

## BRIEFS

### Thatcher warns of EC conflict

SEOUL, Sept 4: Former British Prime Minister Margaret Thatcher said that the nations of Europe risked war among themselves if the European Community (EC) evolved into a superstate. "An attempt to create a European superstate out of the present nation state of the European Community would fuel nationalism and risk conflict," Thatcher told a graduation ceremony, reports Reuters.

### Call for lower interest protested

FRANKFURT, Sept 4: Germany's central bank on Thursday resisted calls by lawmakers to lower high interest rates, as some analysts pointed to signs of an economic slowdown despite better-than-expected new figures. The Bundesbank came under fire from several financial experts, who said its high interest rate policy was hurting the economy. The Federal Statistics Office said western Germany's gross domestic product (GDP) was unchanged compared with the first quarter, and registered a 0.6 per cent rise from last year, reports AP.

### Bush's appeal boosted aid

NEW YORK, Sept 4: President Bush's televised appeal for Americans to do more for victims of Hurricane Andrew has boosted donations and efforts to aid the ravaged areas in Florida and Louisiana. I encourage all Americans to pitch in any way you can," Bush said Tuesday night in a nationally broadcast speech. "I've been reminded that America always will be a nation of neighbours." The Food Bank of North Carolina in Raleigh was inundated with donations after the storm hit and had sent one million pounds (453,000 kilograms) of food to Florida before Bush's plea, said Greg Kirkpatrick, executive director, reports AP.

### 4m S Africans to die from hunger

LONDON, Sept 4: At least four million people will die in parched southern Africa if food is not delivered quickly, a British aid worker said Thursday as seven agencies launched a joint appeal to help an estimated 40 million people at risk on the continent. An official of Oxfam added that the situation in Somalia was the worst he had seen in two decades, including the Ethiopian famine of 1984, reports AP.

### Finish industry to stop oil output

HELSINKI, Finland, Sept 4: Finland's offshore oil equipment industry will halt production after the government agreed to withdraw a complaint against Danish plans to build low bridges in the Baltic Sea, industry officials said Thursday. The suspension bridges, already partly constructed between two Danish islands, will be 65 metres (215 feet) at their highest point, blocking movement of oil rigs and platforms from Finland's Baltic Sea Ports to international waters. "After this decision, we won't see the offshore industry in this country any longer," said Martin Saarikangas, manager of Metall's offshore and shipbuilding industry, reports AP.

### Ecuador announces tough reforms

QUITO, ECUADOR, Sept 4: Newly elected President Sixto Duran unveiled a sweeping economic reform programme Thursday, devaluing the national currency by 27.6 per cent and more than doubling gasoline prices. In a nationally televised address expected to infuriate labour groups, Duran also raised electricity rates by 90 per cent. Duran said the measures were designed to combat inflation and reduce an 800 million dollar budget deficit, reports AP.

### GATT chief insists on tariffication

SEOUL, Sept 4: As angry farmers protested, the Director-General of Agreement on Tariffs and Trade (GATT) insisted Friday on no exceptions to his call for converting all trade barriers into tariffs. Arthur Dunkel, the GATT chief, continued his multi-national lobbying effort for his "tariffication" proposal, part of a broad plan to salvage the stalled Uruguay Round of talks on setting rules for global free trade. But as in Japan earlier this week, Dunkel ran into resistance from rice farmers. South Korea wants rice and a few farm items excluded from tariffication. Rice imports are currently banned in both South Korea and Japan, reports AP.

# Egypt for 'third world movement' to meet economic changes

JAKARTA, Sept 4: Egypt called on Thursday for the Non-Aligned Movement and the G-77 economic alliance to merge into a new group, saying the Third World needed a vehicle to keep pace with rapid political and economic change, reports Reuters.

"The Movement's response to international changes and conforming with them is no longer an option but a necessity imposed by the instinct for political survival," Egyptian Foreign Minister A M R Moussa told the third day of the Non-Aligned Movement summit.

To face all these, the developing states in two parallel movements — the Non-Aligned Movement and the Group of 77 (countries) — are called upon to see what can be done to develop and revive their activities," he said.

"Perhaps the formation of a Third World movement... could create new prospects for our work and create a new dynamism in international relations and unleash activities in the South."

Several members have rejected the proposal, first made by Moussa in July. They say the movement still has a political relevance to counter what they see as world domination by the United States after the collapse of the Soviet Union.

Iraq has called Egypt's plan a plot to destroy the movement and place the developing countries at Washington's mercy.

As a compromise, delegates proposed setting up a commit-

tees to liaise between the two bodies. Moussa called it "an important step on this road" towards a new group.

He suggested that Indonesia, the Movement's Chairman for the next three years, invite experts to formulate what role a new group should play.

AFP adds: Countries in the north have replaced the old cold war order with a new type of dominance based on economic control through aid, investment and market restrictions. Third World leaders said here Thursday.

The director of the south centre and former Tanzanian President Mwalimu Julius Nyerere said at the 10th Non-Aligned Movement summit "ever increasing 'conditionality' is applied to aid, credit and even normal trade relations of developing countries."

"Increasingly conditionalities are being used to force US to adopt western political systems, exclusively individualistic definitions of 'human rights' and national economic management policies prescribed by them," he added.

"At the same time protectionism of different kinds is increasing in the north and our separate weakness is being used to ride rough shod over our opinions in international negotiations as well as in bilateral South-North discussions."

Nyerere presented at the summit a report compiled by his centre, which was set up by NAM in 1986 to study South issues.

"The reality is that the widening North-South gap in income and technology capacity is being used to secure northern control over our development strategies, our political structure, our economic policies and our military defences," Nyerere said.

Defending the right of member nations to decide their own international and domestic policies has always been NAM's purpose, he said.

"Now that we are no longer faced by a divided North, nor subject to rival pressures from east or west let us invite all the countries of the south to join us so that together we become really a movement of the whole south," he added.

"The collapse of socialism in Europe and the breakup of the Soviet Union brought with them significant changes in the international correlation of forces," said Cuban Vice President Juan Almeida Bosque.

"That makes possible today the arrogant behaviour of a few imperialist powers on the world scene who are bent on perpetuating the unjust system of international relations," he added.

Almeida said "we underdeveloped countries are increasingly poorer, more dependent, and more discriminated against..."

"If a real determination to cooperate and to work to establish a world order which would benefit all equally were to truly exist, the considerable resources which are still being wasted by the great powers on senseless militarism should

then be channelled towards the development of underdeveloped countries," he said.

Leaders here are particularly concerned that the burden of debt repayments has led to a net negative flow of resources from countries in the South to the North.

This has been made worse by allegedly protectionist policies among some northern countries and the drying up of development aid due to recessions in those countries and their preoccupation with other issues like the need to help former east bloc countries, diplomats and leaders have said.

They said they were also concerned about the lack of influence NAM countries have in helping to determine market strategies.

One example cited by black African and Latin American countries were the cartels in places like London and New York which fix commodity prices, which are particularly low at the moment, and quotas without considering the opinions of producing countries.

Among ways of dealing with the problem, delegates have called for various programmes.

These include debt write offs in exchange for environmental programmes, more South-South economic assistance and talks as well as South-North talks on ways to better structure development aid taking into consideration the needs of individual countries.

## EC to consider new US export subsidies

BRUSSELS, Sept 4: Worried by President Bush's "belligerent" announcement of new cereal export subsidies, the European Community said Thursday it will probe whether the US move violates a farm trade agreement, reports AP.

EC officials feared the move to support US wheat exports with one billion dollar and directly challenge EC wheat exports could further damage Transatlantic trade relations and infringe on traditional EC markets.

EC-US relations are already affected by a dispute over oilseed subsidies and lack of progress in the world trade talks.

"It does not bode well for future fruitful relations," an EC official, who asked not to be identified, said.

## Highest paid singer

NEW YORK, Sept 4: Prince has signed an unprecedented 100 million dollar deal with Warner Bros. Records, which will pay him 10 million dollar per album and make the controversial rocker a corporate vice president, an official said, reports AP.

The first-of-its-kind deal makes Prince the highest paid player in pop music, surpassing the mega-deals cut by Michael Jackson and Madonna.

The deal with Warner Bros also will fund Prince's two record labels, the existing Paisley Park Records and a new, second label which will concentrate on releasing "cutting edge" singles, said Gilbert Davidson, president of Prince's Paisley Park Enterprises.

"What would I say about Prince's reaction? It's one that fits his personality," Davidson said Thursday. "He's very happy, but at the same time he's ready to work."

Prince comes with an impressive track record dating back more than a decade, including hit albums like "Controversy," "1992," "Purple Rain" and "Sign O' The Times," and singles like "Little Red Corvette," "When Doves Cry," "Cream" and "Diamonds and Pearls."

It was Warner's second megabuck deal with a superstar act in the last six months. Madonna signed a seven-year deal worth perhaps 60 million dollar in April with Time Warner Inc.

A Warner's official didn't return a phone call for comment on the Prince contract.

Under the deal, Prince will provide Warner Bros — his record label since his first deal — with another six albums after his next release which is due out October 20. In addition to the 10 million dollar per record, he will get increased royalties.

The 10 million dollar is believed to be the highest advance for any artist, Davidson said. Madonna's deal called for her to collect a five million dollar advance per record.

Perhaps the most unusual aspect of the deal makes Prince a Warner Bros vice president for artists and repertoire. Prince will maintain an office in Los Angeles to assist Warner in signing and working with its artists.

## Arabs seek UN coop to set up common market

AMMAN, Sept 4: Arab states have asked a regional UN agency to suggest steps towards setting up an Arab common market to compete with a unified Europe, officials said yesterday, reports Reuters.

The UN officials said representatives of the 13-member Economic and Social Commission for Western Asia (ESCWA) had endorsed a resolution calling for new studies "underscoring the importance of a common market for the region."

Tayseer Abdul-Jaber, Executive Secretary of ESCWA, said delegates had also asked for detailed studies on reacting trade among its members.

Business between ESCWA's members, which include the six oil-rich members of the Gulf Cooperation Council plus Jordan, Syria, Lebanon, Iraq, Egypt, Yemen and the Palestine Liberation Organisation, accounts for only seven per cent of total trade to all markets by those countries.

The presence of some dif-

ficult ties among member states does not put off efforts down," Abdul-Jaber told reporters at the end of the five-day session, which focused on the need to compete with a single European market.

The absence of Kuwait and the United Arab Emirates from the conference provided proof of deep divisions lingering after the 1991 Gulf War over Kuwait. Iraqi Planning Minister Samal Majeed Faraj delivered the conference's opening speech.

Delegates discussed the economic threats of a stronger European market which they said would probably reduce demand for non-European goods and labour and tighten import specifications.

Abdul-Jaber said Jordan and Lebanon had offered to host the permanent ESCWA Headquarters, which temporarily moved from Baghdad to Amman during the Gulf crisis, but a formal decision would be taken during the next session in Beirut next year.

## Overseas Indians keen to invest

## Govt urged to speed up financial reforms

NEW DELHI, Sept 4: Overseas Indians, keen on investing in India, have urged the government to speed up financial sector reforms to overcome a setback caused by a billion dollar financial scandal, reports Reuters.

Pratul Patel, a London-based businessman, said the scandal had shaken the confidence of overseas Indians, though he said the governments' handling of it was commendable.

"India must move more rapidly towards financial sector reforms to overcome the setback caused by the scandal," Patel said.

Patel who leads a seven-member delegation of non-resident Indians (NRIs) visiting Delhi, said India was going ahead with economic reforms as planned.

As part of financial sector reforms, the government should open up the banking sector to the full rigours of the market," he said.

India initiated a series of economic reforms in June last year, beginning with a steep 18.74 per cent devaluation of the rupee against the dollar. In March this year, the rupee was made partially convertible.

The government should now pursue with great vigour the objective of complete con-

vertibility by the end of the year," Patel said.

The government abolished most industrial licensing and promised automatic approval for majority foreign equity in many Indian joint ventures.

Patel said the securities scandal was a setback for the reforms. NRIs were not eager to take investment decisions, he said.

"The government must expedite the reforms to remove the situation that the scandal could slow them down," he said.

The dollar 1.2 billion scandal involved alleged collusion between stock and securities brokers and bank officials in diverting bank funds to the Bombay Stock Exchange to take advantage of a boom in share prices, triggered by the reforms.

Patel said the international equity shares (global depository receipts) issued by Reliance Industries Ltd were being quoted around dollar 9.5 each, at almost half the issue price.

He said three other Indian companies which planned to raise funds through similar equity issues had to give up their proposals after the scandal broke in April this year.

## GATT leaders may reach pact before schedule

WASHINGTON, Sept 4: The White House said on Thursday it would be months before the world's major trading partners could reach a new trade pact long sought by President George Bush and other leaders, reports Reuters.

The sudden pessimism about the latest round of the General Agreement on Tariffs and Trade came a day after Bush, on the campaign trail unveiled the biggest single subsidised wheat export programme in US history.

"We're still pushing for it, but we're obviously pessimistic that we're going to get it in the short term," White House spokesman Marlin Fitzwater said of an accord under GATT, the world trade body.

"Clearly, we're tailing months at least," he told a

news conference.

The European Community criticised Bush's announcement on Wednesday of dollar one billion in wheat export subsidies, questioning whether it was compatible with the spirit of the world trade talks under the auspices of GATT.

"The announcement was rather belligerent and doesn't help fruitful relations," a spokesman for the EC's executive body said in Brussels.

But Fitzwater said the United States acted in response to similar subsidies offered by other countries.

The GATT talks have been stalled since December 1990 over a dispute between Washington and Brussels over the issue of reducing farm subsidies.

# Robert Maxwell's son largest bankrupt

LONDON, Sept 4: Kevin Maxwell, son of late media tycoon Robert Maxwell, was on Thursday declared Britain's largest bankrupt with debts of more than 400 million pounds (800 million US dollar), a lawyer for the liquidators said, reports Reuters.

The declaration was handed down in the English high court.

Kevin Maxwell's bankruptcy was sought by the liquidators of Bishopsgate Investment Management, tracking 450 million pounds (900 million dollar) his father stole from Bishopsgate-managed pension funds in the months before his death at sea last November.

In July, Kevin Maxwell was ordered to pay 407 million pounds (814 million dollar) to the liquidators after a summary judgement that he had been negligent in his duties as a Director of Bishopsgate.

His brother Ian is being used on similar grounds, but unlike Kevin is defending his case and a judgement is not expected until later this month.

The two brothers also face criminal charges in connection with the thefts from the pension funds.

They were remanded on bail for a further three months earlier this week.

The two brothers were arrested in June by investigators from Britain's serious fraud office probing the collapse of Robert Maxwell's publishing empire. They were charged with conspiracy to defraud.

Kevin Maxwell and US financier Larry Trachtenburg, one of Robert Maxwell's closest advisers who was also remanded on bail on Tuesday for another three months, were further charged in June with stealing 45 million pounds (90 million dollar) from company pension funds. Trachtenburg



LONDON: Kevin Maxwell, son of the late media tycoon Robert Maxwell speaks to reporters outside the London High Court September 3 after a bankruptcy order was made against him for 406.5 million pound (about \$800m).

was charged with conspiracy to defraud.

The previous British bankruptcy record was held by former property millionaire William Stern, who went bankrupt for 118 million pounds (236 million dollar) at current exchange rates) in 1974.

Robert Maxwell's publishing empire collapsed under the weight of its debts after his mysterious death at sea on November 5.

Investigators probing the runs of his empire believe he plundered both employee pension funds and his public companies in a desperate bid to prop up loss-making busi-

nesses and keep creditors at bay.

As a bankrupt, Kevin Maxwell cannot hold public office or any company directorships. He is barred from owning a credit card.

In Britain, a bankruptcy order against an individual can be removed after a minimum of three years.

In earlier court hearings Kevin listed his assets as 1.9 million pounds (dollar 3.8 million) and his debts at 1.7 million (dollar 3.4 million).

His main asset was a 750,000 pounds (dollar 1.5 million) stake in his home in London's fashionable Chelsea

district, jointly owned with his wife, Pandora. It has already been sold.

## Poland to market 15,000 tons of sugar

WARSAW, Sept 4: The Polish government stepped in to end a spate of panic-buying of sugar on Thursday, announcing that it was planning to release 15,000 tonnes of sugar onto the market. "I am warning the public against buying sugar at the recent prices. Those who buy sugar in bulk will lose out because the price will definitely go down," reports AP.

# NAFTA — powerful trading bloc may be as arduous as tortuous

by John Ross

Ratification of the just-signed agreement forming a North American Free Trade Association (NAFTA), comprising the United States, Canada and Mexico, may be just as arduous as the tortuous, 13-month negotiating process.

The text, covering 20,000 separate trade items, now goes to the legislatures of the three countries for final approval. Only in Mexico will it sail smoothly through.

The accord needs to be approved by the Mexican Senate, where the Institutional Revolutionary Party (PRI), which has ruled for 64 years, now controls 61 of the 64 seats.

President Carlos Salinas has staked his political legacy and the credibility of the PRI on signing the agreement before he leaves office.

Although many industrialists, small businessmen, unions, farming groups, nationalists and leftists are not enthusiastic about NAFTA, the PRI will ensure its peaceful imposition.

The most difficult legislative task facing Salinas will be lobbying the US Congress and the Canadian Parliament for prompt passage.

In Canada, where the 1988 free trade accord with the US has fuelled unemployment, Prime Minister Brian Mulroney's popularity has plummeted to 29 per cent of the electorate while approval of NAFTA is another seven per cent lower.

Mulroney could face an election within months, and he wants to put such unpleasantities behind him. Yet pushing ratification will put at risk his advantage in parliament.

And the left-centre New Democratic Party, which could become a coalition partner with the Liberal Party in a new government, is pledged to abrogate NAFTA within 60 days if it gets power.

The US Congress is likely to keep Salinas hanging on to the edge of his seat for many months. Much rests on who wins the presidential elections.

Although the withdrawal of the maverick H Ross Perot, who opposes NAFTA because of short-term job loss to Mexico, has left two White House candidates who support the treaty, Democratic Party challenger Bill Clinton has begun

to draw distinctions between his vision of NAFTA and that of President George Bush.

Clinton has repeatedly risked labour union support by endorsing the treaty "in principle" — largely, he says, because of the gargantuan market it opens for US goods and services. He now indicates that he will renegotiate key environ-

mental and worker retraining provisions if he becomes president.

The announcement on August 11 that agreement had been reached on NAFTA thrust the issue of free trade with Mexico into the middle of the US election campaign. Washington pundits suggest the news was timed to boost Bush's image on the eve of the Republican Convention in Houston, Texas.

The state of Texas is an im-

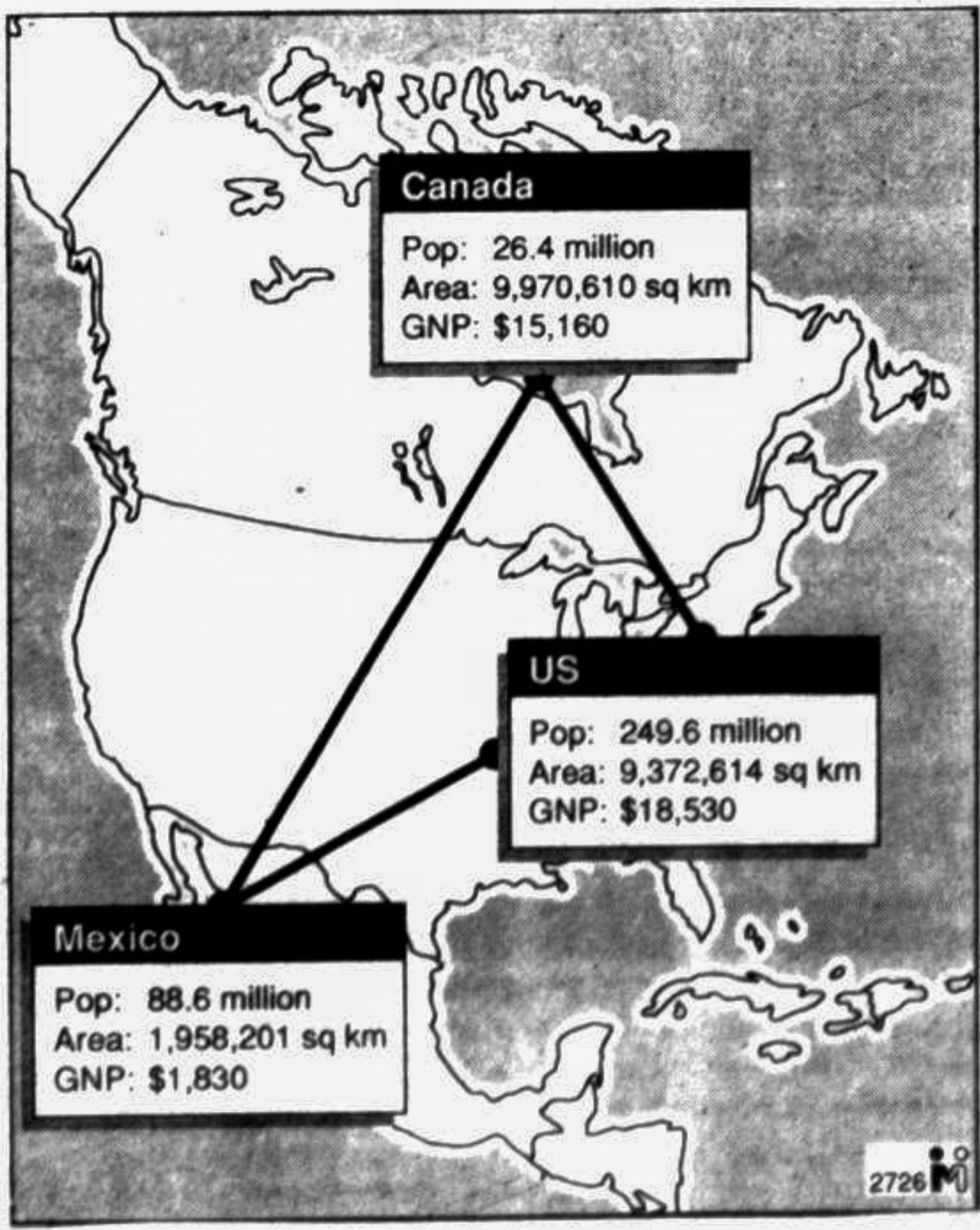
portant electoral prize and under the agreement it is expected to be a big commercial winner. Actual consideration of NAFTA by Congress will not begin until next spring.

Congress will have 90 days to vote it up or down without modifications in language — the so-called fast track procedure that was approved in May 1991

by a scant 35 votes.

With 100 seats and the entire US Senate up for grabs in November, that slim margin may be challenged in the new Congress. Even with Mexico's estimated billion-dollar lobbying barrage, further souring of the recession-riddled US economy could put pressure on the new Congress and lead to NAFTA's defeat.

If NAFTA clears all the legislative hurdles it would take effect in January 1994, with



tariff reductions coming in at five, 10 and 15-year stages.

What defeat or deferral would do for Mexico is an untested scenario. Constitutionally, Salinas has to stand down in 1994 and failure to complete a signed treaty will surely erode the PRI's already tattered credibility. Such an outcome would also exacerbate traditional Mexican distrust of the big neighbour to the north.

Whatever happens, the indelible imprint of free trade is fast transforming Mexico into the southern-most outpost of North America. One thousand US-based fast food franchises (including 300 McDonald's) now stipple the central Mexican landscape.

United Parcel Service delivers the mail. Pepsi-Cola has bought up an entire ejido (rural communal production unit) in the north.

Mexico's trade deficit with the US has ballooned to a record-busting 20 billion dollar in the past year — roughly equal to its cash reserves.

With or without NAFTA, 500 years after the coming of the conquistadors it seems the New Conquerors are setting in for an extended stay. —GEMINI NEWS