

## BRIEFS

## Possibility of new Danish referendum

COPENHAGEN, July 29: Danish Prime Minister Poul Schlüter raised the possibility Tuesday that Denmark would hold a new referendum on participation in the Maastricht Treaty on European unity, a government source said. The June 2 referendum, in which Danes narrowly rejected the Maastricht Treaty, threw the European Community into confusion as to the fate of the pact that envisions coordinated European markets, a single currency and a common military. Schlüter was quoted as saying a new referendum was "highly probable," but no date was mentioned.

## India's foreign reserve up

NEW DELHI, July 29: India's foreign exchange reserves have grown by more than four billion dollar in the past year because of the economic reforms introduced in 1991, parliament was told Tuesday. Minister of State for Finance Rameshwar Thakur said India's foreign exchange reserves last May stood at 5.45 billion dollar, increasing by 4.18 billion dollar from May 1991's 1.27 billion dollar, reports AFP.

## Bush asks Senate to ratify treaty

WASHINGTON, July 29: President Bush asked the Senate Tuesday to ratify a treaty designed to increase the confidence of American businessmen who want to invest in Russia. "This treaty creates a favourable legal framework for US investment in Russia," Bush wrote in an accompanying letter. "By adopting the treaty's high standards for protection of US investment, Russia seeks to encourage the US private sector to invest in Russia." Another benefit, the president wrote, is that it helps Russia's move toward a market economy and strengthening of economic ties between the two nations, reports AP.

## Industrial output in Japan rebounds

TOKYO, July 29: Japan's industrial production in June rebounded 2.1 per cent from May, reversing the previous month's decline of 1.9 per cent, the international trade and industry ministry said Tuesday. The ministry also forecast a further 2.9 per cent increase in its index of mining and manufacturing in July followed by a 4.5 per cent decline in August. Producer shipments in June grew 1.9 per cent, reversing a fall of 1.4 per cent in May. But at the same time, producer inventories increased a further 0.8 per cent on top of the previous month's rise of 1.4 per cent, the ministry said.

## India announces raw jute export quota

NEW DELHI, July 29: The government has decided to export 1.15 lakh bales of raw jute during the 1992-93 season, according to an official release. This export quota of raw jute has been released in view of the surplus availability of raw jute to meet the domestic requirements and in order to provide jute growing farmers with more remunerative prices for their produce, the release said, reports PTI.

## Peacetime use of US defence funds

WASHINGTON, July 29: Congress laboured Tuesday to help Americans adjust to the shrinking defence budgets of the post-Cold War world and to pick up the last tabs of the 1991 Gulf War. The Senate completed work on a measure that would use 229 million dollar in defence funds to help communities and workers hurt by base closures or canceled defence contracts. The shift is among the first by lawmakers aimed at helping to ease the economy to a peacetime footing, reports AP.

## Lockout in VW's Mexico plant

PUEBLA, (Mexico) July 29: Volkswagen officials locked out 14,300 striking workers Tuesday whose rebellion against a union contract had shut down the company's plant for a week. Martin Josephi Wellman, President of Volkswagen's executive council, announced the indefinite lockout late Monday night as workers were in the 150th hour of a work stoppage. The plant reportedly has lost at least 35 million dollars in production since the strike began July 21, reports AP.

## Oil price changes may strain global economy

LONDON, July 29: Petroleum markets are entering a danger zone in which wild swings in the price of oil may put new strain on a fragile global economy, reports Reuters.

"Probably at no time in the history of the oil industry have there been so many uncertainties," the Secretary-General of the Organisation of Petroleum Exporting Countries (OPEC), Subroto, told a seminar in Anchorage, Alaska. This had the industry sitting up to take notice.

OPEC confronts a daunting challenge as it bids to fill a new role as a mature player in international economic affairs.

Subroto listed three factors that could cause the sort of destructive instability in oil

prices which the revamped OPEC is pledged to avoid.

He said the eventual return to an already well-supplied market of some three million barrels daily of oil from Iraq, now shut in by a UN embargo, could cause a glut if the other 12 OPEC members were unable to agree cuts in their quotas.

He also cited turmoil in the former Soviet Union which was the world's biggest petroleum producer. There are a dozen other potential trouble-spots among oil-producing nations where supply could be interrupted to send prices up.

The third factor is a perceived need for colossal investment — as high as 250 billion US dollar over the next five years — to develop new oil

fields and, especially in Russia, to refurbish old ones in order to meet global demand.

Third world demand, particularly in Asia, is accelerating by a million barrels a day each year. The West's thirst for oil may also revive if the US and other big economies can be made to expand again.

A new survey by Houston-based trade journal World Oil predicts drilling for new oil and gas will fall 15 per cent in 1992 with North America and the ex-USSR leading the decline.

OPEC says it is worried that would-be investors in oil production capacity may be scared off.

Political upheavals might have that effect.

And so might anything like an Iraqi glut that cast doubt on

whether oil prices could remain predictable and firm enough to guarantee a return on investment.

The last big glut was in 1986. Prices fell from more than 30 US dollar per barrel to less than 10 US dollar. The average is now just under a target of 21 US dollar which OPEC says is about right.

An upward pricing shock might also keep big money out of investing in oil.

Besides crimping economic activity in the short term, it would probably depress demand for petroleum and soon usher in a new period of weaker prices.

The last glut was a reaction to the price spiral of the 1970s which halved demand for OPEC's crude oil. Big exporters like Saudi Arabia are

therefore particularly anxious shortages should not threaten the market and worry about environmentalist pressure for a "carbon tax" to discourage consumption.

The Saudi role is critical, western oil executives say. Oil Minister Hisham Nazer outlined his biggest exporter's strategy for the 1990s in a London speech in 1989.

"Too high a price merely sets the stage for too low a price," Nazer said.

Saudi Arabia has subsequently endorsed 21 US dollar per barrel, up from a goal of 18 US dollar in the late 1980s, as a reasonable OPEC target for the time being.

But Nazer refuses to be cast in the role of the "swing" producer who would balance

global supply and demand by turning the taps up or down on his huge production capacity.

He insists other producers in and outside OPEC should help to maintain predictable, inflation-linked fuel prices.

The Saudis did raise output in 1990 to avert a price shock after Iraq's invasion of Kuwait shut in both of those states' oil.

But the Saudis also pressed others in OPEC to agree to join them in waiving the output quotas then in force.

Market analysts expect the Saudis to insist that OPEC must share out the inevitable cuts in quotas when Iraq eventually returns to the market.

Subroto calls this "potentially the biggest market challenge facing us in the short term."

## India's software export prospect bright

NEW DELHI, July 29: The Department of Electronics (DOE) of India has proposed the government to increase software export, reports Xinhua.

According to a DOE study, if certain efforts are made by India, it can easily attain a target of one billion US dollar by 1996 against the current projected figures of only 660 million US dollar.

The study identified potential markets for Indian software and examined in detail market situation.

It said that a major trend is that spending on information technology of developed countries is likely to grow at nine per cent from 244 billion US dollar in 1990 to 274 billion US dollar in 1995.

## Kabul, Tehran agree to forge economic ties, fight drugs

ISLAMABAD, July 29: Iran and Afghanistan agreed on Tuesday to forge economic ties and cooperate to fight the threat of narcotic drugs, the official Kabul Radio said, reports Reuters.

The broadcast, monitored in Islamabad, quoted a joint statement issued in Kabul as saying that the two sides decided to set up a special committee to work out details of economic, political and cultural cooperation between them.

The statement was issued at the end of the first visit to Kabul by a high-level Iranian delegation since the Mujahideen guerrillas took power in Kabul last April.

The two sides also agreed to form a three-sided committee with the United Nations to speed up the return of Afghan war refugees living in Iran.

The Iranian delegation leader, Deputy Foreign Minister Allahudin Borudjerdi, had told Afghan authorities on Monday that Tehran was prepared to help in rebuilding Afghanistan, which has been devastated by 14 years of civil war.

Borudjerdi told reporters in Kabul that Iran wanted Afghans to settle their differences by themselves and did not back any particular Afghan party.

## Rouble further falls against dollar

MOSCOW, July 29: The rouble tumbled further against the dollar on Moscow's small-scale currency exchange on Tuesday, with no floor in sight for the battered currency, reports Reuters.

The rouble changed hands at 161.1 rouble per dollar on the Moscow Interbank Currency Exchange (MICE) after 155.7 at the last trading session of Thursday and 130.2 earlier this month.

"The central bank is intervening less in the market and the rouble has been falling ever since," said a trader at Russia's Vneshtorgbank.

The MICE holds two trading sessions a week, giving banks and firms a chance to buy and sell hard currency for roubles.

In the past, the Russian central bank has been a big player in the market, but it changed its policy on intervention this month when former Soviet State Bank Chief Viktor Gerashchenko took over at the bank's helm.

Gerashchenko said the central bank had spent 500 million US dollar to support the rouble this year, money which could have been better used paying off the former Soviet Union's Foreign debt.

Before then the bank had intervened to help drive the dollar lower. Government officials had targeted an exchange rate of 80 roubles per dollar as a suitable level for a convertible currency.

## Billion dollar Indian bond scam Standard Chartered in action to recover 3b rupee

NEW DELHI, July 29: The Standard Chartered Bank has begun action to recover at least three billion rupee (115 million US dollar) from various banks to complete securities deals in a billion-dollar Indian financial scandal, reports Reuters.

"We are claiming up to three billion rupees from various banks," a spokeswoman for the Bombay branch of the British-based bank told Reuters.

"The amount relates to both sale and purchase of securities," she said.

The spokeswoman said that in some cases bank did not receive payments for the securities it sold and in others

it did not receive the securities for the money it paid.

She said the amount also included 900 million rupee (35 million US dollar) that Standard Chartered was claiming from the Bombay branch of Citicorp's Citi Bank NA.

Citi Bank denied owing any money to Standard Chartered.

A newspaper report has put the bank's unreconciled securities deals at five billion rupee (192 million dollar) but the spokeswoman said the figure was inflated.

Most banks, especially foreign ones, have been checking their books after the Reserve Bank of India (RBI). Indian's central bank, found irregularities in securities deals in the

wake of the scandal, bankers said.

An RBI committee conducting a parallel probe into the scandal called for an investigation of the securities dealings of our foreign banks - Standard Chartered, Citi Bank, America Corp's Bank of America NT and SA and ANZ Grifflays Bank.

The RBI said the four accounted for two-thirds of securities transactions in the 14-month period starting April 1, 1991, under investigation for irregularities amounting to 2,751 billion rupee (105 billion US dollar), it said.

The Standard Chartered spokeswoman said the bank had been talking to various banks and brokers to sort out its securities deals with them.



CHILDREN'S COMMONWEALTH DAY: These pupils from St Mary's Junior School of Walthamstow, London unveiled this giant picture depicting Christopher Columbus' arrival in what to him was a new world. —UPS

## EC accord on VAT brings outcry from British Conservatives

LONDON, July 29: An agreement among European Community Finance Ministers on harmonization of VAT (Value Added Tax) brought an outcry in British Conservative circles, reports AFP.

The agreement, reached in Brussels late Monday, was called an "abandonment of sovereignty" by some newspapers and "euro-skeptics."

The EC ministers, chaired by Chancellor of the Exchequer Norman Lamont, agreed on a legally-binding, community-wide VAT, set at a minimum of 15 per cent for a four-year period starting next January one. The accord also covers excise duty on tobacco, alcohol and some oil products.

Lord Tebbit of Chingford, a

former Conservative party chairman, said the move deprives the British people "of the right to decide their own taxes," adding that the agreement was against 1,000 years of British parliamentary history.

The Conservative daily Mail newspaper accused Lamont of giving way on VAT.

The Chancellor retorted that he had not yielded anything new, or which would be very significant in practice. He said on the BBC that the Euro-skeptics' interpretation was "alarmist" and misguided.

Actually, the decision will have no practical effect on Britain, which has a 17.5 per cent VAT, but it marks the

first time London has agreed to let the principle of such a legally-binding-EC wide tax be included in legislation.

Lamont said his viewpoint was pragmatic, the accord was indispensable to implementation of the EC single market. It can be brought up again in four years, and British concessions made it possible to obtain compensating in connection with whisky taxes. He said anybody who thinks Britain could cut VAT to less than 15 per cent should have his head examined.

The controversy brought sharp exchanges between "Euro-skeptics" and "Euro-enthusiasts".

## Former allies owe \$ 140b to Russia

MOSCOW, July 29: Russia is owed about 140 billion dollar by a number of countries, including 75 billion by Cuba, Russian External Economic Relations Minister Pyotr Aven said in an interview published on Tuesday by Komsomolskaya Pravda newspaper, reports AFP.

The bulk of the debt reflects deliveries of weapons and infrastructure work, the Minister said, also mentioning Zambia, Angola, Uganda and Algerian as owing Russian money.

But Aven added that "to our great regret, those countries will probably find it impossible to pay off their debts."

He also said that the crisis that has hit Soviet exports was caused by lower output and the loss of traditional Russian markets, especially in Libya, Iraq and countries in Eastern Europe.

Some 64 per cent of Russian exports were in the form of oil products last year, and the total volume of exports plunged by 30 per cent in the first part of this year by comparison with the same period last year.

Russia's foreign debt is estimated at more than 74 billion dollar.

## Shares slide, dollar rises in Tokyo

TOKYO, July 29: Pessimism about Japan's economy sent share prices on the Tokyo Stock Exchange tumbling Wednesday, as the US dollar finished higher against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average shed 330.69 points, or 2.14 per cent, closing at 15,095.95 points, its lowest close for the year. On Tuesday, the average gained 53.30 points, or 0.35 per cent, to end a two-day slide that had brought it to a six-year low.

The Tokyo Stock Price Index of all issues listed on the first section was down 19.48 points, or 1.64 per cent, to 1,170.93. The TOPIX shed 3.53 point, or 0.29 per cent, on Tuesday.

An estimated 250 million shares changed hands, up from Tuesday's 166 million shares.

Stock traders said the Nikkei average was moderately higher early in the session following an overnight 51.87-point rally in the Dow Jones industrial average.

But after a round of buying, weakening of futures reversed the course coupled with arbitrage selling in which investors seek profits from price differences between the spot and futures markets.

"Only a few investors have the confidence to buy," said Yoshiaki Makishima, an analyst with Sanyo Securities.

"People in the private sector are worried that the government is taking an overly optimistic outlook about the economic," he said.

A government report released Tuesday said that Japan's economy will pick up in the latter half of the fiscal year that began April 1.

## BCCI scandal Ex-Saudi intelligence chief pleads guilty

WASHINGTON, July 29: The former head of Saudi intelligence and a key figure in the 1982 takeover of First American Bankshares Inc has pleaded guilty for violating the New York bank holding company act, the Washington Post said on Wednesday, reports Reuters.

It said Sheikh Kamal Adham had also agreed to pay 105 million US dollar to settle charges that he knew First American was illegally controlled by a group of Arab investors.

The Post said that as part of the agreement he has agreed to cooperate with state and Federal investigators probing the illegal takeover of First

American Bankshares by the Bank of Credit and Commerce International (BCCI).

The agreement was signed on Monday, the Post said, and was scheduled to be announced on Wednesday along with new indictments involving the First American case.

New York District Attorney Robert Morgenthau is preparing to announce indictments against prominent Washington lawyers Clark Clifford and Robert Altman, sources close to the probe said on Tuesday.

One source expected the indictment to involve allegations that Clifford and Altman lied when they told banking regulators BCCI did not control First American.

## US chefs to keep away from engineered foods

WASHINGTON, July 29: A group of America's top chefs vowed Tuesday to keep genetically altered potatoes and tomatoes off their menus and to urge the federal government to label such foods, reports AP.

"If you go to buy a pair of shoes, you're allowed to walk around and try them on. But when you sit down at a table in my restaurant, you can't do that," said Rick Moonen, executive chef of the Water Club Restaurant in New York. "I owe it to my customers to serve them safe, pure nutritious food of the best quality possible."

Moonen is one of more than 1,000 American chefs who have pledged not to serve genetically altered foods in their restaurants. Their boycott is part of the Pure Food Campaign launched in May by the nonprofit Foundation on Economic Trends.

Other chefs joining the boycott include Paul Ingento of the Russian Tea Room in New York, Jimmy Schmidt of the Rattlesnake Club in Detroit, and Wolfgang Puck of Spago in West Hollywood, Calif.

The foundation has monitored the biotechnology industry for a decade. It started the campaign to push for explicit labeling of genetically altered foods and thorough testing to make sure the foods do not pose health risks, said Jeremy Rifkin, the foundation's president.

The Bush administration announced in May that it would allow the sale — without government testing — of many genetically altered fruits, vegetables and grains. Biotechnology allows scientists to cross plants, through gene-splicing, that aren't naturally compatible in order to improve their taste and shelf life. A genetically altered tomato that can be shipped ripe without spoiling is expected to be in supermarkets by the end of 1993.

## China to import \$ 130m US motor vehicles

DETROIT, July 29: A high-level Chinese delegation signed agreements separately with three big US automakers yesterday to import a total of 130 million dollar of US motor vehicles and auto parts, reports Xinhua.

This is the first time for China to import a large quantity of US automobiles, including 7,000 cars and vans as well as auto parts, from the General Motors, Ford and Chrysler.

At a news conference following the signing ceremony, Gan Ziyu, head of China's automobile buying mission to United States, said, "in spite of the limited numbers of vehicles purchased this time, it is the first time China has sent a large and specialized automobile buying mission abroad and

it is also the first time China imports automobiles in considerable number from the United States.

"It demonstrates the Sino-US auto cooperation has entered into a new phase, and has laid a solid foundation for future auto trade between the two countries," said Gan, who is the Vice Chairman of China's State Planning Commission.

"We believe the United States is the world leader in auto manufacturing and many of its products meet the demands of China's users," Gan added. "Our cooperation in the field of auto industry is a very important sector of overall Sino-US economic and trade relations and enjoys great potential."

## UAE spending millions on palm trees to green deserts

ABU DHABI, July 29: The United Arab Emirates (UAE) is spending millions of dollar to expand palm tree growth as part of a massive drive to green the desert, reports AFP.

The UAE is now planting more than 200,000 new trees every year — even though it already has an estimated 15 million, or ten per cent of the world's supply.

"We have instructions from President Sheikh Zayed Ibn Sultan Al-Nahayan to plant trees continuously in all parts of the country," said Salim Qubaisi, Agriculture Chief at the Abu Dhabi Municipality.

"It will not only help our efforts to achieve food security, but it will also protect

the environment. Such trees live for a long time and they help improve the soil and the climate, block winds and prevent desertification."

Qubaisi said about five million palm trees had been planted by the Abu Dhabi Municipality alone and there are projects to plant more areas.

"In some areas, you can now see large forests of palm trees. Besides improving the soil, they are attracting birds from several countries and enriching the scenery in the country," he said.

Most of the UAE's palm trees are based in and around the fertile oasis city of Al-Ani, 160 kilometers (100 miles)

east of Abu Dhabi. An official there said more than three billion dollar had been spent on forestry projects since the UAE was established from seven Emirates in 1971.

With the help of the oil wealth, the UAE has introduced technology and recruited international experts to accelerate the growth of palm trees. The Emirates university has the biggest date research centre.

According to an Agriculture and Fisheries Ministry report, the UAE now has more than 80 million trees of different varieties. Cultivated areas have risen from less than one per cent to more than three per cent of the country's total area

of 80,000 square kilometers (32,000 square miles).

"As you see, some areas in the UAE are no longer recognisable, they were a desert," Qubaisi said. "This encourages us to carry on and to turn the whole country in to an oasis."

At recent ceremony marking tree day in the UAE, the ruler's deputy in the Eastern Region, Sheikh Mohammed Ibn Butti Al Hamed called for intensifying the greening drive and pledged more funds to it.

"Let us step up this campaign and plant more and more palm and other trees," he said. "We have to confront this yellow invasion with a green invasion," he said.

He is counting on the veneration ordinary people feel for the palm tree, celebrated in the holy book, the Quran.

People are being given palm saplings to plant at home as part of the programme. The tall ever-green tree is now seen everywhere, in parks, streets, houses and places of Sheikh's and other dignitaries.

There's just one problem to all this: what to do the huge quantities of dates now being produced.

A single tree yields between 20 and 30 kilograms. ... but the country only has one date-processing plant, capable of processing only 14,000 tonnes a year, and most of this is marketed locally.

Attending today's signing ceremony were John Engler, Governor of the State of Michigan, and Leonard Woodcock, former US ambassador to China who arranged the Chinese mission to the United States.

Governor Engler said at the news conference "today, we are privileged to witness a landmark event. The world's oldest continuous civilization—the world's most populous nation—has sent a distinguished delegation to the new world to buy thousands of American vehicles from the big three automakers."

The action on the part of the China's is proof that the trade balance (between the United States and China) is indeed on the way to being restored, Engler said.