

## BRIEFS

## Cyprus, Emirates sign accord

DUBAI, Aug 23: Cyprus Airways has signed a cargo agreement with Emirates Airlines in a bid to corner the lucrative cargo market to the Asian subcontinent and Far East, it was announced Saturday. According to the agreement, Cyprus Airways will transport cargo from the Cyprus airport at Larnaca to Dubai from where Emirates will fly it to several destinations including Bombay, New Delhi, Karachi, Colombo, Dhaka, Male, Hong Kong, Singapore, Bangkok, Manila and Jakarta. Cyprus-bound cargo from these countries will, in turn, be carried by Emirates to Dubai and then transferred to Cyprus Airways, reports AP.

## Japan's money supply growth lower

TOKYO, Aug 23: Japan's money supply in July grew from a year earlier at the slowest-ever recorded pace for four months running as lending by commercial banks remained depressed, the Bank of Japan said Friday. Measured by M2 (cash and time and demand deposits) plus Certificates of Deposit (CDS), the growth was a minimal 1.2 per cent, down from the previous record low of 0.9 per cent in June, the bank said in a preliminary report, reports AP.

## Wireless telephone system in Russia

GERMANTOWN (Md), Aug 23: The first large scale wireless residential telephone system will be installed by Hughes Network System in the Russian region of Tatarstan, the company announced Friday. The new system will eventually replace Tatarstan's outmoded and static-plagued telephone system, the company said. The system uses technology similar to that used in cellular mobile telephones in the United States. The phones will transmit conversations to central receivers, which will then relay them through switching systems and satellites, reports AP.

## Iraq's oil output reach 2 m BPD

BAGHDAD, Aug 23: Iraq has boosted oil production to two million Barrels Per Day and expects to reach three million by the end of the year, an Oil Ministry source said, quoted by an official newspaper Saturday. The Northern Kirkuk oil fields are producing one million BPD and so are the southern Basra fields, the source told the Daily Al-Jumhuriya. Iraq is ready to export 1.18 million BPD through the Iraqi-Turkish pipeline, said the source, adding that exports would be boosted to 1.6 million BPD, but he did not know when, reports AP.

## Japan studying discount rate cut

TOKYO, Aug 23: The Bank of Japan (BOJ) is studying the possibility of cutting its discount rate later this month in a move linked with the new government economic package, a leading newspaper reported Sunday. The government is expected to announce additional pump-priming measures by the end of the month, reports AP.

## Rice protection policy hurting Japan most

Japanese barriers to imported rice are not only costly to Japanese consumers, they can no longer be justified for the traditional reasons of food self-sufficiency and protection of rural populations, according to an analysis by a US Department of Agriculture (USDA) economist.

Japan currently protects its rice producers by banning imports and supporting producer prices at a level five to six times the world price.

"There are flaws in the argument that rice self-sufficiency equals food security," says William Coyle, an economist in USDA's Economic Research Service.

Rice is much less important in the Japanese diet than it was 30 years ago, nowadays representing just over 25 per cent of per capita caloric intake, compared with about 50 per cent in 1960, says Coyle. His analysis was the subject of an article in the June issue of "Farmland", the publication of

the Economic Research Service.

"In the unlikely event that Japan were cut off from trade and put all available land into rice production, it could not produce enough total calories to sustain human activity," Coyle says. "And if imported inputs were unavailable that production would be even less. The fact is that trade — not domestic production — is the key to Japanese food security."

Japanese rice barriers also have negative consequences for other segments of Japan's population because they take away land and water resources from more financially rewarding economic activities, Coyle says.

The notion that rice barriers help preserve rural communities is also misleading, Coyle says, because the stability of these communities is no longer tied to rice prices the way it once was.

"Most producers of rice and other commodities in Japan

are parttime farmers who derive 85 per cent of their household income — 85 per cent — from off-farm employment," Coyle says. "It is a myth that elimination of agricultural price support for rice and other farm activities would lead to massive social and economic dislocation in rural Japan. Many farm households could adjust to the loss of the farm component of their income. They could not, however, adjust to the loss of the non-farm component."

Rice is not the only agricultural product protected by Japan. While the world's largest importer of feed grains, Japan maintains high duties and quotas on varying feed grain products to protect its potato and sweet potato farmers, Coyle says. Removing these barriers would help reduce feed costs to Japanese meat and poultry industry, he says.

Coyle also questioned some Japanese food health and chemical residue regulations

that make it difficult for some processed products and fresh produce to enter the country.

Japanese agriculture, he says, is far more chemically intensive than that in the United States. According to United Nations statistics, fertilizer use per acre in Japan is about five times that of the United States and pesticide use is seven times as high, he says.

Coyle says that if a farm reform proposal drafted by Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT), is adopted during the current Uruguay Round negotiations, Japan will be required to import 300,000 tons of rice in 1994 and expand that to 500,000 tons a year by 1999. In addition, its ban on rice would be replaced by a tariff of about 500 per cent that would be slowly reduced over time.

Coyle says that removing controls on the Japanese rice market would boost Japanese rice imports by four to five

million tons annually, worth between 1,000 million dollar and 2,000 million dollar with a large share going to rice growers in California who produce japonica rice, a variety popular with Japanese consumers.

Coyle says that policy changes in Japan are likely to be driven more by internal forces than external pressures. He explains that government subsidies currently favour farmers over urban workers.

"City dwellers must cope with cramped living conditions and a more frenetic lifestyle and will increasingly ask why farm households should continue to get government subsidies when average farm household income surpassed urban household income some time ago," he says.

Coyle adds that high population density and animal inventories are putting a great deal of stress on the land base and raise the question of how much Japan can continue to expand livestock production.

He remains optimistic that overall US agricultural exports to Japan will continue to expand.

In fiscal year 1992, Japan is projected to buy 8,000 million dollar worth of US agricultural exports. By comparison, purchases of US farm products by the European Community are expected to total 6,900 million dollar this year. Canada is expected to buy 4,700 million dollar in products, Mexico, 3,000 million dollar and the former Soviet Union, 2,000 million dollar, Coyle says.

He says that about 20 per cent of all US agricultural exports go to Japan. During 1991, Japan took 51 per cent of US citrus exports, 29 per cent of feed grain exports and 34 per cent of meat exports.

"The average Japanese relies on US farmers for about 500 calories of the 2,600 calories in his or her daily diet," Coyle says. —Washington Economic Reports

## Pakistanis get jobs in Malaysia

ISLAMABAD, Aug 23: About 50,000 Pakistanis are expected to get jobs in Malaysia by the end of this year under a recent protocol signed between the two countries, a Pakistani government minister said here, reports Reuter.

Minister of State for Manpower and Overseas Mohammad Zaman told reporters on returning from Malaysia that the country needed doctors, paramedics, staff for its hotels and workers for its vast palm, rubber and coconut plantations.

Pakistan is a major exporter of manpower, but many Pakistanis lost their jobs in the Gulf region during the past two years because of the Gulf War.

Zaman called the job opportunities in Malaysia as a new opening for Pakistanis, and said he would also soon visit Brunei which needed manpower for its construction industry.

## Thailand to help Myanmar farmers

BANGKOK, Aug 23: The Thai Agriculture Ministry will send three delegations next month to Myanmar to provide assistance in seeding, fishing, livestock and other industries, according to the Ministry, reports Xinhua.

One delegation will be dispatched by the Livestock and Fisheries Departments and the Office of Agriculture Economics, while the other two will be sent by the Forestry and Cooperatives Promotion Departments, the Department of Agriculture, the Agriculture Extension Department and the Irrigation Department, the Ministry said.

The assistance programmes are part of the Anand government's policy to provide aid to neighbouring countries in Indo-China and these delegations will gather information in Myanmar that will help the government decide whether further assistance should be rendered, the Ministry said.

## China's Vice PM may head body on stock market

BEIJING, Aug 23: Leading Chinese reformer Zhu Rongji may be appointed head of a new government body to oversee the development of China's stock markets, the official China Daily newspaper reported on Saturday, reports Reuter.

The new Securities Commission will be directly under the State Council — China's cabinet — according to the report that quoted informed sources as saying that Vice Prime Minister Zhu may become its head.

It probably will be set up before the end of this year. Meanwhile, China is drafting securities law to be passed after the Commission is established.

By setting up such a high-powered body, and possibly appointing a key ally of paramount leader Deng Xiaoping to run it, Beijing is giving a clear message that its experiments

with securities will continue.

There have been fears the experiment may be derailed by a riot which broke out this month in the southern city of Shenzhen during a badly-organised lottery to issue shares.

The China Daily article said that both Chinese economists and government officials believed the violence would not affect the development of the securities industry.

China has two fledgling stock markets in Shenzhen and Shanghai that list different kinds of shares for overseas and domestic investors.

The incident in Shenzhen was only caused by technical muffs that have nothing to do with the government's policy of implementing share-holding system", Liqingyan, a government economist was quoted as saying.

An estimated one million people poured into Shenzhen to buy lottery tickets.

## Oil breeds 'corruption culture' in Venezuela

CARACAS (Venezuela), Aug 23: The thick, black petroleum beneath the soil of Venezuela fertilised a culture of corruption so pervasive that it became a way of life for politicians and civil servants, reports AP.

"All of a sudden, in the early 1970s, this relatively small country is administering enormous wealth, and, well, all values went down the tubes," said Teodoro Petkoff, a socialist legislator.

Because Petkoff's party has never held power, it is untainted by accusations that have attended every administration of the past 20 years.

A few items from the front pages of recent days:

The attorney general recommends revocation of immunity from prosecution of former President Jaime Lusinchi (1984-89), several of whose high-ranking officials fled the country rather than face charges stemming from at least 22 cases of fraud, graft, bribery and abuse of authority.

The head of the largest labour federation, who is also a congressman, is prevented

from leaving the country while he answers accusations of influence peddling.

The mayor of Caracas testifies for seven hours before a judge investigating charges by the Interior Minister that the contract for repairing the city's sidewalks was a sweetheart deal.

The Director of the international airport reports that dozens of employees have cheated the state for years by selling counterfeit exit-tax stamps.

A report of Congress by the federal controller listed scores of cases of state agencies paying expenses for government employees on vacation, payment of salaries to dead people or no-shows, disappearance of funds allotted for merchandise never bought and approval of pensions for people not entitled to them.

"Corruption, in its multiple manifestations as the antithesis of morality, brings decay, turbulence, fraud, laziness and duplicity, vices that are damaging the physical and mental health of our people."



FROM DERELICTION TO DIGNITY: Today's view looking north towards Canary Wharf portrays a picture of exciting architecture. It is a tribute to the London Dockland Development Corporation (LDDC) which has 10 years transformed a scene of dereliction and decay into an exclusive business and residential area. By the year 2000 it hopes that the great water city will have a population of 115,000. —LPS photo.

## Beijing warns US of retaliation

BEIJING, Aug 23: China said it reserved the right to retaliate if Washington followed through on its threat to target up to 3.9 billion dollar of China's exports to America unless Beijing met a US-set deadline to open its market by October 10, reports Reuter.

China also warned Saturday that a United States threat of punitive tariffs to force Beijing to open its market would harm trade ties between the two countries and the economy of all of Asia.

The unilateral publication of

a blacklist of Chinese commodities by the US side would do harm to Sino-US economic and trade relations, the New China News Agency quoted a spokesman for the Ministry of Foreign Economic Relations and Trade as saying.

Moreover, it will also have a negative impact on economic prosperity and stability in the whole Asian and Pacific region, the spokesman said.

Despite the dangers to both sides of a tit-for-tat trade war, China warned of possible retaliation.

The Chinese side reserves the right to react with relevant measures, the spokesman added.

Washington's threat came after the fourth round of Sino-US talks ended in Beijing on Friday with little progress in the US's year-long effort to end Chinese quotas and other import restrictions.

Assistant US trade representative Ira Wolf said on Friday "significant differences remain between our two sides."

The Chinese spokesman

said Beijing regretted the fact that no agreement had yet been reached.

The Chinese side is optimistic about reaching an agreement before early October, hoping the US side will continue to discuss and resolve the existing differences with the same sincere, cooperative and pragmatic attitude that China has displayed so far, he said.

There will be more talks in Beijing next month. A final round of negotiations is scheduled for Washington.

## Disney for inner-city loan plan

LOS ANGELES, Aug 23: Small business owners in the riot-torn areas of the city who have been denied bank financing are being given a second chance through a loan programme worth up to one million dollar initiated by Walt Disney Co., reports AP.

Disney's money will provide initial financing for a first African Methodist Episcopal Church programme that will offer loans of 2,000 dollar to 20,000 dollar to community residents who own or are starting a business in the inner city.

"We're trying to reach out to that segment of the community that's not being addressed," said Kenneth D. Werner, a Disney senior Vice President. "We're hoping that if 30 or 40 businesses are created or allowed to exist, the community will be a better place."

## Gloomy economic outlook casts shadow over platinum, base metal prices

LONDON, Aug 23: The depressed outlook for the economy and the car sector, confirmed by the decision of two British car makers to put staff on part-time working, threw a shadow over the price of platinum, base metals and rubber this week, reports AP.

The precious metals prices paused for breath and stabilised at low levels, stopping their recent falls, although demand, notably by the jewellery trade, remained weak.

The price of Brent North Sea crude oil rose following an increase in tension between Iraq and the United States but then fell in the absence of any attack on Iraq.

The price of coffee strengthened before a meeting of the two main exporters, Brazil and Colombia, aimed at furthering the chances of an agreement on international coffee quotas at a meeting in London in September.

On the London Metal Exchange (LME), the price of copper was helped by fears of a tightening of supply but later weakened in response to the announcement of the suspension of a Polish copper strike.

Gold: Higher. After an unbroken six per cent fall during the past two weeks, the price of gold recovered this week, stabilising below the 340 dollar an ounce threshold.

The market made a slight recovery, taking up its traditional role as safe have after

increases in tension between Iraq and the United States but when no concrete action emerged, prices eased again.

The Chooilimpic site, third largest mine in Chile producing 100,000 ounces (2.8 tonnes) a year, is to close by the end of the year as it has run out of reserves of gold oxides and because the current low world prices for gold made the operation unprofitable. It began production in mid-1988 and provides one tenth of the country's production. The world's production was estimated at 1,781.6 tonnes in 1991.

Platinum: Higher. After the 10 per cent fall in price in recent weeks, platinum was boosted by speculative buying though brokers remain cautious, uneasy over the state of the world economy.

The new falls on the Nikkei Index in Tokyo confirmed the relative weakness of the Japanese economy, the world's leading platinum importer.

Platinum, mainly used in the production of catalytic converters, continues to suffer from the problems of the car-making industry and the announcement of slowdowns in production by several leading firms.

Ford, Britain's leading car-maker, and Rover said that some of their plants would move to part-time working for several weeks as a result of

falling sales and high stocks.

Silver: Lower. The price of silver was affected by speculative sales on a market already hit by the slowing up of economic activity and falls in jewellery purchases linked to the holiday season and the world economic recession.

Copper: Higher. The price of copper rose on the London Metal Exchange (LME) during the week, moving up in line with gains on the Chicago metals exchange over medium-term fears of a short-fall of production but falling back as the Polish copper strike was suspended.

According to Billiton-Enthoven, a fall in copper exports from the Commonwealth of Independent States (CIS) and an expected increase in demand would produce a 70,000 tonne shortfall in the western world in 1992, they said.

Stocks of copper rose 10,975 tonnes to 262,325 tonnes on the LME.

Lead: Steady. The price of lead was steady during the week, ending virtually unchanged, just one pound per tonne higher after trading in a narrow band every day.

Little fundamental news emerged to move the market which most dealers said was suffering from the holiday season problems of lack of interest and lack of news.

LME stocks of lead fell 75 tonnes to 150,550 tonnes.

Nickel: Higher. The price of nickel moved higher over the week, dipping early on but then climbing on technical factors connected with fears over supply at certain key delivery dates.

Nickel stocks rose 1,764 tonnes to 42,732 tonnes, the highest level since February 1984.

Tin: Lower. The price of tin fell over the week, set off by gloomy industrial news in Britain, though recovering towards the end as technical factors pulled the metal higher, dealers said.

Tin has yet to regain the "confidence" it had at the start of last month when it was over 7,000 dollar per tonne but technical tightness and longer term fears over supply will continue to underpin the metal, one dealer added.

Stocks of tin on the exchange rose 15 tonnes to 14,650.

Coffee: Higher. The price of coffee was boosted by a technical recovery after the losses of the last two weeks and a 48-hour strike by Brazilian dock workers.

Representatives of the world's two leading producers Brazil and Colombia are to meet in Bogota on August 24, aiming to sort out their position ahead of the meeting of the International Coffee Organisation (ICO) in London in September.

Aluminium stocks on the exchange rose 26,975 tonnes to a new record high of 13,414,000 tonnes.

larily steady, ending, in its case, one dollar per tonne down on the week after tracking copper to rise slightly midweek and then fall back as short-term copper supply fears eased.

Stocks of zinc rose 3,000 to a new high record of 348,125 tonnes.

Aluminium: Steady. Aluminium too went the week virtually unchanged ending fractionally down but largely unaffected by events around the world. Trading was "dead" all week, one dealer said.

Some fears over supply did emerge with doubts over the ability of Commonwealth of Independent States (CIS) alumina plants to remain competitive as the former Soviet Union allows its fuel prices to rise to world levels.

Only two of the CIS's 10 plants will have any chance of competing with western producers if they have to pay the full cost of energy, experts said.

However, the total alumina capacity of the CIS was too small for problems to worry the market, accounting for just 5.33 million tonnes against western production of 35.2 million tonnes last year, and the London price was un-

affected.

Aluminium stocks on the exchange rose 26,975 tonnes to a new record high of 13,414,000 tonnes.

The members of the ICO are meeting to discuss coffee policy in the wake of the recent fall in prices to their lowest levels in 22 years because of a world surplus of supply over demand.

Sugar: Lower. The price of sugar fell after brokers Czarnikow raised their forecast of the world sugar production in 1991-92 from 1.24 million tonnes to 1.41 million tonnes, and a 1.04 million tonne surplus in 1992-93.

German statistician FO Licht said European sugar production in 1992-93 (Oct-Sept) would reach 31.55 million tonnes in raw value against 29.87 million tonnes predicted for 1991-92.

Czarnikow said European production would be 30.87 million tonnes in 1992-93 and 30.05 million tonnes the previous year.

Vegetable oils: Steady. The price of vegetable oils rose after estimates from the specialist review of world, which said that the world demand for vegetable grains would grow by two per cent to a new record of 229 million tonne in 1992-93 from the year before.

Oil world also predicted a seven per cent fall in world rape seed production, half coming from the EC and the remainder from the rest of Europe, China and Canada.

The price of palm oil rose

after the signing of a memorandum of understanding between India and Malaysia over the purchase by India of 300,000 tonnes of the oil over the next two years.

In five years, India's annual palm oil import have fallen from one million to 160,000 tonnes.

Oil: Lower. After starting higher following the increase in tension in Iraq, the price of Brent North Sea crude oil fell when an expected attack on Iraq did not materialise.

Iraq's decision to ban a team of UN inspectors from its ministry buildings initially raised oil rates but they fell again after the team said they had gained access to all the sites they wanted to see.

Prices raised again when Britain said that it, along with the United States, France had decided to create "no-fly" zone for the Iraqi airforce in southern Iraq.

A specialist magazine said that OPEC would increase its crude oil production 7.1 million barrels a day by the end of the century to 31.4 million to meet increasing world oil and energy demands.

Rubber: Lower. In the absence of continuing interventions from the buffer stock manager of the International Natural Rubber Organisation (INRO), prices fell, weakened by low worldwide demand.

The depression in car making, notably in Britain, the

weak signs of economic recovery continued to affect the market.

Brokers said that INRO would return to the market in the next few weeks to attempt to stimulate prices, though the recent purchases, 20,000 tonnes, failed to lift INRO's indicator price above its "may buy" level of 176 cent.

Grain: Slightly higher. The prices of wheat and barley were lifted by signs of a tightening of world supply following the reduced harvests of the European Community and the Commonwealth of Independent States (CIS).

The US Agriculture Department (USAD) reduced its estimate for CIS wheat production by 400,000 tonnes to 166.2 million tonnes for 1992 while British officials said production in the United Kingdom would be well below the 14.36 million tonnes previously predicted.

Tea: Higher. Demand was strong at the weekly London auctions where prices moved to 175 from 170 pence per kilo for higher grade tea, to 127 from 125 pence for middle grade and stayed unchanged at 80 pence for lower quality tea.

The drought in key producer countries and the signs of a deficit in world supply continued to boost prices though the market remained cautious uneasy over Russian demand.