

Europe struggling for a front against US

BRUSSELS, Nov 11: Europe is struggling to form a united front in what threatens to be a trade war with the United States over farm subsidies, reports agencies.

Ray MacSharry, the European Community's farm chief, agreed late Tuesday to mend a rift with Jacques Delors, the French EC chief executive, and continue as the trading bloc's chief negotiator with Washington.

The Irish politician abruptly gave up his duties last Thursday, complaining of interference from Delors.

Delors was accused of maneuvering behind the scenes to try to prevent additional concessions to the United States. He has denied blocking a deal and over the weekend blamed Washington for the failed negotiations.

France, the EC's biggest farm producer, has been firm about opposing any trims in subsidies to Europe's nine million farmers. Delors is reported to have his sights set on the French presidency.

Britain, Germany and others are pressing for a compromise with Washington—Prime Minister John Major and Chancellor Helmut Kohl were to discuss the issue Wednesday at a meeting in England.

Britain, which currently holds the EC presidency, welcomed MacSharry's reinstatement and trade secretary Michael Heseltine said "we want the talks to start and to be a success."

According to rough estimates, a Uruguay accord would eventually pump some 190 billion dollar into the faltering global economy.

President Bush, at a Republican dinner in Washington on Tuesday night, vowed to keep pressing for a new global trade agreement before he leaves office in 10 weeks.

"I know that we're going to keep working right down to January 20th on the Uruguay Round," he said at a dinner with Republican leaders of Congress and his Cabinet. Last week, the Bush administration threatened to impose stiff tariffs on French white wines and other European goods if the farm fight is not resolved by

Dec 5.

France is pressuring the EC to respond with its own tariffs on US farm goods.

Dunkel to urge EC, US to save deal

A report from Geneva adds: GATT Chief Arthur Dunkel, winning a mandate for an urgent mission to Washington and Brussels, said he aimed to show the US and the EC their oilseeds squabble could wreck

conference.

Dunkel said no dates had yet been set for his mission, approved at a crisis session of the trade negotiations committee (TNC) of GATT, the 105-member General Agreement on Tariffs and Trade. But diplomats said it would come in the next few days.

The GATT Chief, an outspoken proponent of free trade who retires next summer after 12 years, has said he wants to

that might harm the interests of its agriculture sector.

And EC envoy Tran also suggested at the TNC that interests of specific sectors of national economies should not be allowed to dictate the outcome of the round.

"We must go beyond domestic interests, however, worthy they are of respect and especially when they are specific and sectoral ... in order to achieve a global balance both at the national and collective level," he said.

"In sum, we should balance upshort and medium-term interests with the long-term. It is the only chance to save the present situation. It is easy to get into a spiral but very difficult to get out."

Carla Hills

Another report from Washington adds: US trade representative Carla Hills said on Tuesday the United States was waiting for European leaders to agree on a unified position so that talks in a thorny trade dispute could resume.

Hills, the Bush administration's top official on trade matters, said she was pleased that the European Community had agreed to restart negotiations in an effort to avert a global trade war.

But Hills, in broadcast interviews, said she was waiting to hear that the EC had a consensus "so we can get on with the negotiations."

Jacques Delors

A report from The Hague adds: European Commission President Jacques Delors said he hoped an agreement could be reached in stalled GATT Uruguay Round world trade talks before next month's European Community (EC) summit in Edinburgh, Scotland.

I hope its possible to have an agreement before (the Edinburgh summit) on the Uruguay Round, he told reporters during a visit to The Hague to attend a conference on European socialism.

EC heads of government will meet in Edinburgh on December 11 and 12.

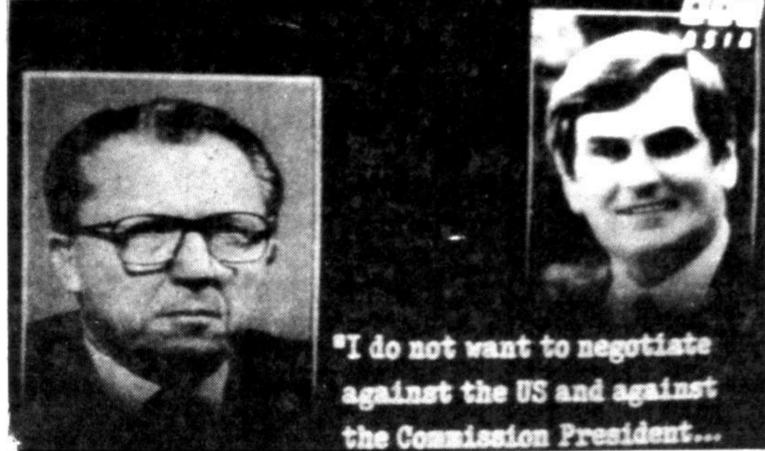
5 EC states supports France

Meanwhile another report from Paris adds: France received the support of five European Community (EC) states Tuesday when Paris asked Brussels to prepare a counter-attack in case Washington retaliates against the EC in the row over oilseeds, French Junior Trade Minister Bruno Durieux said.

Durieux gave no details of the five. He told a luncheon of business leaders that three member states, including Germany and the UK, opposed France, while three expressed no opinion.

At Tuesday's meeting of EC ministers, France failed to press its 11 partners into ordering the European Commission to draw up a list of US targets for retaliation.

But France did extract from EC Trade Commissioner Frans Andriessen a pledge that this would be ready if needed.



Picture shows EC President Jacques Delors and EC's top negotiator at the world trade talks with the USA Ray MacSharry. MacSharry resigned as EC's top negotiator alleging Delors' biasness for the French stand in the talks. He was reinstated Tuesday in a last minute attempt to ward off the dangers of a looming trade war. —Star TV photo

the world's trading system.

Dunkel's mandate came amid signs the two commercial powers might be moving towards compromise in the row that threatens to burst into a Transatlantic trade war.

Speaking after GATT ambassadors told him to make his "best efforts" to save the long-blocked Uruguay Round, Dunkel said he could not intervene or mediate in the squabble itself.

"But it is for me to make the two very much aware ... that the lack of a constructive solution to the dispute puts in danger not only the Uruguay Round but the whole trading system itself," the GATT Director-General told a news

guide the round to a successful conclusion before stepping down.

The oilseed dispute—in which the US and other states argue EC subsidies to its farmers amount to unfair trade—is not formally related to the round which aims to bring most goods and services under GATT rules for the first time.

Trade diplomats from many of the 108 states involved in the round say the bilateral dispute has left them "mute witnesses" and have been pushing for some weeks for intervention by Dunkel to get the multilateral process working again.

But GATT officials say

round has been hijacked by the two in their squabble," said afterwards one of the 58 ambassadors who spoke. "We could not just sit back any longer and wait for them to sort things out at their leisure."

GATT diplomats were intrigued by a suggestion yesterday by French President Francois Mitterrand that France's industrial sectors—likely to gain from a successful round—should be taken into account as well as farmers.

"I don't remember Mitterrand saying anything like that before," said one envoy. "Perhaps the wind-change is taking place in France at last." Paris has long resisted a deal

Major for GATT within weeks

Meanwhile a report from London says: British Prime Minister John Major told parliament he wanted to see an agreement on the stalled GATT world trade talks "in a matter of weeks at the outside."

Responding to allegations that European Community Commission President Jacques Delors and French President Francois Mitterrand were standing in the way of a GATT deal, Major said a trade deal was more important than any individual.

Winning a successful end to

China plans to free prices of commodities

BEIJING, Nov 11: Around 80 per cent of commodity prices in China are now set by the market and the government plans to free all prices within the next five years, the official Xinhua news agency has reported, reports AFP.

"China has decided to straighten out the price system of all the products within five years," the agency Monday cited a state price administration official as saying.

The state will, however, maintain price controls on goods deemed essential for the economy, the official added.

Inflation has hit more than 10 per cent in the 35 biggest cities in China since prices have been set by the market, but the quality of goods and the health of business has improved Xinhua said.

India's Attorney General offers to resign

NEW DELHI, Nov 11: India's Attorney General has offered to resign on health grounds after terming himself the victim of an alleged witch hunt against politicians from the south, officials said on Wednesday, reports Reuter.

"He has tendered his resignation officially on health grounds," an official spokesman said. "It is under consideration by the Prime Minister."

Attorney General G Ramaswamy has been embroiled in controversy since confirming he took a 1.5 million rupee (\$8000 dollar) loan from Standard Chartered Bank when it was being probed in connection with Bombay's massive securities fraud.

Official sources confirmed that the Attorney General had become an embarrassment and a liability to the government, which is bracing for a barrage of opposition attacks over the scandal when parliament reconvenes later this month.

WB Chief for rationalisation of Pak defence spending

KARACHI, Nov 11: World Bank President Lewis Tin Preston said here Monday that the issue of defence budget rationalisation had to be resolved to allow effective implementation of social action programmes in Pakistan, reports AFP.

"The issue was discussed with Pakistani leaders and has to be settled as soon as possible," Preston said, adding that the "Pakistani authorities, however, explain their position vis-a-vis the regional problem, which we hope will be resolved soon."

The World Bank has advocated a curtailment in defence expenditure for Pakistan, but Islamabad maintains that because of its dispute with India over Kashmir and the threat of an Indian arms buildup it cannot move unilaterally.

A joint World Bank and Asian Development Bank team was also appraising an emergency credit for Pakistan to help in reconstruction from floods in September which left several hundred people dead and caused widespread damage, Preston said.

Preston said he appreciated Pakistan's moves towards privatisation and liberalisation of its economy, adding that to attract foreign capital, the macro-economic framework needs to be strengthened and more resources found to invest in people and infrastructure.

More progress in resolving law and order issue is critical for the economy, he also said.

Attempt to recover stolen BCCI assets Liquidators serve notice on two Pakistani firms

ISLAMABAD, Nov 11: UK liquidators of collapsed bank of Credit and Commerce International (BCCI CN), trying to recover assets of a former BCCI associate, have served notice on two Pakistani oil companies, both units of Attock Oil Co Ltd, says Reuters.

But Pakistan Oilfields Ltd and Attock Refinery Ltd have taken out an injunction in a local court denying the liquidator, Touche Ross, access to the companies and their assets.

"As far as we are concerned their action has had no effect," said Usman Aminuddin, Deputy Chief Representative of Attock Oil and Chief Executive of Pakistan Oilfields.

Attock Oil is registered in London as non-resident firm. Attock Oil is under the operational control of Saudi Arabian investor Ghaith Pharaon, who was indicted for fraud in the US along with BCCI for secretly taking over a Californian bank and for fraudulent dealings in the stock of a Florida bank.

Representatives of Touche Ross are acting on a London court order last month to remove directors of the Attock firms.

Touche Ross is seeking the assets of Pharaon, Chairman of Attock Oil Co, who has unpaid loans from BCCI, sources close to the liquidator said.

Attock Oil owns 88 per cent of Attock refinery, with the rest held by two private investors. The London-registered company holds 55 per cent of Pakistan Oilfields, with 33 per cent held by the Pakistan government and the rest by the public.

"We hope in this transition, whatever way the legal battle goes, that these companies vital to the economy of Pakistan will continue to function normally," Ministry of Petroleum Secretary Kanwar Idris said. The management should not be affected, this is just a change in the Board of Directors, he said.

US auto price fall keeps inflation low

WASHINGTON, Nov 11: Inflation at the wholesale level inched up slight 0.1 per cent in October as the biggest drop in new car prices in two years helped to offset large price gains for gasoline, fruits and vegetables, the government reported Tuesday. Economists said the slight rise in the Labour Department's Producer Price Index, which measures cost pressures before they reach consumers, showed that the weak economy was keeping inflation well in check although there were a number of cross currents, says AP.

Indian firms open offices in Singapore

SINGAPORE, Nov 11: More Indian companies are opening offices in Singapore and local authorities plan to invite India's top firms to set up regional headquarters to expand their businesses, officials and analysts said on Monday. With India easing curbs on overseas ventures, Singapore has a natural attraction for Indian companies not only because of its infrastructure and tax incentives but also its large Indian population, reports Reuter.

Sagawa scandal threatens Japan's bail-out plan

TOKYO, Nov 11: A snowballing money-and-gangsters scandal which has paralysed the Japanese government threatened on Tuesday to derail an important economic bail-out package, reports Reuter.

Prime Minister Kichii Miyazawa, his popularity already plummeting near-historic lows, awoke to a newspaper poll showing that more than 80 per cent of Japanese distrust politicians while 62 per cent want an early general election. The source of Miyazawa's

woes is the Sagawa Kyubin scandal, centered on a mob-linked trucking fire which is alleged to have paid ruling party politicians huge sums in return for favours.

Opposition legislators threatened on Tuesday to hold hostage a supplementary budget — about 2.07 trillion yen (16.5 billion) earmarked for stimulating Japan's sagging economy — until the ruling Liberal Democratic Party (LDP) bows to demands to summon 10 LDP figures to testify in

parliament about their role in the Sagawa affair.

"We won't even consider opening debate on the budget until we have an agreement that the top Sagawa figures will testify," a Socialist Party official said.

Parliament began an extraordinary session on October 30 intended to focus on passing the budget bill. The session is due to last only until mid-December, and with almost two weeks already gone, little time is left to debate the package.

US corn crop output may 9.33b bushels

WASHINGTON, Nov 11: The US Agriculture Department boosted its estimate of the 1992 corn crop Tuesday to a record 9.33 billion bushels as farmers bring in a late-maturing and more bountiful harvest than they thought possible, reports AP.

If realised, this year's corn crop would be the largest ever produced, the department said in increasing its estimate by four per cent from last month's forecast of 8.94 billion bushels.

Average yields are also forecast up, to a record-setting 129.3 bushels per acre.

Fed reserve board okays Clinton's growth plan

WASHINGTON, Nov 11: Key officials of the US Federal Reserve Board would not object to president-elect Bill Clinton moving to speed up the lagging US economy in January, The Washington, post reported on Wednesday, says Reuter.

The officials believed that, with US inflation low and unemployment high, more growth was needed, the post said.

In quoted a number of federal reserve policy makers, including some of those most intent on curbing inflation, as

Thailand will sell 700,000 tons of rice to Russia

BANGKOK, Nov 11: The Thai government has agreed to sell 700,000 tons of rice to Russia under special two-year credit terms, reports Xinhua.

The deal was confirmed Tuesday and the loan-signing ceremony is scheduled to be held in Singapore today, local press reports said.

Krung Thai Bank President Sirin Nimmanhaeminda was quoted as saying that the government had approved a 200 million US dollar credit line for the sale, with 100 million US dollar domestic borrowings from the bank of Thailand and another 100 million dollar from foreign banks.

Sirin said Krung Thai Bank would extend credit lines to Thai rice exporters in the form of packing credits through the Commerce Minister.

Somalia's local produce markets offer a glimmer of hope

MERCA, Nov 11: On Merca's chaotic main street — among the centres for malnourished children, the donkeys hauling water and the charity kitchens — there is a tiny sign of hope, according to AP.

Farmers in this coastal corner of famine-ridden Somalia are selling a small crop of tomatoes, grapefruit, mangos and coconuts.

The local produce market is beginning to revive.

Marc Aubert, International Red Cross representative in Merca, says small farmers are augmenting food donations in helping the region gain against hunger.

"We had help from the local harvest. It was limited but still quite good," he said.

The agencies realise the world cannot feed Somalia forever. They have been handing out seeds and tools to revive agriculture and keep aid from becoming an addiction.

"People have got to grow their own food," said Rhodri Wynn-Pope, team leader in Somalia for the international aid agency CARE.

Wynn-Pope and other relief officials talk of the need for "aid infrastructure" if they are to overcome the famine that has killed more than 100,000 Somalis.

In Merca, 100 miles (160 km) south of the

capital Mogadishu, the aid set up works this way: Centres treat severely malnourished children; kitchens serve rice, beans and oil to the general population and the Red Cross and British agency Oxfam donate seeds and tools to farmers in the surrounding area.

The Red Cross alone has given out nearly 45 tons of seeds in the region. Nation-wide it has handed out 430 tons of seeds, mainly sorghum, rice and high protein beans, along with 18,000 hoes, picks and shovels.

The problems are form-idable. The area between the Shebele and Juba rivers, once Somalia's breadbasket, was devastated in the clan warfare that has raged over the past two years.

Marauding militiamen have looted the stored grain of farmers, driving them off their land to charity kitchens in towns and cities. Raiders have stolen farm equipment that would allow people to begin planting and harvesting again.

The most immediate problem is getting the farmers back to their fields. More important, they must stay there.

Farmers must get seeds and also food to sustain them while they till their land.

Otherwise, they may flee back to the towns, or even eat the seeds instead of planting them.

In western Somalia, CARE gave 96 tons of sorghum seed to rural areas around Bardera was trucking food to 186 villages. But then Bardera changed hands in a clan warfare. Relief workers were evacuated. Food aid was cut off to surrounding areas.

Three weeks later, CARE officials still do not know what happened in most of the villages.

Phoebe Fraser, who oversees the seed programme, exulted when she saw "little green sprouts of sorghum" in some villages, but fears hungry farmers may eat the sprouts before they ripen into grain.

Damage inflicted on farms is a major problem in reviving food production.

Near Afgoi, 18 miles (29 km) west of Mogadishu, Salah Ahmed Ali sat among grapefruit trees in an orchard owned and worked by several families.

The 52-year-old farmer complained he was having trouble watering the trees.

Looters took the pumps needed to bring the water from the canals.

Now, the tractor plowing irrigation furrows

in Ali's orchard bore not only a driver but two guards with assault rifles.

Heather Danton, 34, of the American branch of Save the Children said the agency faces similar problems in the Koreoil district in trying to restore part of the vast canal system that irrigated farms southwest of Merca.

"All the sluice gates were destroyed or looted," she said.

Her agency is digging out one of the region's 16 main canals, which have silted up from lack of care. It is about 8.5 miles (13.6 km) long and nearly four miles (6.5 km) have been opened.

Ms Danton, from Mansfield, Mass., said the work was financed by a 5,000 US dollar government grant. But the agency is running low on money and suffers because so much equipment has been looted.

And she added, "I have fears if a great amount of food is produced, it will attract looters."

But looking at the cleared section of the canal makes potential troubles fade.

"You see people out working in the fields, and the maize is waist high," she said.

Riyadh, Tehran producing excess crude oil

JAKARTA, Nov 11: Indonesian Mines and Energy Minister Gintjar Kartasudharta Tuesday said that Saudi Arabia and Iran were now producing crude oil in excess of their OPEC quotas, reports AFP.

OPEC members who are overproducing are: Saudi Arabia and Iran, the Antara news agency quoted Gintjar as saying after attending a ceremony at the presidential palace.

The Organisation of Petroleum Exporting Countries (OPEC) was now plagued by an oil sickness, namely overproduction, he said.

Gintjar gave no figure but that OPEC total production stood at over 25 million barrels per day compared to the 24.2 million barrel ceiling agreed by the group's 13 members.

Islamic states coop sought to tackle debt

NICOSIA, Nov 11: Iran's Finance Minister told officials from more than 45 Islamic countries that their total trade surplus was narrowing and urged closer economic cooperation to tackle rising debt levels, says Reuter.

Economy and Finance Minister Mosen Nourbakhsh said the combined trade surplus of Islamic countries was down at 4.1 billion dollar in 1992 from 28.1 billion dollar in 1990.

He said, unfortunately, the level of foreign debt in the Islamic countries increased in 1991, but, even though the debt service to exports ratio has improved this ratio is much larger than the overall ratio for all developing countries.

The Iranian news agency IRNA said Nourbakhsh was addressing the opening session of a two-day meeting in Tehran of the Islamic Development Bank (IDB), the development arm of the 47-nation Organisation of the Islamic Conference (OIC).