

BRIEFS

EC unemployment remains static

BRUSSELS, Sept 23: Unemployment in the European Community stood at 9.5 per cent in July, unchanged from June, the EC Commission's statistics agency Eurostat reported Monday. In its monthly statement, Eurostat said the number of jobless in the EC was 14 million in July, compared with 13 million in July 1991 and 12 million in July 1990. Unemployment stood at 8.9 per cent in July 1991, reports AP.

Record surplus predicted for Japan

TOKYO, Sept 23: A government official predicted Monday that Japan's politically sensitive global trade surplus will shatter the record this fiscal year, and he indicated Tokyo may have to do more to stimulate imports. Sozaburo Okamatsu, Director General of the International Trade Policy Bureau said his "personal estimate" of this year's trade gap is about 130 billion dollar which is in line with what private economists predict, reports AP.

Russia expects debt relief soon

WASHINGTON, Sept 23: Russian officials negotiating for relief from their 70 billion dollar debt burden said Monday they do not expect an agreement with their creditors until late next month. "A realistic date would be sometime in the end of October," said Piotr Aven, Russian minister of foreign economic relations. He spoke with reporters after conferring for several days with officials of creditor nations gathered for the annual meeting of the International Monetary Fund and World Bank, reports AP.

Euro crisis bugs Spore rubber

SINGAPORE, Sept 23: Europe's currency crisis and a lack of consumer interest continued to bug the Singapore rubber market where prices tended easier with little trade transacted. Prices of all three contracts on the Ras commodity exchange opened unchanged and stayed unchanged at opening levels before trending easier in later trading sessions, reports AP.

Algeria to boost oil product by 25 pc

ALGIER, Sept 23: Algeria will boost its oil production by 25 per cent in 1996 and again in the year 2000, Energy Minister Hacem Mefti said Tuesday. The increase will be over the 800,000 barrels per day that Algeria currently produces under quotas set by the Organization of Petroleum Exporting Countries, Mefti said on Algerian radio, reports AP.

Talks on coffee make progress

LONDON, Sept 23: Negotiations from coffee producing and consuming countries made some progress Tuesday at the International Coffee Organization toward drawing up a new price-stabilisation pact by defining the concept of universal quota. Costa Rican Vice-President Arnoldo Lopez, chairman of the 20-nation working committee in which negotiations on the new pact are being concentrated, welcomed it as an advance, reports AP.

US ignores Iraqi loan case

ATLANTA, Sept 23: Prosecutor ignored evidence of a broad scheme to illegally loan Iraq \$5.5 billion dollar because it did not fit their "absurd" theory that an Atlanta banker acted alone, attorneys charged Monday. In a motion to withdraw the guilty plea of Christopher Drogoul, attorneys charged anew that the US government and Italian banking officials were aware of Drogoul's activities. US District Judge Marvin Shubb will decide Tuesday whether to accept the motion, reports AP.

India against UN role downplay

COLOMBO, Sept 23: India yesterday said it would not allow any attempts to downplay or blur the role of the proposed United Nations Commission on Sustainable Development. For the establishment of a strong and effective commission, equitable representation should be ensured by all the developing countries, the Environment and Forests Minister, Kamal Nath told the fifth meeting of the governing council of South Asia cooperative environment programme, reports PTI.

Deadline not yet fixed to ratify Maastricht

UNITED NATIONS, Sept 23: European Community foreign ministers pledged on Monday to go ahead with the controversial Maastricht Treaty on political and economic union but papered over crucial differences on when to ratify the pact, reports agencies.

At the same time, the ministers sought to initiate a widespread education campaign, acknowledging their governments had done a poor job in quieting public anxiety on the impact of the treaty, aggravated by turmoil in currency markets.

The meeting came one day after France narrowly voted in a referendum to accept the treaty.

The treaty is supposed to pave the way for a single currency in Europe, as well as common foreign and security policies.

The ministers, meeting in a special session at the United Nations, were unable to set a firm deadline for ratifying the treaty after hours of argument.

Although the original hope had been to finalise the treaty by the end of the year, the communiqué merely said that, failing this, the pact should come into force just after the last state ratified it.

Both Britain and Denmark are grappling with hostile public opinion and say they need time to overcome this.

As Denmark has still not

come up with a solution on how to overturn its June referendum in which voters rejected the treaty, the pact's future is as much in doubt as ever.

Britain, which has considerable domestic opposition to the treaty, angered its partners, particularly Germany, Belgium and the Netherlands, by refusing to incorporate a firm target date for ratification.

British officials said Prime Minister John Major's government would not resubmit Maastricht legislation to parliament in London until Denmark showed how it intended to deal with its situation.

One area in which there was common agreement was to call a special summit, tentatively scheduled for October 16 in London, to discuss the upheavals in European currency markets and the scepticism about the EC among voters.

The ministers were also firm in their statement as well as in comments to reporters that the text of the Maastricht Treaty should be ratified in its present form.

As European Commission President Jacques Delors told reporters: "If you try to rewrite it you open Pandora's box and it is finished."

British Foreign Secretary Douglas Hurd, current EC president, said the ministers were concerned with widespread public disillusion

with the EC and such preoccupation would be discussed at the special EC summit next month.

Hurd told a news conference that concern arose "from worry and anxiety that our community has drifted to some extent out of touch with the citizens it exists to serve".

Diplomats from several member states said Britain was isolated in wanting to water down the commitment to push ahead as quickly as possible with ratification of the treaty.

One official said the wording of the initial communiqué penned by Britain was too vague and was not acceptable.

Britain brushed off the criticism, with one official remarking: "We're not into deadlines".

French Foreign Minister Roland Dumas said most EC member states did not want to renegotiate the Maastricht Treaty after France's narrow approval in Sunday's referendum.

German Chancellor Helmut Kohl said on Tuesday he agreed with French President Francois Mitterrand that the Maastricht process of European monetary and political union must not be halted.

"For me and for the president it is clear," Kohl told German ZDF television in Paris after a meeting with Mitterrand.

Asked if he was seeking improvements to the treaty, Kohl said: "I am not sure it is improvements. What I have

said is that there is no question of the treaty text."

"If it can be established that, for example, too much is regulated on the European level to the detriment of countries then we must abolish this where it happens, we must undo it."

German Finance Minister Theo Waigel told the world's financial leaders Tuesday that "no further adjustment" is needed after last week's tumultuous events in European financial markets.

Waigel noted the withdrawal of Britain and Italy from the European monetary system and the French "yes" vote on European union. He said the French vote has taken an important element of uncertainty from the markets.

Other governments have been pressing Germany to further reduce interest rates.

Complicating an already troubled European unity treaty, Denmark on Tuesday said it will reconsider its rejection of the accord but opposed its plans for a single currency by 1999.

At a news conference Tuesday, Prime Minister Poul Schluter said his country will hold a referendum on the treaty but it did not want to be tied to the common currency.

When the treaty was agreed on, the Danes inserted a clause about possibly requiring another referendum on the single currency issue, while the British had one allowing them

to opt out of the currency. Schluter's comment, however, appeared to strengthen the likelihood Denmark will not participate in the common currency.

The news could not have come at a worse time for Europe's currency market.

EC union to keep low profile

The European Commission, aware the EC's union plans are far from safe after French voters accepted them by a whisker, will keep a low profile in the next few months to avoid creating waves while other EC nations have their say.

Officials said the EC executive would try to avoid taking controversial policy decisions while the British and German governments ratify the treaty and in view of a possible second Danish referendum.

"There may be a Danish poll in early 1993. We will avoid as many sensitive issues as possible. We are probably going to have quite a quiet time," said one official.

EC summit fixed for Oct 15, 16

Britain has fixed October 15 and 16 for an emergency European Community summit to consider the future of political and economic union plans, German officials said.

"We have heard the 15th and 16th (of October)," one official said on condition he not be named.

Britain, current chairman of the EC, called for a crisis summit after French voters in a referendum on Sunday only narrowly approved the Maastricht treaty on EC union.

UK cuts interest rate

Britain took advantage of a free-floating pound to cut interest rates by one per cent on Tuesday to try to speed recovery in the moribund economy.

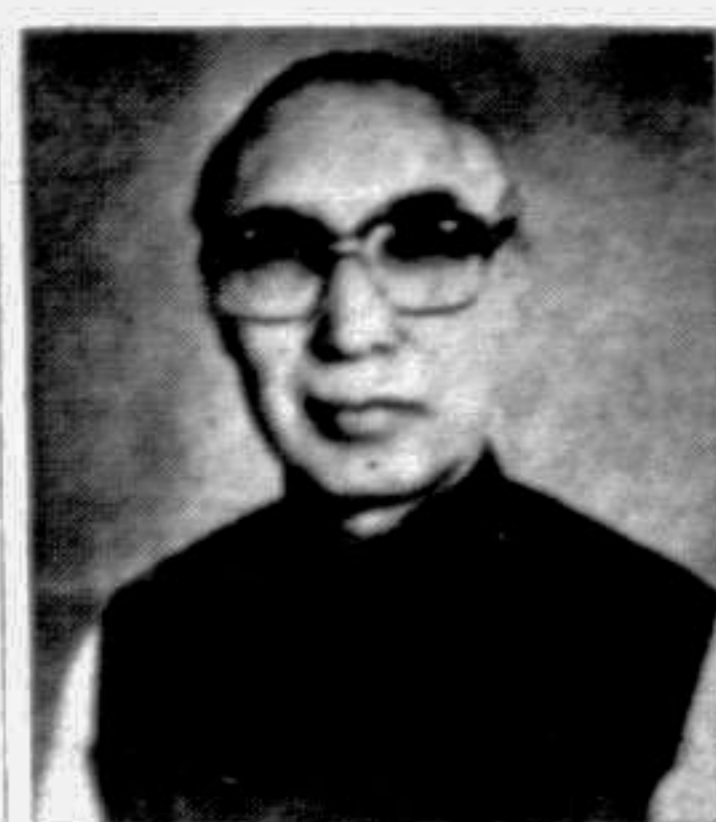
The cut, to nine per cent, was made possible by last week's decision to pull the pound out of the European Exchange Rate Mechanism (ERM), giving the government more financial flexibility.

Chancellor of the Exchequer Norman Lamont said his top priority remained controlling inflation.

EC still plans energy tax

The European Commission intends to press on with plans for a European Community (EC) environmental tax on energy, despite fierce opposition from industry. Energy Commissioner Antonio Cardoso E Cunha said.

The commissioner reiterated that the commission would argue forcefully for the adoption of this important policy initiative in its entirety, a commission statement released in Brussels quoted the commissioner telling the World Energy Council's (WEC) conference in Madrid.



Aid to major developing states declining, says Pak Minister

WASHINGTON, Sept 23: Even as aid to developing countries shrinks, investment money is harder to get, Pakistan's Finance Minister lamented Tuesday, reports AP. "Barring a few countries of strategic importance to the principal aid givers," aid is declining "to the rest of the developing world," said Sartaj Aziz, speaking to representatives of 172 nations at the 47th annual meeting of the International Monetary Fund and the World Bank.

He said a growing number of developing countries pay back more in debts annually to the developed world than they receive in investment and aid.

He also bemoaned a decline of available capital even as new countries join the competition for it.

WB, IMF meet opens with call for sustainable world economic growth

WASHINGTON, Sept 23: The annual meetings to the International Monetary Fund and World Bank opened here with a call for efforts to achieve sustainable growth in the world economy, reports AP.

"We need growth which protects the environment, and which is equally shared" by the richer and poorer countries, said Chairman of the annual meetings Moroccan Finance Minister Mohammed Berrada in his opening speech.

"Such growth is vital for the industrial countries which in some cases are facing major budget deficits and high unemployment. If they do not achieve it they will become more protectionist, affecting the prospects of less developed countries," he said.

US Treasury Secretary Nicholas Brady, welcoming delegates on behalf of the host country called for greater coordination of economic policies "to provide a rejuvenated and stable national monetary system that can deal with the historic changes taking



WASHINGTON: Michel Camdessus, Managing Director of the International Monetary Fund (IMF), addresses the opening session of the IMF and the World Bank Fund September 22. Camdessus disagreed with US Treasury Secretary Nicholas

place as well as diluting national economic priorities."

The inaugural session of the meeting was to be addressed by IMF Managing Director Michel Camdessus and World Bank President Lewis Preston on the state of the world economy and future prospects.

Reuter report says: US Treasury Secretary Nicholas Brady called for a solid commitment to World growth and warned of the dangers of high interest rates.

"We must build a stronger world economy, one solidly committed to global growth," he told the opening session of the annual meeting of the International Monetary Fund and World Bank. "When interest rates remain high for whatever reason, the returns on investment stay sterile in the banking system."

Brady also called on major nations to strengthen their arrangements for economic policy coordination.

"The challenges ahead of us pale in comparison with the difficulties that have already been overcome," Brady said.

Australian PM cautions against closed trade groups in Asia

TOKYO, Sept 23: Australian Prime Minister Paul Keating warned on Tuesday that exclusive trade groupings in Asia and the Pacific could harm open trade in the region, reports Reuter.

Keating said he agreed in talks with Japanese Prime Minister Kiichi Miyazawa that trade sub-groups in the region should not be allowed to hurt the interest of third countries.

"It means in practice that we should not encourage sub-groups in the Asia-Pacific region which acquire an inward-looking or exclusive character," he told a news conference on the first leg of a tour that will take him to Singapore and Cambodia.

As examples he mentioned the North American Free

Trade Agreement linking the United States, Canada and Mexico, and the ASEAN countries commitment to establish their own free trade agreement.



Paul Keating

The Association of South East Asian Nations groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

"We accept that free trade agreements have the potential to bring benefits to both their members and external trading partners," Keating said.

"But such arrangements should be open. Keating, who has made Australia's position in Asia a key theme of his government, said his proposals for meetings between leaders of the Asia-Pacific Economic Cooperation (APEC) nations had gone down well so far.

"I think it's fair to say that we have had generally positive responses to this proposal," Keating said.

APEC, an economic consultative body set up in 1989 under an Australian initiative, groups the United States, Canada, Japan, South Korea, China, Taiwan, Hong Kong, Australia, New Zealand, and ASEAN.

Keating said the United States, Singapore, Japan and China had all shown interest in the proposed meetings.

"APEC would be more successful if it had the added impetus, the added strength, that could be brought at the political level by representation of heads of government," he said.

The benefits to Japan as a trading nation from a successful conclusion of the GATT would outweigh any concessions that Japan would make or may make, in respect of rice," he said.

US house for withdrawal of Yugoslavia's MFN

WASHINGTON, Sept 23: The House of Representatives voted on Tuesday to withdraw Yugoslavia's favourable trade status with the United States because of Serbia's role in the conflict in Bosnia-Herzegovina, reports Reuter.

Under the bill, Yugoslavia, which now consists only of Serbia and Montenegro, would lose its Most Favoured Nation (MFN) status under which its exports to the United States enjoy the lowest rate of tariffs.

The MFN would be restored if the President assured congress that it would enhance Yugoslavia's compliance with European human right accords, has ended armed conflict with former Yugoslav republics and is respecting their borders.

US to set record of deficit

WASHINGTON, Sept 23: The federal deficit grew by 24.7 billion dollar in August, the US Treasury said Tuesday, virtually assuring that the government red ink in fiscal 1992 will set a new record, reports AP.

The August imbalance swelled the deficit for the first 11 months of fiscal 1992, to 295.6 billion dollar that compares to a gap of 262.6 billion dollar in the same period of fiscal 1991, when the deficit reached a record 269.5 billion dollar.

The latest news on the deficit came as international financial officials were arguing at World Bank International Monetary Fund meetings in Washington over how best to ensure world economic growth.

US Treasury Secretary Nicholas Brady urged lower interest rates, but IMF head Michel Camdessus insisted that won't help lower deficits, which he said are the major hindrance.

The Bush administration has forecast that the shortfall for the fiscal year ending Sept 30 will be 333.5 billion dollar.

US Congress again votes to restrict China's trade

WASHINGTON, Sept 23: The US Congress on Tuesday renewed its challenge to President Bush's China policy by voting to impose restrictions on renewal of Beijing's normal trade status next year, reports AP.

The bill is intended to highlight differences over China's record on human rights, trade and weapons proliferation and is certain to be vetoed by Bush. The president rejected a similar bill earlier this year. Congress failed to muster the two-thirds majority needed to override the veto.

The House of Representatives approved the bill Tuesday on a voice vote. The Senate had acted last week, also on a voice vote.

Congress Democratic leaders have pushed the futile legislation as a symbolic challenge to what they see as a weakness in Bush's foreign policy.

Once rare, most-favoured-nation trade status is now the norm and is granted to all but a handful of countries.

Unlike previous versions, the bill sent to Bush on Tuesday would revoke most-

favoured-nation status only for state-owned enterprises, exempting fledgling private businesses and joint ventures that the United States wants to nurture.

China threatens retaliation

Another report from Washington says: Foreign Minister Qian Qichen of China on Tuesday threatened retaliation against four billion dollar in US goods if Washington imposes prohibitive tariffs in a dispute over opening the Chinese market, reports AP.

"China has never taken trade retaliatory measures, but if the United States does so, then China would have no choice," Qian said, speaking before the private Foreign Policy Association.

He also reiterated Beijing's opposition to President Bush's decision to let Taiwan buy 150F-16 fighter jets. But he said China has not decided whether to act on a reported plan to cancel the purchase of 130 million dollar in US automobiles and grain in protest.

Iraq expects trade boom when embargo goes

BAGHDAD, Sept 23: Iraqi Finance Minister Ahmed Hussein al-Samarai said the UN trade embargo had helped reduce Iraqi reliance on oil and predicted a post-sanctions export boom, reports Reuter.

In an interview with the English-language newspaper Baghdad Observer, Samarai said the Iraqi dinar would one day become a major middle east currency again and Iraq stood by its officially declared value of 3.2 dollar.

He pledged that the Finance Ministry would take measures to enhance the value of the dinar, which has slumped to about 30 to the dollar on the black market.

"As President Saddam Hussein said, oil is part of Iraq's wealth but not all of it," Samarai said.

"Iraq has acquired exper-

tise, part of it, is yet unseen. As soon as the embargo ends or wears out in will start to assert itself."

Samarai said the trade blockade, imposed shortly after Iraq's August 1990 invasion of Kuwait, was helping the country move towards self-sufficiency in basic agricultural products and in industry and technology.

Iraq imported more than 70 per cent of its food before the Gulf crisis.

Iraq possesses a huge wealth of mineral resources that form the basis for colossal export industries that would put Iraq in a matter of a few years among the very few countries with a big surplus in the trade balance.

This, he said, would help the Iraqi dinar assume a pivotal position among Middle Eastern currencies.

Cambodia faces fresh invasion—from Thai business

PHNOM PENH: Just a few years after Vietnamese troops left Cambodia, a new invasion force of Thai investors and speculators is threatening the country's fragile bid for independence, writes IPS.

A diplomat in Phnom Penh described it as "Thailand colonising Cambodia with money" as the United Nations tries to steer the country towards free elections next May.

The UN-sponsored peace agreement signed in Paris last year by the four rival Cambodian factions triggered a flood of foreign investors into the country. Thailand, which shares a long land border with Cambodia, has raced ahead of its competitors. Over 80 Thai companies have been granted licences to operate while France, the former colonial power in Cambodia, has lagged far behind in second place.

The lucrative Bangkok-Phnom Penh air link is controlled by two Thai airlines. In the hotel, aviation, banking, gem mining and logging industries, Bangkok is exerting a dominating influence over the post-peace settlement Cambodia.

Some Cambodian officials resent how their country is being "sold" to its neighbour. "Before it was Vietnamese domination, now it is the other big neighbour," said an adviser to Cambodian Prime Minister Hun Sen. Cambodian history has seen a succession of invasions by both Vietnam and Thailand.

The Siam Commercial Bank launched a joint venture with the Cambodian National Bank last year that allowed Thais access to confidential details of Cambodian riels and reserves. Now several officials of the Cambodian Bank feel their Thai partners have cheated them on foreign currency dealings, taking advantage of their lack of expertise in international banking.

A Thai journalist based in Bangkok agreed Thai bankers had been "shortchanging" their Cambodian partners. But, he added, "it's not only in banking that Thai businessmen have been pulling a fast one."

Bangkok speculators have also gobbled up a huge chunk of real estate in Phnom Penh in anticipation of the arrival of UN peacekeeping forces, reaping huge profits. Renovated French villas now fetch over 2,500 US dollar a month and a small plot of land can be sold for 150,000 US dollar. The average citydweller earns only 12,000 riels a month, less than 10 US dollar.

Cambodia, once crippled by a Cold War embargo, is now at the mercy of market forces. "Some people have the wrong idea that (a market economy) is some kind of economic pill that cures everything, but this is wrong," said Hun Sen adviser Khieu Kanharith. "Economic liberalisation also causes headaches, and it is easy for foreign investors to take advantage of a country that has been devastated by war."

Development aid NGOs (non-governmental

organisations) here are alarmed by the galloping inflation and the economic dislocation caused by the 22,000 UN troops and officials now in Cambodia.

"A few Cambodians are getting rich from the UN," said Brian Veal of the Catholic aid group CIDSE. "But the majority are worse off with the prices of basic commodities leaping up 100 per cent compared to six months ago before the UN's arrival."

Another sign of Thailand's growing domination is the spread of the Thai currency, with the stable baht pushing out the Cambodian riel as the preferred trading currency in many markets.

Bangkok companies with close links to the Thai military have also pounced on gem mining and logging industries. Some Thai businessmen deal with the Phnom Penh government, but others have signed contracts with opposition groups, including the Khmer Rouge.

Twenty Thai firms are using sluice mining techniques in Khmer Rouge-controlled Pailin to extract rubies, causing heavy silting of the Tonle Sap Lake, a vast resource for freshwater fish.

The Thai military has built new roads inside Khmer Rouge zones to facilitate logging. New border crossing points have been opened by the Thai government, providing even more access routes for loggers.

A special report by the United Nations

Development Programme (UNDP) and the recent Earth Summit in Brazil warns of an impending disaster unless there is an "environmental ceasefire" pending the creation of an effective environmental conservation plan.

The UN Transitional Authority in Cambodia (UNTAC) has said it may oversee the pre-election fund-raising activities of Cambodian factions to curb environmental destruction.

But so far there has been little sustained international criticism of Thailand's all-out assault on Cambodia's natural resources, which could inflict far more permanent damage than the 1979 Vietnamese invasion, which ousted the Pol Pot regime.

Observers say the Thai stronghold over the Cambodian economy is undermining the country's capacity to attain self-determination and independence guaranteed by the Paris peace accord.

Analyst Raoul Jennar, an NGO consultant, warns that while the Khmer Rouge incite the people to hate the Vietnamese settlers in Cambodia, the real external threat comes not from the east (Vietnam) but from the west (Thailand).

"With no regard for the sovereignty of Cambodia, with no respect for the fragility of men and structures born from tragedy, Thailand has begun a real colonisation of Cambodia", Jennar adds.

Dollar tumbles against yen in New York

NEW YORK, Sept 23: The US dollar declined sharply against the Japanese yen in foreign exchange dealings Tuesday, but settled mixed against the other major currencies, reports AP.

Gold prices settled mostly higher. On the New York Commodity Exchange, gold bullion for current delivery settled at 348.80 dollar a troy ounce, up 1.30 dollar from Monday. Republic National Bank said gold added 1.10 dollar an ounce to a late bid price of 348.60 dollar.

Analysis said the dollar got off to a choppy start following the release of stronger-than-expected money supply figures in Germany. That led traders to speculate that the Bundesbank would not cut interest rates, and they sold the dollar.