

BRIEFS

German protesters denounce G7 meet
MUNICH, July 4: About 2,500 people protesting against the G7 summit marched Friday toward the building where the leaders of the seven largest industrial democracies planned to meet on Monday, reports AP.

The protesters had gathered for about an hour outside the Ludwig-Maximilians University to denounce what they called the arrogance of the seven richest nations for excluding representatives from the developing world.

EC to dismantle Spain's trade barrier
BRUSSELS, July 4: The European Commission will no longer allow Spain to bar imports of Chinese T-shirts shipped through other European Community countries, commission officials said on Friday, reports Reuter.

The commission, in a new effort to create a single market before the end of 1992, has also ordered EC states to stop monitoring intra-EC imports of 30 different third-country products, most of them textiles, they said.

EC accord may lead to reduce air fare
LONDON, July 4: Continental European air fares could fall by 20 to 25 per cent within five years as a result of the European Community's new open skies policy, the Chairman of British Midland said on Friday, reports Reuter.

Michael Bishop told a press briefing that the industry has seriously underestimated the implications of last month's accord, which will remove government restrictions on air fares and access to air routes within the European Community.

UK gives up hope over GATT talks
LONDON, July 4: Britain said on Friday it no longer expected talks on stalled GATT world trade negotiations ahead of next week's summit of the Group of Seven (G7) industrial nations, but the matter would be raised at the Munich meeting, reports Reuter.

British officials had earlier said they were hopeful that a pre-G7 meeting could be arranged to kick-start the talks. German officials in Bonn have said that Summit Chairman Chancellor Helmut Kohl was working hard for a breakthrough.

Petro-Canada opts for normal operation
SANAA, July 4: A Canadian oil firm has opted to carry on normal operations under Yemeni army protection where other western companies backed down in a disputed northern border region with Saudi Arabia, reports AFP.

Faced by warnings from Riyadh for the oil companies to halt operations in Assir, Najran and Jizan provinces, British Petroleum has suspended its work, diplomatic sources in the Yemen capital said.

While the French firm Elf-Aquitaine scaled down its operations in a 43,000-square-kilometre zone, only Petro-Canada has decided to drill on and brave the risks.

China to get \$600,000 ADB grant
MANILA, July 4: The Asian Development Bank said Saturday it had approved a 600,000 dollar grant to China to formulate a national strategy to tackle the so-called 'greenhouse effect,' reports AFP.

The grant will be used to identify and evaluate measures to reduce emissions of carbon dioxide and other gases suspected of increasing the earth's temperature, the Manila-based Bank said in a statement.

AAC to cease work in one gold mine
JOHANNESBURG, July 4: The giant Anglo American Corporation (AAC) announced on Thursday that it will cease operations at one of its oldest gold mines, Sallies, on August 6, reports AFP.

The South African Land and Exploration Company, founded in 1902 near Brakpan, east of here, treats dumps from the worked-out mines to extract gold missed by the less efficient extraction methods.

Indian court further remands 'Big Bull'
NEW DELHI, July 4: An Indian court Friday further remanded broker Harshad 'Big Bull' Mehta, the chief accused in a billion dollar financial scam, in the custody of federal investigators until July 16, reports AFP.

CBI counsel P R Nam Joshi said investigators had traced several foreign bank accounts of Mehta and identified accomplices and associates overseas, and feared that Mehta might escape from the country if he was bailed.

Bonn cautious on Bush's idea of G8

BONN, July 4: The German government reacted cautiously on Friday to President George Bush's idea of letting Russia join the G7, the association of the top seven industrialised democracies, reports AFP.

"We have noted the proposal," government spokesman Norbert Schaefer said. "The government will wait for Mr Bush to formally submit the request in Munich next week before adopting a position."

G7 leaders - from Britain, Canada, France, Germany, Italy, Japan and the United States - are to meet in Munich on Monday and Tuesday, before being joined on Wednesday by President Boris Yeltsin of Russia.

Bush floated the idea at a news conference in Washington on Thursday. "I will be prepared to discuss this, making it the G8 if you will," he said.

The United States has hitherto refused to consider admitting Russia into the G7 club because of the enormous economic Gulf with the industrialised West.

Bush said the "Russian economy is enormous and they have big problems, but their size gives them a unique standing."

Another report from Brussels adds: Next week's Group of Seven (G7) summit in Germany is unlikely to help break the deadlock between the European Community and the United States in world trade talks, a top EC official said here Friday.

The senior official, from the executive European Commission, said the divergences between Washington and the community, centering on farm trade, were "basically political," and not economic.

For that reason they would not be resolved at the economic summit, which takes place on Monday and Tuesday in the southern German city of Munich, he said.

The talks, held under the auspices of the General Agreement on Tariffs and Trade (GATT), have been bogged down for over a year because of the EC-US dispute over subsidies to farm trade.

The EC recently announced far-reaching cuts in its expensive farm subsidy policy, a move which went some way towards meeting US objections, but the dispute is not yet resolved.

The EC official noted that several community governments were having difficulty selling the reforms to their own farmers, and were therefore unlikely to make any further concessions to the US demands.

Several major agricultural exporting countries which are not in the G7, such as Australia and New Zealand, have expressed hope that the G7 summit will lead to a breakthrough in the GATT talks.

The European Commission takes part in the annual G7 summits, which bring together the leaders of Britain, Canada, France, Germany, Italy, Japan and the United States.

The urgent needs of the Third World should not be upstaged by Eastern Europe, UN Secretary General Boutros Boutros-Ghali told the seven major industrialised countries Friday ahead of their summit

next week. "I understand that one of the issues which you will be addressing in Munich will be the problems confronting the countries of Eastern Europe," said Boutros-Ghali in a letter released Friday.

"However, I need not emphasise that developing countries in other regions of the world are anxious for reassurance through concrete measures that assistance to Eastern Europe will not divert attention from their own urgent requirements," he said.

The Secretary General pointed out the need for the richest countries to come up with a "coordinated global response to the great threat posed to international security by poverty, underdevelopment and the lack of basic human rights."

He also expressed concern that "the problems of the least-developed countries not lose their prominence on the international agenda."

Leaders of the G7 nations meet Monday through Wednesday in Munich.

EC terms Japan's trade surplus a 'timebomb'

TOKYO, July 4: The huge and growing trade surplus Japan runs with Europe is a time bomb Tokyo must defuse, the European Community (EC) Ambassador here Jean-Pierre Leng said Friday, reports AFP.

The surplus swelled from 18.4 billion dollar since 1990 to 28 billion dollar last year and this year could exceed 30 billion dollar, Leng told reporters.

If nothing is done "the situation will explode like a bomb," he said, predicting a sharp reaction from industry and public opinion in Europe.

"It is necessary to say to the Japanese that there is a problem they must address," he said.

Since last year the EC has moved on from a confrontational stance towards cooperation with Japan, he said.

There is no need to "insult the Japanese by saying you have been attacked," he said.

"It is necessary to address it soberly, but it must be addressed," he said.

Tokyo must modify its trade policies and European countries must not take unilateral action against Japan such as the United States is doing, he said.

To follow Washington would be an "incoherent" approach. Europe must instead use "persistence, persuasion, its influence and its competitiveness."

To redress the trade imbalance, Japan must boost domestic demand and remove barriers to European exports and the establishment of businesses here.

He described the recent plan of Japan's ruling party to stimulate domestic demand by injecting as much as 56 billion dollar into the economy as "not being enough to stimulate imports."

The government has yet to adopt the Liberal Democratic Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

Francois Perigot, President of the French Employers Federation, also called on Japan to take measures to reduce its trade surplus with Europe.

"If the imbalance goes on increasing as it does, there will be a reaction," he told an audience of European businessmen here. "We should look very seriously at the matter."

Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

Francois Perigot, President of the French Employers Federation, also called on Japan to take measures to reduce its trade surplus with Europe.

"If the imbalance goes on increasing as it does, there will be a reaction," he told an audience of European businessmen here. "We should look very seriously at the matter."

To follow Washington would be an "incoherent" approach. Europe must instead use "persistence, persuasion, its influence and its competitiveness."

To redress the trade imbalance, Japan must boost domestic demand and remove barriers to European exports and the establishment of businesses here.

He described the recent plan of Japan's ruling party to stimulate domestic demand by injecting as much as 56 billion dollar into the economy as "not being enough to stimulate imports."

The government has yet to adopt the Liberal Democratic Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

Francois Perigot, President of the French Employers Federation, also called on Japan to take measures to reduce its trade surplus with Europe.

"If the imbalance goes on increasing as it does, there will be a reaction," he told an audience of European businessmen here. "We should look very seriously at the matter."

To follow Washington would be an "incoherent" approach. Europe must instead use "persistence, persuasion, its influence and its competitiveness."

To redress the trade imbalance, Japan must boost domestic demand and remove barriers to European exports and the establishment of businesses here.

He described the recent plan of Japan's ruling party to stimulate domestic demand by injecting as much as 56 billion dollar into the economy as "not being enough to stimulate imports."

The government has yet to adopt the Liberal Democratic Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

Francois Perigot, President of the French Employers Federation, also called on Japan to take measures to reduce its trade surplus with Europe.

"If the imbalance goes on increasing as it does, there will be a reaction," he told an audience of European businessmen here. "We should look very seriously at the matter."

To follow Washington would be an "incoherent" approach. Europe must instead use "persistence, persuasion, its influence and its competitiveness."

To redress the trade imbalance, Japan must boost domestic demand and remove barriers to European exports and the establishment of businesses here.

He described the recent plan of Japan's ruling party to stimulate domestic demand by injecting as much as 56 billion dollar into the economy as "not being enough to stimulate imports."

The government has yet to adopt the Liberal Democratic Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

Francois Perigot, President of the French Employers Federation, also called on Japan to take measures to reduce its trade surplus with Europe.

"If the imbalance goes on increasing as it does, there will be a reaction," he told an audience of European businessmen here. "We should look very seriously at the matter."

To follow Washington would be an "incoherent" approach. Europe must instead use "persistence, persuasion, its influence and its competitiveness."

To redress the trade imbalance, Japan must boost domestic demand and remove barriers to European exports and the establishment of businesses here.

He described the recent plan of Japan's ruling party to stimulate domestic demand by injecting as much as 56 billion dollar into the economy as "not being enough to stimulate imports."

The government has yet to adopt the Liberal Democratic Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

Francois Perigot, President of the French Employers Federation, also called on Japan to take measures to reduce its trade surplus with Europe.

"If the imbalance goes on increasing as it does, there will be a reaction," he told an audience of European businessmen here. "We should look very seriously at the matter."

To follow Washington would be an "incoherent" approach. Europe must instead use "persistence, persuasion, its influence and its competitiveness."

To redress the trade imbalance, Japan must boost domestic demand and remove barriers to European exports and the establishment of businesses here.

He described the recent plan of Japan's ruling party to stimulate domestic demand by injecting as much as 56 billion dollar into the economy as "not being enough to stimulate imports."

The government has yet to adopt the Liberal Democratic Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

Francois Perigot, President of the French Employers Federation, also called on Japan to take measures to reduce its trade surplus with Europe.

Caribbean states to introduce one currency

PORT OF SPAIN, (Trinidad), July 4: The 13 members of the Caribbean community are aiming to establish a common currency by the year 2000, Jamaican Prime Minister PJ Patterson said Friday, reports Reuter.

"We expect to attain full (monetary) union by the turn of this century," Patterson told reporters at the annual Caricom heads of government meeting.

Caricom, comprised of young English-speaking nations in the region, has struggled for years to integrate its local economies to compete with emerging world trade blocs. The group's progress has been slowed by its rule requiring a unanimous vote on any proposal.

Patterson said the plan for a common currency would be phased in as the region liberalises its trade and would eventually result in one central bank for the region.

Indonesia ready to barter rice with neighbouring countries

JAKARTA, July 4: Indonesia is prepared to barter rice with neighbouring countries following an increase of its rice output this year, head of the National Logistic Agency (BULOG) said here Tuesday, reports AFP.

"Indonesia is prepared to lend 200,000 to 300,000 tonnes of rice to neighbouring countries by means of barter trade with rice or other commodities," Bustanil Afrin who is also Minister of Cooperatives told journalists after meeting President Suharto at the Palace.

"If the imbalance goes on increasing as it does, there will be a reaction," he told an audience of European businessmen here. "We should look very seriously at the matter."

To follow Washington would be an "incoherent" approach. Europe must instead use "persistence, persuasion, its influence and its competitiveness."

To redress the trade imbalance, Japan must boost domestic demand and remove barriers to European exports and the establishment of businesses here.

He described the recent plan of Japan's ruling party to stimulate domestic demand by injecting as much as 56 billion dollar into the economy as "not being enough to stimulate imports."

The government has yet to adopt the Liberal Democratic Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

Francois Perigot, President of the French Employers Federation, also called on Japan to take measures to reduce its trade surplus with Europe.

"If the imbalance goes on increasing as it does, there will be a reaction," he told an audience of European businessmen here. "We should look very seriously at the matter."

To follow Washington would be an "incoherent" approach. Europe must instead use "persistence, persuasion, its influence and its competitiveness."

To redress the trade imbalance, Japan must boost domestic demand and remove barriers to European exports and the establishment of businesses here.

He described the recent plan of Japan's ruling party to stimulate domestic demand by injecting as much as 56 billion dollar into the economy as "not being enough to stimulate imports."

The government has yet to adopt the Liberal Democratic Party proposal but will use it at next week's Group of Seven industrialised countries meeting to convince leaders from the United States, Italy, Britain, Germany, Canada and France it will boost demand.

EC further consolidates economic integration

BRUSSELS, July 4: The European Community has abolished almost all barriers to internal trade involving goods from countries outside the community, the EC's Executive Commission said here Friday, reports AFP.

Martin Bargemann, EC Commissioner for the Internal Market, said only six regulations allowing member states to monitor or restrict such imports remained in force, down from 928 in 1988. The six are to disappear by the year-end.

He announced that 31 regulations had been scrapped on July 1 involving restrictions on Asian goods - mainly textiles, T-shirts and shoes coming into Italy, Spain, France and Ireland and television sets and radios into France.

Most of the restrictions involved monitoring of these imports with the aimed of making sure local markets were not flooded.

The remaining restrictions will be dropped by December 31 ahead of the formal launch of the EC's single market on January 1.

A commission spokesman said: "We are continuing to demonstrate that we are not organising a fortress Europe on January 1."

These remaining restrictions involve mainly Japanese motor vehicles and motorcycles coming into Italy and Spain, Chinese footwear coming into Spain, and Latin American bananas coming into Italy, France and Britain.

Under the single market, goods accepted into one EC country will be free to move throughout the community, and cannot be kept out of individual countries by national quotas.

However, the EC has forced Japan to agree to freeze its car imports at current levels until 1999, and is preparing similar

measures against imports of Latin American bananas. The EC says that 90 per cent of all barriers to free movement of people, goods, services and money in order to complete the free market have already come down.

Outstanding issues include value added taxes, excise duties, road transport, intellectual property and energy.

Reuter adds from London: EC Executive Commission President Jacques Delors said London and Brussels were on the same side in not wishing to centralise European power in his hands, reports Reuter.

"The most important (thing) for me is not to appear as powerful," said Delors at the launch of Britain's six-month Presidency of the Community.

"The most important (thing) is to be useful, useful for the Community. That's all," he told a news conference where he sat along side British Prime Minister John Major.

He said London and the Commission were on the same side. Major told reporters he and Delors could work together.

Major said Britain might object to some Commission proposals but it was committed to using its Presidency to bring together disparate views for the good of the Community.

Major met Delors and the other members of the Brussels-based Commission in London for talks on British objectives during its EC presidency.

Major said the next six months was crucial for the future of the Community and listed key tasks as:

- Completing the single European market by the end of 1992.
- Settling future EC finances.
- Completion of the Uruguay Round of the GATT world trade talks.

Yeltsin seeks to defer previous loans Senate okays \$1b aid for ex-Soviet bloc

WASHINGTON, July 4: The Senate late Thursday passed an economic aid package for the former Soviet Union and Eastern Europe in a last-minute vote before the July fourth holiday weekend, reports AFP.

The bill would provide nearly one billion dollar in new aid to Russia and other nations of the former communist bloc. It was approved by a vote of 76-20.

The House of Representatives will debate nearly identical legislation sometime in late July or August, House Speaker Thomas Foley said.

President George Bush wanted the Senate to act on the aid package two weeks ago, during a visit of Russian

President Boris Yeltsin to the United States. He also had hoped to get the package through Congress before the Munich summit next week of the Group of Seven top industrialised nations.

But lawmakers wanted first to address nagging domestic issues, including bills to extend jobless benefits beyond the 26-week limit and to create incentives for business in economically depressed urban areas.

The bill authorises about 700 million in direct bilateral aid to Russia and the other 14 republics of the former Soviet Union in 1992 and 1993, and another 850 million dollar in seed money for the once-communist states.

But much of the money, including 400 million dollar to help the military based economy to peacetime consumer markets, already has been appropriated.

The legislation approved late Thursday also authorised spending three billion dollar in funds already appropriated for a six-billion-dollar International Monetary Fund project to stabilise the Russian ruble.

Several democratic lawmakers tried to stall the Senate vote on Russian aid by calling for a hike in domestic spending equal to the amount being authorised for the former communist nations.

The senators, led by Democrat Donald Riegle of Michigan, wanted to add an extra one billion dollar to the package as "aid to America."

"When you've got a President who's out to lunch on what's going on in America... who's drunk on foreign policy... that's what we have to do to at least put them on the radar screen," Riegle said.

But nearly half of the senate Democrats voted against the domestic spending amendment, citing a 5.6 billion dollar jobless benefits bill passed hours earlier.

Thursday's package brings total US aid to Russia to 4.3 billion dollar.

AP from Moscow adds: Russian President Boris N. Yeltsin said Saturday he will ask the Group of Seven richest industrialised nations next week to defer the Soviet Union's 68-billion dollar foreign debt for at least two years.

Yeltsin told reporters in the Kremlin that forcing Russia to pay its share of the debt would destroy the country's economic reform programme.

Yeltsin leaves Tuesday for a summit meeting of the G-7 countries in Munich, Germany. They are the United States, France, Germany, England, Canada, Italy, and Japan.

"One of the most pragmatic questions which I think we cannot leave Munich without solving is the deferral of the foreign debt of the former Soviet Union," Yeltsin said.

"We think the postponement should be for a minimum of two years. We say and confirm that we will pay our share as successors to the

Soviet Union, but that's not possible now. Now it would mean ruining the reforms," he said.

Yeltsin said he would ask for a deferral of payments on both interest and principal of the debt, which he said totals 68 billion, dollar.

He said Russia's share is 63 per cent of the total, or about 43 billion dollar, but that he would speak in Munich for the presidents of all the former Soviet republics if they authorise him to do so.

The leaders of the Commonwealth of Independent States that was formed after the Soviet Union's collapse last December will meet Monday in Moscow.

Malaysia's trade deficit falls

KUALA LUMPUR, July 4: Malaysia's trade deficit in the four months to April fell 23.4 per cent to 2.74 billion Malaysian dollar (about one billion US dollar) over the same period in 1991, figures showed Thursday, reports AFP.

The Statistics Department, releasing its monthly trade statistics, said April's trade deficit improved to 593.0 million dollar (237 million US) from 1.8 billion dollar (720,000 US) a year earlier, Bernama news agency reported.

But April's deficit was higher than the March deficit of 154.9 million dollar (62 million US), it said.

Vietnam's economy shows strong growth

BANGKOK, July 4: Vietnam's agricultural and industrial output showed strong growth in the first half of 1992, but its economy still faces many difficulties, a member of the State Planning Commission said in a report received Friday, according to AP.

Le Xuan Trinh, a member of the Central Committee of the Communist Party and First Vice Chairman of the Planning commission, pointed to a 20 per cent increase in output and a 29 per cent increase in productivity in the winter-spring rice crop as an "important achievement."

He described production in the Mekong Delta area of the south as "exceptionally good" for producing 4.7 million tons,

or 53.5 per cent of the country's total. His figures suggest the total crop nationwide was about 8.78 million tons.

Industrial output increased 16.6 per cent in the first six months of the year over the same period in 1991. Trinh said in an article published in the Thursday edition of the army newspaper Quan Doi Nhan Dan. A translated excerpt of his article was broadcast Friday by the officially Vietnam News Agency.

State-run industry boosted production by 29.6 per cent, while locally-run industry increased output by five per cent and non-state industry by four per cent, Trinh said.

But he warned that the economy still faced threats on many fronts.

Luxembourg parliament okays Maastricht Treaty

LUXEMBOURG, July 4: Luxembourg late Thursday became the second national in the European Community to approve a far-reaching accord creating a unified Europe, reports AP.

A 51-6 parliament vote on the Maastricht Treaty in the 60-member Chamber of Deputies came after a last-minute attempt to restrict voting rights of foreigners.

The treaty, which was negotiated last December in the Dutch city of Maastricht by the leaders of the 12 EC nations, must now be signed by Luxembourg's Grand Duke Jean before it becomes national law.

Although Luxembourg is the smallest member of the trading bloc, its vote was likely to boost hopes for eventual ratification of the accord.

Ireland approved the treaty in a June 18 referendum, 16 days after Danish voters rejected it, casting doubts about the agreement's future.

France - the only other EC nation to put the Maastricht Treaty to a referendum - will let its citizens vote September 20. A "no" vote in France, a main architect of the historic plan, would kill it.

Prime Minister Jacques Santer told the Associated Press he was delighted the legislators had overwhelmingly approved the accord, despite wrangling over the controversial issue of foreign voters.

"The electroshock of the Danish referendum, which has isolated them, has shown what the alternative is for a small country that rejects the treaty," Santer said. "We're very pleased to have this behind us."

Regional trade groups growing despite vows to end trade barriers

Regional trade preference arrangements have become an enormous and growing factor in international commerce despite pledges by most nations to reduce trade discrimination and to dismantle import barriers on a worldwide basis.

One-hundred-nineteen countries that account for some 82 per cent of world trade are also members of at least 23 regional trade arrangements. The arrangements range from the European Community (EC), by far the largest, to eight preferential groupings in Africa, to the customs union of small Caribbean islands.

"No region is free from such arrangements; indeed, one would be hard-pressed to find even one country that does not receive from, or grant to, other countries some form of explicit preferential treatment in international trade," says an article by Norman S Fieleke, Vice President of the Federal Reserve Bank of Boston.

There are a variety of reasons for establishing trade preference arrangements, the article says, protectionism being only one. The arrangements have had mixed success in achieving the goals of cutting barriers between members. Many hardly function.

The evidence that they have economically helped the participant nations or that they are better than multilateral trade liberalisation is slight, says the article, entitled "One Trading World, or Many: The Issue of Regional Trading Blocs," which appears in the May-June "New England Economic Review," published by the Boston federal reserve bank.

The article cites four basic types of arrangements:

Trade preference association: each member reduces barriers against imports from other members to levels that are lower than those for comparable products from non-members;

Free trade area: members agree to eliminate all barriers among themselves, but each country maintains its own barriers against non-members;

Customs union: members eliminate barriers among themselves and agree to establish identical barriers - such as common tariffs - against non-members;

Common market: a customs union when the members remove all other impediments to transactions among themselves, including transfers of labour, capital, and services.

The 108-member General Agreement on Tariffs and Trade (GATT) appears to forbid, but then allows preferential trading arrangements