BRIEFS

Red Cross resumes airlift to Somalia

NAIROBI (Kenya), Sept 27: Cargo planes carrying beans, rice and cooking oil for Somalia's starving began landing in Belet Huen again over the weekend following an eight-day suspension of flights, a relief official said Sunday. A C-130 chartered by the International Red Cross from Southern Air Transport of Miami carried 18 metric tons of food to the western Somali town on Saturday, said Susan Matindi of the agency's Nairobi office. A similar shipment was sent Sunday, she said. The Red Cross temporarily suspended flights to the town after a stray bullet struck a US relief plane on a dusty runway as it was being unloaded on September 18. Tensions between rival Somali clans competing to truck the food to Belet Huen's warehouses have forced the Red Cross to periodically suspend flights to the town since it began its airlift in March, reports AP.

Foreign investment in Kuwait

KWUAIT, Sept 27: foreign investors in Kuwait will have to invest at least 30 per cent of the value of state contracts in local projects under an offset programme to be implemented soon, a government official said. "We are studying how to bring the programme into force," said Mazen Madou, a senior Finance Ministry official involved in implementing the offset programme. He told Reuter it was likely to come into force during this fiscal year, which ends in June 1993. Contractors would be liable to pay fines of up to six per cent of the value of their contract for any breach of the offset programme, he said, reports Reuter.

Japan to help Latin American afforestation

MEXICO CITY, Sept 27: Japan, the world's leading importer of rainforest lumber, says it will help fight Latin American deforestation by funding a huge tree-planting project in Mexico. On Friday, Japan signed an agreement extending 84 million dollar in credits to Mexico to plant 100 million trees in the central countryside and in the highlands that surround Mexico City, trapping smog in the city of some 18 million. The move stems from a Rio Earth Summit pledge by Japan to help reverse deforestation that has affected large tracts of Latin American forests, reports AP.

Shanghai's GDP increases

BEIJING, Sept 27: China's largest city Shanghai is booming, its Gross Domestic Product (GDP) climbing 14.19 per cent in the first eight moths of 1992 from the year-earlier period, Xinhua news agency said Wednesday. This rate is two percentage points above the national average, it said. Shanghai's January to August output reached 65.39 billion yuan (12 billion dollar), it said. Industrial production jumped 21.7 per cent during the eight months compared to the previous corresponding period, reports AFP.

CIS needs emergency food

BRUSSELS, Sept 27: Emergency food needs of the Commonwealth of Independent States (CIS) this winter would be about the same as last year, especially in big cities and on the northern rim of Russia, a US aid official said. Richard Armitage, deputy to the coordinator for US assistance to the former Soviet Union, said the CIS could not expect another mild winter, and that harvests were likely to be worse than initially expected due to drought, reports Reuter.

Japanese oil tanker on fire

KUALA LUMPUR, Sept 27: A Japanese oil tanker was on fire and spilling burning oil in the Straits of Malacca Sunday after apparently colliding with a container ship, rescue officials said. The 25 crewmembers of the Liberian-registered 95,000-ton Nagasaski Spirit have abandoned ship in two lifeboats, but it was not yet known whether they had been rescued, an official at the Malaysian Rescue Coordinating Centre said. Another rescue official said the 22,600-ton, Panamanian-registered Ocean Blessing container ship was engulfed in flames after apparently colliding with the tanker. He said a nearby US naval vessel equipped with a helicopter was headed to the scene to help. The ship was not further identified, reports AP.

Gas brings new fortune to Gulf's lucky Oman

By Ian Cummins

Oman depends on oil for more than 90 per cent of its export revenue. Following the discovery of major gas deposits in central Oman, the government of Sultan Qaboos bin Said now expects that by the late 1990s gas will become the second largest foreign exchange earner. This comes as a boon for the lucky country of the Gulf, reports Gemini News Service, as its oil reserves decline and unemployment grows.

Gulf neighbours say Oman has replaced Australia as the "Lucky Country." This Kansas-sized nation, flanked by the Arabian Sea and the awesome wastes of the Empty Quarter, has found the makings of a sustainable gas export industry at precisely the moment when its oil future looks more than usually finite.

Currently Oman produces 750,000 barrels of oil per day (BPD). It is in no imminent danger of running dry. Reserves are put at 4.2 billion barrels — around 18 years output at current rates.

But reserves are determined not just by the amount of oil believed locked in the ground, but by the volume recoverable at an economic price. And this is a critically important issue in a country where the government of Sultan Qaboos bin Said still depends on oil for more than 90 per cent of its export revenue.

Getting oil out of the ground in the Sultanate is as hard and expensive now as was the business of finding it in the first place. The search in Oman began in the 1920s, but it was not until 1967 that a tanker steamed away with the first export cargo.

In between were decades of frustration, dry holes, near despair — some of the original partners in the exploration company pulled out after years of writing cheques for zero return — and disruptive political instability exemplified by the Jebel War of the mid-1950s and the Dhofar rebellion of the late-1960s and early-1970s.

Oil in commercial exploitable quantities was finally found at Rahud, in the north, within a few hundred metres of the first dry hole drilled years before.

Nobody who had wrestled with Oman's notoriously complex geology was surprised. Little was quite what it seemed and everything turned out to be far more difficult — and expensive — than was plausible.

Obituaries for Oman's oil industry have twice been written in the last 20 years only to be confounded by important discoveries even as the ink was drying.

Now, nobody in the industry or outside it believes any more big finds are to be made. The battle is to extend existing fields and boost recovery from depleting reservoirs while, crucially, containing output costs at five US dollar per barrel.

And that is going to be a formidable task. Maintaining production at the level necessary to meet government spending demands means drilling more, rather than fewer, expensive holes and the deployment of ever more costly and complex technology.

As reservoirs pressures fall, "primary" production methods — such as letting oil force it own way through pipes to the surface or lifting it by means of simple "nodding donkey" beam pumps — will not deliver the goods in worthwhile quantities.

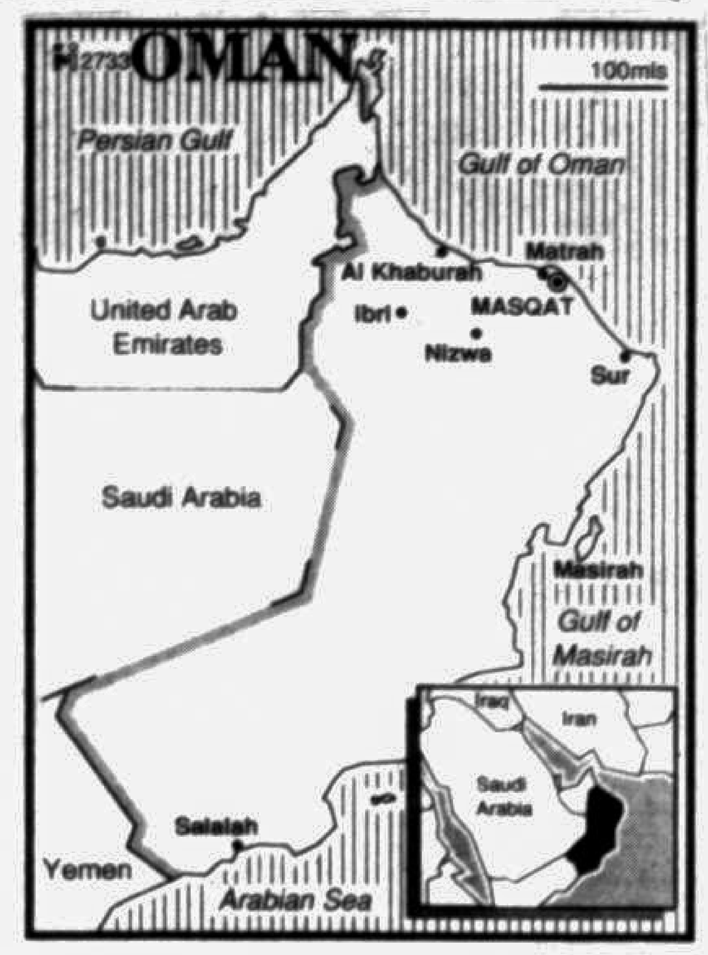
Secondary and tertiary methods — such as steam, gas or polymer injection, water flooding or even the electro-magnetic heating of reservoir rocks to make the oil run — tend to cost a Sultan's ransom.

So-called "enhanced oil recovery" (EOR) techniques, however, could unlock an extra 1.5 billion barrels of Omani crude and within 15 years, be responsible for producing a significant percentage of all the Sultanate's oil.

Everything, the experts caution, will depend on international demand for, and the price of, crude oil. There is little optimism about either among producers.

Against this background, Said bin Ahmed al-Shanfari, Minister of Petroleum and Minerals, announced a mega nine billion US dollar deal. Under its terms "gas will become the second largest foreign exchange-earner after oil within eight years."

This followed the discovery by Petroleum Development Oman (PDO) — a 60 per cent government-owned oil company — of major gas deposits at Barik and Saif Rawl, 4,500 metres beneath the desert in central Oman.



The minister said the discoveries were at the heart of a plan to export annually to Japan five million tons of Liquified Natural Gas (LNG) by the end of the decade.

A memorandum of understanding had been signed with Shell International Gas for a detailed "identification study" — including full appraisal of gas and condensate reserves — to be made with the aim of implementing the LNG project by 1999.

So far, no details of project financing have been released, but economist say the government — with existing borrowings totalling much more than two billion US dollar — will almost certainly have to go to the money markets to raise at least twice as much again.

Just how lucky Oman has been to find gas at this time will be revealed next year when the results of the first census ever undertaken are expected.

Preliminary "trend surveys" confirm what anybody with a pair of eyes can see for themselves — that there are an awful lot of very young children in the Sultanate.

Each year, about 10,000 leave Omani schools with secondary education certificates of one sort or another.

Unemployment and under-employment are already problems and, by the end of the decade, it is estimated that Oman will have to find 200,000 new jobs to keep its youngsters off the streets.

The census is expected to show that more than 60 per cent of all Omanis are under 15. The implications in terms of jobs and future unemployment are as obvious as they are serious.

It could just be that lucky Oman's gas will provide the cash to buy the time to look for a solution. — Gemini News

Ian Cummins edited the Oman Daily Observer for two years and for another two edited Al-Fahal for Petroleum Development Oman.

Russia will slash oil export to other Soviet republics

MOSCOW, Sept 27: Russia intends to slash its oil exports to other former Soviet republics next year while maintaining current sales to the West for hard currency, Economy Minister Andrei Nechayev said Saturday, reports AP.

The announcement came at an impromptu news conference at a time when Russia is grappling with staggering debt and falling oil production.

Oil is the No. 1 money-earner for the former Soviet Union. Despite falling production, the Commonwealth of Independent States was still the world's largest oil producer this year, pumping an estimated 450 million metric tons (3.15 billion barrels).

Nearly 90 per cent comes from Russia, and the rest from Kazakhstan, Azerbaijan and Uzbekistan.

But Russian output is projected to plunge next year to about 310-320 million metric tons (2.16-2.24 billion barrels) because of outdated equipment, economic chaos and the depletion of current deposits, Nechayev said.

Evidently trying to compensate for the drop, Nechayev said Russian exports next year to the other republics would be cut to 35-40 million metric tons (245-280 million barrels), according to the Interfax news agency.

Mehta accuses Citibank for bond scam

NEW DELHI, Sept 27: A stock broker has accused Citibank of insider trading, maintaining separate accounts and funding a cartel of bear operators to trigger a 1.1 billion dollar financial scandal in India, newspapers reported Sunday, says AP.

A Citibank official denied the accusations of Harshad Mehta, a prime suspect in the nation's worst securities scam, in which 17 banks — including American, British, Australian and Japanese banks — government officials and stock brokers are being investigated for violating federal bank rules.

In an interview to a video news magazine, Newstrack, Mehta said Citibank funded bear operators in the stock market by using millions of rupees from low-interest government deposits and tipping them off about interest rate hikes on government securities.

Mehta said there were rumours Citibank maintained three sets of accounts and that it destroyed some of them after the scandal broke out in April.

Citibank's director for corporate affairs, Ravi Bhatia, told the news magazine "There is no evidence to show any Citibank employee fraud.... We have not funded the bear cartel or any other cartel. Citibank is not part of the scam and there is no question of masterminding it."

An investigation by the Reserve Bank of India, the nation's federal bank, has revealed it had warned Citibank of several irregularities in lending other banks money collected from government institutions.

The financial scandal has stymied Prime Minister P V Narasimha Rao's efforts to abandon the socialist policies of earlier governments and to attract foreign investment.

US pension funds and British investors have kept away from the market at a time when the government is trying to bring its trade practices on par with Western nations.

A key economic minister, and a member of the Planning Commission, the government's policy-making body, have quit after admitting they owned stock in Mehta's firm.

About 24 bankers and government officials have been suspended or forced to quit over shady loans to Mehta. Federal police have accused Mehta of using money from inter-bank sale of government securities to illegally manipulate the stock market.

Mehta faces up to 10 years in jail if convicted. He denies any wrongdoing, and has said he is only following prevalent practices like other stock brokers.

The seemingly limitless supply of funds pushed stock prices to an all-time high on April 2. Thousands of investors joined the bull rush, often pouring in all their savings.

Even prostitutes get a share of the boom

BEIJING, Sept 27: Chinese prostitutes are profiting from the country's economic boom this year, with an alarmed government reporting that the illegal sex trade grew by close to 33 per cent in the first half of 1992, reports Reuter.

Police statistics published on Saturday said 131,000 people were nabbed for involvement in prostitution from January to July, an increase of 32.4 per cent over the same period in 1991 before Beijing launched its latest "reform and opening" drive.

"These activities cannot be tolerated," Qiao Shi, China's senior Communist Party official in charge of internal security, was quoted as saying.

"Obscene activities can only derail the opening process," he said.

The official press on Saturday quoted security officials as saying the boom in Chinese prostitution was closely linked to increased activities by organised criminal rings.

Cuba blasts US bill to tighten trade embargo

HAVANA, Sept 27: Cuba's official media and a government-sanctioned group on Saturday blasted a US congressional bill that tightens a trade embargo against Cuba, calling it a new measure of brutality, reports AP.

Granma, Cuba's only daily newspaper, said the Cuban Democracy Act passed by the US House on Thursday, was approved "thanks to efforts by counter-revolutionary organisations based in Miami."

The bill would re-establish a ban against subsidiary trade with Cuba, which had been lifted in 1975. It would also introduce fines of up to 50,000 dollar for Americans violating the Trading with the Enemy Act and bar ships engaged in trade with Cuba from US ports.

The bill passed the House overwhelmingly on Thursday. It has yet to be considered by the Senate.

Cuban organisations in the United States such as the Cuban-American National Foundation have lobbied in the US Congress to have the legislation passed.

The United States has had a trade embargo against Cuba since the 1960s.

Meanwhile, the Committees for the Defence of the Revolution released a statement calling the act "another villainous act by the enemy."

"This is inadmissible, a brutal measure that is only proper of countries who are at war. It violates the human rights of over 10 million Cubans," a statement released Saturday by the committees said.

Granma, the official organ of the Cuban Communist Party, said there will be protests Sunday against the measure throughout Cuba. It did not give further details.

Yeltsin wants mass distribution of business establishments shares

SAKHALIN ISLAND, Russia, Sept 27: Sitting at a precision scale, wearing a white lab coat, Irina Furdui looks like a scientist. Actually, her job is to spoon exactly 140 grams of sticky red caviar into each tin produced by the Korsakov Fish Co, reports AP.

Fishing is the key industry at the southern tip of this island, just 150 kilometres (100 miles) north of Japan. The smell of salt pervades the plant, which for decades was owned by the state.

Spooning caviar is tedious work, but Furdui does it with speed and accuracy, perhaps because she is not just an employee but also a stockholder in the cannery.

"Lost caviar is lost profit," a supervisor says gravely, patting the worker's shoulder.

The slogan has the hollow ring of Soviet propaganda from bygone days, of 5-year plans and heroes of socialist labour. But there is a difference: since the cannery changed from a state-run company to an employee-owned business two months ago, production has jumped 10 per cent.

More than 3,000 miles (5,000 kilometres) to the west, in Moscow, President Boris Yeltsin hopes to see that kind of success repeated across the country when his privatisation programme begins Thursday.

"Before, this was nobody's," fish scaler Anna Yaskina said, waving a wet hand to indicate the entire plant. "Now I feel I have a part of it."

That feeling of ownership is exactly what Yeltsin wants to spread among his countrymen by selling off thousands of state-owned factories, stores and other businesses. Under his plan, each citizen will receive a voucher for 10,000 roubles — about twice the average monthly wage — that can be sold or invested in newly privatised enterprises.

The Korsakov cannery went private just weeks before Yeltsin unveiled his programme on Aug 19. It formerly belonged to a collective fishing farm.

The cement floors and white tile walls, constantly hosed down, glisten in the sunlight from doors and windows facing the bay where scores of trawlers unload their catch.

Most of the cannery, last renovated in 1962, is in poor repair.

But the room where the salmon roe are washed, salted and packed into green-and-red cans is immaculate. So is a section where a small joint venture with a Japanese food company produces fish cakes, dumplings and seaweed noodles for export.

The cannery employs 500 people, which is "small enough that everyone knows each other and feels some responsibility" for profits, said its director, Victor Kudryavtsev.

"Large factories will have a much tougher time," he predicted. "The main thing we have gained is a new attitude.... It's not just issuing stock, it's not just promising dividends; it's propagandizing the whole idea of ownership. I don't know whether really big enterprises can do that."

Order for US durable goods dropped in Aug

WASHINGTON, Sept 27: Orders for expansive durable goods dropped for a second straight month in August, the US Commerce Department said on Friday, as business backlogs shrank steadily, reports Reuter.

Last month's 0.1 per cent decline in orders followed a revised fall of 2.7 per cent in July that previously was reported as a 3.2 per cent decreases.

Trade dispute with US may hamper China's re-entry into GATT

BEIJING, Sept 27: China fears a trade dispute with the United States could hamper its application to join the General Agreement on Tariffs and Trade (GATT), a trade official said, reports Reuter.

"Reservations of the United States are a major block to China's re-entering GATT, especially at present when Sino-US trade is deteriorating," Li Zhongshou of the Ministry of Foreign Economic Relations and Trade, told the China Daily newspaper.

"The dispute and the grim prospect of Sino-US trade will certainly have an adverse impact on China's GATT re-entry".

Li, who is in charge of GATT affairs at his ministry, said China had done what it could on the markets access issue.

He predicted that despite obstacles China would regain GATT membership when its application was considered in 1993.

The United States has given China an October 10 deadline for showing substantial progress in opening its markets. It threatens punitive tariffs on 3.9 billion dollar worth of Chinese goods if the deadline is not met.

Euro currency system convulsions boost depressed commodity prices

LONDON, Sept 27: The convulsions shaking the European currency system over recent days boosted commodity prices, which were otherwise depressed by the recession in the car industry and other sectors, reports AFP.

Prices set in sterling rose as the pound fell on foreign exchanges while dollar-priced goods also benefited as they saw increasing interest from the British market.

Gold, traditionally the safe haven in times of trouble, rose while platinum prices also climbed, rising on the uncertainties in South Africa.

On the London Metal Exchange (LME), the affects of major job dismissals in the British car industry threw a shadow over hopes for a recovery in the economy. The price of rubber, however, advanced, pushed by Asian buying.

Oil price also rose after the United Nations Security Council decided to maintain sanctions imposed on Iraq since 1990.

The price of coffee firmed as negotiations at the International Coffee Organisation meetings in London made progress towards an agreement on a new quota system aimed at by producers at lifting coffee prices.

Gold: Firm. The price of gold remained firm over the week, benefiting from instability of the international exchanges after the exit of the pound and lira from the European Monetary System and fears of devaluation of the French franc.

The French vote in favour of the EC's Maastricht Treaties limited gains, partially easing some of the uncertainties about Europe's future. The dire economic outlook for the United States cut hopes of a recovery in the jewellery business.

Platinum: Higher. The price of platinum rose 1.5 per cent, held firm by uncertainty in South Africa and encouraged by the strengthening of the Nikkei index in Japan, which takes half of the world platinum supplies.

Longer term, the outlook for platinum prices appears gloomy as the world economies fail to take off, and with the car industry suffering in Britain.

Silver: Firm. The price of silver was firm, helped by the strength of the other precious metals and hopes for stronger Japanese demand.

Copper: Higher. The price of copper rose over the week, jumping Monday on fears of a renewed strike at Polish copper producer Kombinat Gorniczo Hutniczy Miedzi (KGHM) but falling back quickly as the strike was called off.

Company officials in Warsaw said the decision had been taken after the company assured the unions the question of higher wages would be settled before the end of the month.

Copper stocks on the LME rose 3,150 tonnes to 288,225 tonnes, a new six-month high.

Lead: Fractionally lower. Lead prices moved little over the week, rising slightly early on as sterling fell on the international exchanges and then slipping back to end just fractionally down on the week before.

Stocks of lead jumped 5,175 tonnes to 165,075 tonnes, their highest level for three and a half years.

Zinc: Lower. Zinc fell on the exchanges with dealers uncertain about whether they were seeing the end of the long-running squeeze that has supported zinc prices on the LME since the start of the year.

At the end of the week, however, the price moved into a slight backwardation — the premium of spot over forward price, signalling a "technical tightness," dealers said.

Zinc stocks jumped 3,225 to 357,975 tonnes.

Aluminium: Higher. The price of aluminium moved higher over the week because of currency fluctuations, though it remained low in recent terms because of weak general demand and high stocks.

Stocks of the metal rose 5,650 tonnes to a record high of 1,366,150 tonnes.

Nickel: Lower. The price of nickel slipped as concern about increased nickel exports from Russia and continued weak demand from the stainless steel industry undermined LME prices, dealers said.

Canadian nickel producer Falconbridge said it is considering cutting output at its ferro-nickel plant at Bonao in the Dominican Republic.

Stocks of nickel rose 738 tonnes to 45,612 tonnes.

Tin: Heavily down. The price of tin lost 3 per cent, at its lowest level for three months, dogged by a gloomy outlook on demand and some technical selling, dealers said.

Tin stock on the LME rose 90 tonnes over the week to 14,960 tonnes.

Coffee: Firm. After having climbed initially to a five-month high, encouraged by positive soundings at the meeting of the International Coffee Organisation, coffee price slipped slightly back on profit-taking.

Sugar: Lower. The price of sugar fell after estimates from the London brokerage house ED and F Man, which predicted a world surplus in 1992-93 of 3.44 million tonnes from 1.04 million tonnes estimated one month earlier by brokers Czarnikow.

Pakistan said the Punjab and Sind provinces, which provide half the sugar production of the country, had been heavily affected by massive floods.

According to brokers GNI, the Pakistani harvest in 1992-93 will be 2.3 million tonnes, down from the 2.6 million tonnes predicted before the flooding.

Vegetable oils: Firm. The specialist review Oil World said Russian oil-seed production would grow this year by 6.3 per cent to 4.06 million tonnes because of a higher than expected sunflower seed harvest at 3.29 million tonnes against 2.89 million a year earlier.

According to market sources, India will pull in a record oil-seed harvest in 1992-93 at 21 million tonnes while official estimates predict a harvest of 19 million.

Crude: Slightly higher. The price of Brent North Sea crude oil rose after the Security Council of the United Nations decided to maintain the embargo imposed on Iraq in 1990.

The market was relieved by the news that Venezuela would stay in OPEC despite private sector pressure and following the announcement at the end of OPEC's Geneva meeting on September 18 that Equador had temporarily suspended its membership of the organisation.

Rubber: Higher. The price of rubber set in pounds sterling, continued to climb as the pound fell on the international exchanges. Since the pound's suspension from the European Monetary System, prices have risen 17 per cent.

Grains: Higher. The prices of wheat and barley were boosted by fears of a cold spell in the US midwest and uncertainties over the money markets which made investors turn to the commodities sector.

Another USDA (the US Department of Agriculture) rejection of bids by Pakistan and Russia for 600,000 tonnes of US subsidised wheat failed to deter the rally.

Tea: Firm. Demand was good at the weekly London sales, where high grade tea weakened to 150 from 160 pence per kilo, middle grade climber to 124 from 122 pence per kilo and lower grade strengthened to 80 from 78 pence per kilo.

According to brokers, Russia will import 40,000 tonnes of tea against the 100,000 tonnes previously predicted, because of its financial problems.

Cotton: Lower. The indicator price of cotton in Liverpool was affected by profit-taking after its recent climbs linked to the damage caused by floods in Pakistan, the world's fourth largest producer.

Wool: Higher. The price of wool was boosted mainly by monetary factors after the fall of the pound. The New Zealand wool board predicted a seven per cent fall in New Zealand wool production in the current season.