tonnes to

1,284,025 tonnes. The rise was attributed to Russian aluminum shipments which are arriving more normally in Europe following disruptions carlier in the year.

Nickel: Firmer. Nickel prices dipped mid-week before recovering and finishing slightly firmer, as the metal · followed other commodities, with little fundamental news to drive its own market.

LME stocks of niekel were almost unchanged, down 90 tonnes to 29,994 tonnes.

Coffee: Weak. The price was affected by the slow negotiations of producers and consumers at the International Coffee Organisation (ICO) on new export quotas to reduce the surplus of supply over de-

Increased Colombian coffee sales also contributed to the fall in the commodity's price.

Sugar: Down. Prices fell on profit-taking after the previous week's high which had taken raw sugar to a 19-month high. News of heavy rain affecting the late end of the Cuban harvest failed to boost the market. Warnings of a fall in harvest

from Cuba and South Africa

slipped into the background, the operators taking the global surplus into consideration instead, brokers indicated. Vegetable oils: Firm. The

steady except for coconut oil which remained supported by drought in the Philippines. The central bank of Malaysia signed a 50 million dollar credit arrangement with

Algeria to help it to buy at least

prices of vegetable oils were

200,000 tonnes of Malaysian palm oil per year. It is the first palm oil credit arrangement signed since October, when the government approved a 500 million dollar credit scheme to help its major buyers to buy the commod-

The German newsletter Oil World lowered its estimate of the EC rapeseed harvest in 1992/1993, due to the dry weather in some European regions.

It predicted a harvest of 6.65 million tonnes instead of the 6.85 million tonnes it foresaw in May, representing a 600.000-tonne fall on the harvest in 1991/1992.

Crude: Higher. Prices of North Sea Brent crude

reached their highest level for seven months after fears of lifting of sanctions against Iraqi sales faded.

Representatives of the United Nations and Iraq agreed Monday evening in Vienna on almost all technical questions, but the last word goes to the UN Security Council and Baghdad, the UN's Under Secretary General

Analysts do not expect resumption of Iraqi sales in the short term, but they said that the result of the meeting had led to uncertainty on the market with events liable to turn around quickly.

Giandomenico Picco said.

The announcement by the American Petroleum Institute (API) of a weekly reduction of 6.158 million barrels in US stocks of crude oil contributed to crude's gains, which were cut slightly later in profit-tak-

Rubber: Lower. Tyre grades remained neglected but latex for delivery in July went up, assisted by a shortage of nearby supply, brokers indicated.

Cereals: Firmer. Prices of barley and wheat lifted slightly after their recent losses.

niversary of the International Wheat Council Arthur Dunkel, General Secretary of GATT, said the trade negociations of the Uruguay Round could only be unblocked by political effort, the technical work having gone as far as possible. Tea: Firm. Demand im-

proved at the weekly London sales where the average price lifted to 165 pence for higher quality against 155 pence last

Price was upto 108 against 100 pence for middle quality and to 85 against 83 pence for lower quality tea.

Cotton: Uncertain. The indicator price continued to move in a narrow band on the Liberpool market, weakened by falling chances of a recovery in demand ahead of the industry's summer vacation.

The Australian Bureau of Agricultural and Resource Economics predicted worldwide consumption would outstrip production by two per cent in 1992-1993 (July to June) leading to an eight per cent increase in price.