Saudi-China trade to reach \$600m

DUBAL Nov 25: Trade between Saudi Arabia and China is expected to reach 600 million dollar in 1992, a Chinese envoy was quoted as saying on Monday. Sun Bigan, China's ambassador in the kingdom, told Al-Sharq al-Awsat daily he expected trade between Beijing and Riyadh to reach 600 million dollar this year. He did not give a figure for the previous years, reports Reuter.

Japan to help Pak road network

ISLAMABAD, Nov 25: Japan agreed Monday to finance construction of a series of bridges in the mountainous north-west frontier province to modernise Pakistan's road network, diplomats here said. Under an agreement signed here between the two countries, Tokyo will provide a grant-inaid worth 860 million yen (about seven million dollar) for the first phase of the project, the diplomats said, reports AFP.

IMF, Poland agree on loan terms

WARSAW, Nov 25: The International Monetary Fund and Poland agreed terms today for a new 14-month standby arrangement worth almost 700 million dollar, a key to concessions for Warsaw from other international creditors. Michael Deppler, head of an IMF mission in Warsaw, told a news conference he had reached agreement with the Polish government during talks with Finance Minister . Jerzy Osiatynski, reports Reuter.

OPEC facing

budgetary problems VIENNA, Nov 25: The Organisation of Petroleum **Exporting Countries (OPEC)** is experiencing budgetary problems because Iraq and Ecuador have not paid their dues in recent years, sources at the OPEC secretariat here said on Monday. The sources, speaking two days before an OPEC meeting here, described as "unlikely" a report in the Die Presse business newspaper that OPEC intended to ask the the rent for the OPEC headquarters, as it does for offices of the United Nations here, reports AFP.

Victory over US trade bar claimed

MEXICO CITY, Nov 25: Pastors for Peace, a US-based religious group shipping 15 tons of aid to Cuba, declared a symbolic victory Monday over a 30-year-old American trade embargo at a news conference in Havana. The time is coming when the trade blockade imposed on Cuba by the United States will be lifted," said the Rev Lucas Walker, leader of the 44-truck aid caravan that got through the US border to Mexico over the weekend. reports AP.

WB loan for Russia to help unemployed

WASHINGTON, Nov 25: The World Bank announced on Tuesday a 70 million dollar loan to help Russia set up a 'safety net" for the unemployed, whose numbers, the bank estimated, may reach 10 million in 1994. It said Russia needs capacity to deal with mass lay-offs, retrain workers and improve the pension system, reports

HK to drop Queen's

portrait from coins HONG KONG, Nov 25: Hong Kong is dropping the queen's portrait from its currency as it prepares to switch from British to Chinese rule in 1997. Joseph Yam, chief executive-designate of Hong Kong's monetary authority, unveiled new designs for smaller denomination coins Tuesday. Those coins will be introduced early next year, and the bills will follow later, reports AP.

India's trade

gap widens NEW DELHI, Nov 25: India's trade gap has more than doubled in the first half of the current fiscal year, official figures released here showed Monday. The deficit in April-September was estimated at 2.63 billion dollar, up from 1.02 billion dollar in the same period of the previous financial year, an official statement said, reports AFP.

Lower taxes for oil companies in Russia

MOSCOW, Nov 25: The Energy Ministry may push for lower taxes on foreign oil companies working in the former Soviet Union in an effort to keep investment flowing into the country.

'Subsidy war particularly hurting Third World'

Delors calls for EC-US armistice

BRUSSELS, Nov 25: European Commission President Jacques Delors said on Tuesday an armistice between the European Community and the United States had been needed to stop the subsidy war which was particularly damaging to developing countries, reports Reuter.

Asked by Visnews Television whether he was optimistic on the EC-US farm deal which France says is unacceptable, he said:

"It will be difficult, but think we can get there by defending the future of European agriculture, which is what the commission is doing, contrary to what some say. We are trying to reconcile everything."

"We must stop this subsidy war, which doesn't improve the incomes of farmers but also makes problems worse for the world's least developed countries," said Delors who is French.

"The two largest exporters, the United States and the European Community, had to sign an armistice so that they both reduced their subsidies and allowed others to have access to their markets.

"By doing that, we not only allow the (GATT) negotiations to be extended to other very important sectors, services, industry and others, but we also allow developing countries

earlier delay, reports AFP.

territory governments.

political expediency.

taking up smoking."

they were not lost to another country.

to have more confidence in the

future," he added. "There is a lot to negotiate on other sectors," he said.

French Industry Minister Dominique Strauss-Kahn said here Tuesday that a little progress was made in nonfarm areas but added, we are very far away.

"The United States is not very interested in opening up its markets.

Strauss-Kahn, attending a meeting of SC industry ministers, reiterated his country's view that the farm agreement was unacceptable but conceded that the final package on oilseeds was much better than previous US offers.

"Firmness pays off," he said. French officials say their dispute is less over oilseeds than over the accord to cut the volume of subsidised EC farm exports by 21 per cent. But subsidised intra-EC farm exports by 21 per cent. But subsidised intra-EC, farm exports, which account for 73 per cent of France's total, are not affected.

Andressen defends trade deal

Another report says: The European Community's External Affairs Commissioner Frans Andressen on Tuesday defended a farm trade deal with the United States saying EC farm policy had finally won inter-

Australia moves to ban

all tobacco ads

CANBERRA, Nov 25: Australia was set to ban all tobacco

advertising after the ruling Labour Party caucus agreed

Tuesday to approve the required legislation following an

· Under the proposed legislation, sporting events will be the

hardest hit, with rugby league losing its tobacco sponsorship

on December 31, 1995 and cricket at the end of the 1995-96

Formula One grand prix and the 500cc motor cycle grand

prix, will be able to pally to cabinet for exemption to ensure

International events televised overseas, such as the

The tobacco advertising promotion bill will ban cinema

advertising from July 1 next year, outdoor advertising will be

phased out from that date, and incidental advertising in shops

The Australian medical association, the doctors' reform

The Tobacco Institute of Australia called the legislation

Health Services Minister Peter Staples who, with Sports

Minister Ros Kelly was responsible for the bill, said: "There is

clear evidence that the ban will result in fewer children

and kiosks will come under regulation by the state and

society, the anti-Cancer Council and the national heart

foundation were among groups to applaud the decision and

urged passage of the legislation before the end of the year.

"Our subsidies have now been recognised and this is an historic precedent," he said. The world can live in peace



Jacques Delors

than having it open to attack at any time," he told a European parliament committee.

The EC's Common Agricultural Policy (CAP) was created 30 years ago to get rid of food shortages which arose during the World War Two. Huge production subsidies were paid to farmers who were also protected against cheap farm imports.

Gradually shortages turned into surpluses which were dumped into world markets - farmers. depressing prices and angering farmers in poorer countries which couldn't afford

Business

subsidies. Andressen rebutted criticism from French deputies that deals last weak with the US on farm trade and a separate oilseeds dispute involved extra cuts and contravened EC farm reforms agreed earlier

AFP says the EC executive will receive a report on its farm trade accord with the United States today, but may postpone consideration of the deal, which is strongly opposed by France, officials said.

The report was being prepared by Agriculture Commissioner Ray MacSharry, who helped negotiate the deal, and is aimed at demonstrating the agreement goes on further than European Community farm reforms adopted in June.

EC officials said the commission, which gave unanimous approval to the settlement with the United States on Friday, might seek a week's delay to mull over the report and its compatibility with EC farm subsidy reforms.

The commission will receive the document on the same day as France is to open a parliamentary debate on the agreement, which has sparked angry protests from French

The panel will also receive a report on progress with the Americans in other areas of the GATT talks, which also include services, market access, textiles and intellectual property rights.

Japan may end ban on rice imports

Reuter from Tokyo adds: Japan will eventually end its ban on rice imports rather than threaten its industrial exports and the success of world trade talks, industry analysts said on Tuesday.

Japanese politicians who insist they will continue the ban are posturing to appease domestic interests, analysts

"It will take a while to change the domestic law. But otherwise, Japan will have no problem in accepting the GATT plan to allow some rice imports with tariffs, said Yasuhiko Yuize, professor Department of Economics at Chiba University.

We will publish "industrialisation and import liberalisation" by Prof. Rehman Sobhan, our guest columnist in our tomorrow's issue.

China to become Japan's biggest trading partner in Asia this year

TOKYO, Nov 25: China is expected this financial year to become Japan's biggest Asian trading partner, the newspaper Nihon Ketzai said Tuesday. reports AFP.

Japan-China trade is expected to reach 30 billion dollar in the year to March 31, making China a bigger trading partner than South Korea, the newspaper said.

Trade between China and Japan in the six months to September 30 reached 14.3 billion dollar, a rise of 30 per cent over the previous corresponding period, the newspaper said, attributing the boom to China's increased capacity to buy Japanese goods and Japan's heightened demand for Chinese clothing.

During the second half, Japan-China trade will surge further and surpass Japan-South Korea trade, which rose only a 8.9 per cent to 14.6 bil Hon dollar in the first half, the

Following a lull after the Chinese government smashed pro-democracy demonstrations in Beifing, in 1989, Japan-China trade has soared, rising 24.4 per cent in fiscal 1991 over the previous 12

The newspaper noted that in 1988 South Korean clothing imports were twice as prevalent in Japan than those from China. Now 45 per cent of textile imports here are from

Analysts in Tokyo said Japanese investment in the textile sector in the Chinese cities of Shanghai, Guangzhou an Shenzhen were partly responsible for the shift towards Chinese clothes.

Japanese exports to China - especially to the booming south - have jumped 30 to 40 per cent each month, with demand for air conditioners and telecommunications equipment doubling.

US suspends credit for food to Russia

WASHINGTON, Nov 25: The US Agriculture Department on Tuesday suspended Russia from its food credit programme for late payment, the first time it has taken such action against the country, a department spokesman said, reports Reuter.

Russia was dollar 10.9 million behind on a payment under the GSM-102 credit programme, said spokesman Roger Runningen.

However, Runningen said it was hoped Russia would be able make the payment later on Tuesday and be swiftly reinstated in the programme.

Under the programme, the United States government backs private bank loans to enable countries to buy US farm products. There was no indication

given of why Russia was behind in its payments, particularly whether in was simply a bureaucratic delay or a sign of financial problems in the ailing economy. Runningen said the de-

partment was told that the Russian bank in Moscow handling the credits, the Venshekonom Bank, gave instructions to make the payments on Tuesday.

'As soon as we verify that payments have been made later Wednesday" Russia will be reinstated in the programme,

The United States has extended the former Soviet Union 5.7 billion dollar in USgovernment backed loan guarantees since January 1991, with the most recent instalment of 525 million dollar announced in October.

Runningen said other countries using the US export guarantee programme have also fallen behind on payments, but have been reinstated with minor interrup-

This is not unheard of, " he said. "It is the first time for Russia, but it is not unheard of for other nations utilising the programme."

The United States originally issued credits to the entire former Soviet Union, then began issuing them separately to the former republics it deemed could repay the loans - so far just Russia and Ukraine.

Runningen said 3.5 billion dollar in credits has been made operational to the former Soviet Union, but so far Russia has utilised only 1.2 billion dollar

concern an accord might be

stymied by Gulf political antag-

onisms between Saudi Arabia

and Iran, an old OPEC adver-

to cut volume themselves just

to make room for rising output

capacity claimed by Iran.

The Saudis appear reluctant

Algeria's Minister, Hachen

Mcfti, told lobby reporters that

OPEC output, assessed by

western monitors at up to

25.25 million barrels daily, was

too high by 500,000 to

700,000 to a million BPD.

Nigeria called for a cut of

Indonesia's Ginanjar Karta-

sasmita stressed that his

Massive protest against WB led India's economic reforms

NEW DELHI, Nov 25: Hundreds of thousands of workers shouting "World Bank down, down" poured into New Delhi today in an unprecedented show of unity against India's economic reforms set in motion to lure foreign capital. reports AFP.

Waving red flags, factory and office workers from almost all Indian states poured into New Delhi to join one of the largest rallies sponsored in the past decade here by leftwing and centrist trade unions, witnesses said.

Students also came on trucks, buses and trains to join more than 300,000 workers brought into the city by five national and a dozen regional trade unions affiliated to leftwing and centrist opposition parties.

The sponsors said more than half a million people were expected to participate in what some posters described as the "mother of all rallies," police estimated

300,000 people had arrived and more were pouring in.

Communist Party of India (Marxist) and Communist Party of India organisers said unions affiliated to the two opposition groups had drawn workers from the railways, power, coal and textile sectors to join the anti-reform rally.

"They are here to protest the economic policies which deny the fundamental rights of the workers, "a rally spokesman said ahead of the rally, as policemen and paramilitary troopers barricaded the venue with steel fences.

Thousands of participants marching through the city streets disrupted business and triggered traffic jams at intersections near parliament, witnesses said.

"World Bank, IMF down, down... debt trap worse than death" speakers thundered over 600 loudhailers urging Premier PV Narasimha Rao's government not to follow dictates of the two lending agencies in a bid to secure loans.

November 23.

The Paris-based Organisation of Economic Cooperation and Development in a new report has said India's long term external debt was 71.5 billion dollar at the end of 1991 and repayments would be 2.6 billion dollar in 1992.

Rao's Congress (I) party ended a regime of controls of the economy after coming to power 18 months ago in a bid to end decades of socialist insulation and to open India's market to the world.

It also made the rupee partly convertible and hinted at further reforms including giving investors freedom to slash labour or withdraw. It also ordered disinvestment for sick state-owned units to pull out 833 million dollar. "Workers and employees

from all corners of India assembled in this historic rally firmly denounces the economic and industrial policies which have provide to be utter failure on all count," said a rally

resolution.

It listed inflation, slow agri cultural and industrial growth and feared large scale retrenchment as the main reason for launching the one-day protest saying New Delhi must withdraw its "draconian and elitist" reforms.

MOELLN (Germany): Youths from here lay down flowers and light candles in front of the

building in Moelln's 'Muehlenstrasse' on November 24 where a Turkish woman and two

girls, ages 10 and 14 were killed in an arson attack by German right-wing extremists early

"The disinvestment and privatisation of public sector will make our country dependent on foreign countries... the debt incurred by India is placing the country in a debt trap,

"The World Bank and the IMF have imposed humiliating conditions on the government which has readily accepted them," a speaker read out the resolution amid cries of "shame, shame."

India, which is seeking a nine-billion-dollar loan from IMF's extended fund facility, allowed it to review the country's ongoing economic changes despite protests by opposition groups.

India plans to introduce tough labour laws

- AFP/UNB photo

NEW DELHI, Nov 25: The Indian government on Monday appeared to be heading for a showdown with powerful trade unions over plans to dilute tough labour laws, reports, Reuter.

The trade union and industrial relations bill, which the government hopes to introduce in the winter session of parliament beginning on Tuesday, proposes to simplify procedures for firing workers and closing down industrial Trade unions have opposed

the changes. "We will not allow an anti-labour bill to go through," M K Pande of the Centre of Indian Trade Unions, told Reuters. "We will oppose it, both in-

side and outside parliament," he added.

A meeting between labour ministry officials, representatives of employers and trade union bosses failed to reach agreement on retrenchment of workers and closures of lossmaking units.

OPEC seeks higher prices, Riyadh may not cut output VIENNA, Nov 25: Several negotiating posture but voiced

OPEC Ministers demanded higher oil prices on Tuesday as they arrived for Vienna talks but doubt prevailed on whether Saudi Arabia would join any output cuts to ratchet up the market, reports Reuter.

The Organisation of Petroleum Exporting Countries was literally as well as figure actively fogbound. Protocol officials said fog at Vienna diverted Saudi Oil Minister Hisham Nazer's executive jet to Salzburg, in north central

Opening talks were put back to Wednesday and the other 12 members of the producer club, landing earlier, had to wait to learn how serious Saudi Arabia, the biggest exporter, is about a new refusal to turn down the tap on its huge production.

Through sources familiar with Saudi thinking, it made known on Monday that it won't agree to cut its volume - news which caused a sharp drop in oil futures prices. Delegates said it might be a

have resigned.

condition of anonymity.

populous third world nation badly needed prices to reach OPEC's declared target of dollar 21 per barrel (42 US gal-

600,000.

around dollar two. Venezuela's Alirio Parra, likely to be the next OPEC president, said OPEC would act to balance supply and de-

This would require a rise of

Evidence mounting on Citibank's involvement in Indian bond scam Manser's bank has fired seven employees and three

BOMBAY, Nov 25: In five years, Citibank has revolutionised consumer banking, providing many people with their first credit cards, home mortgages and car loans, writes AP. Using computer systems that still dazzle the Third

World, the New York-based multinational introduced automatic teller machines to a country where most banks open just four hours a day and transactions are entered in ledgers by hand. Evidence is mounting, however, that Citibank also

played a big role in a 1.1 billion dollar financial scandal. When the scandal broke in April, the booming stock market crashed, leaving hundreds of thousands of people bankrupt. Those pointing a finger at Citibank include gov-

ernment investigator, state-owned companies and a British bank that is suing it for 40 million dollar. Harshad Mehta, a stock broker and prime suspect, calls the affair "Citiscam". An Indian magazine, Business Today, made this observation: "Citi is almost a four-letter

Citibank also has problems in the United States, with eight billion dollar in problematic loans. But the bank has not scaled back its international branch network, the globe's largest and most profitable, and says it bears no blame for the Indian stock market scandal.

"If the Wright Brothers had taken the moral responsibility for the two international plane crashes in Katmandu, I would take responsibility for the scam," A S Thiyagarajan, Citibank's regional executive, said in an interview.

"I can put both hands on my heart and say we haven't done anything wrong, Citibank has good systems, good people and a hell of a lot of good luck. If I had diverted

hundreds of millions from my bank or my clients accounts into the stock market, I would have lost a lot of

Citibank has been in India since 1902 and pioneered consumer banking in the last decade. It bought the Diner's Club franchise from an Indian company in 1988, becoming the first bank with its own credit card. With hard-hitting Madison Avenue marketing, it made credit cards respectable and

In 1987, Citibank introduced car loans, an innovation so successful that one-fifth of the 90,000 cars sold each year by Maruti, the nation's top auto maker, arc

purchased with Citibank's help. Three years later, it became the first bank to offer

home mortgages. As a result of all this, more and more people in the growing middle class have become accustomed to loans. Annual profits, Citibank reported, rose from 11.4 million dollar in 1990 to 20.7 million dollar the next year and 49.6 million dollar in 1992.

Not surprisingly, many businessmen and citizens regarded it as the nation's most innovative bank. Then, last spring, the stock market crashed. Bombay's exchange, largest of the 22 in India, reached a record high on April 2, then plunged 800

points, or 20 per cent, during the last week of that Since then, the government has issued three reports saying many banks violated federal laws while trading in government bonds and investing money for corporate

Brokers handling many of the questionable deals diverted millions of dollars into stocks, sending them skyward. The scandal involved transactions worth 1.1

billion dollar and how much of that the banks have lost is One report said Citibank and Bank of America, based

in San Francisco, were major players. None of the reports names suspects or addresses

motives, but they do point out that Citibank was handling the most deals in both areas of banking involved. The report on Citibank and Bank of America says they

misreported transactions to make millions of dollar available to stock brokers. Many of the brokers have been charged with illegally investing the money in the market.

Mehta, the Bombay broker who is a key suspect, accuses Citibank of masterminding the operation. He has already spent nearly four months in jail and faces charges of criminal conspiracy.

"The architect of the scam seems to have been Citibank," the broker said in a 90-minute interview at his elegant apartment overlooking the Arabian Sea. "The market had loopholes to take advantage of," he

said. "Citibank was quick to see the opportunities. They were in touch with the stock brokers, so the main motivator of the scam seems to be Citibank. "I'm not going to be a sucker for the government or Citibank. I'll use my last drop of blood to see I don't get

250 million dollar, filed its 40-million dollar suit in New York against Citibank, the only bank facing litigation. Standard Chartered said it lost the money in securities transactions with Citibank in 1991-92. "We were a victim of fraud," said William G Manser,

exploited in this situation.

Standard Chartered, a British bank that says it lost

ernment regulations. Last month, Prime Minister P V Narasimha Rao admitted that the scandal has set back his programme to reform India's tightly closed, planned economy and

commerce. One result, he hopes, will be an overhaul of India's

International banks based in the United States must obey US banking rules, even in foreign countries. Harry Weiss, Associate Director of the SEC's Enforcement Division in Washington, declined comment on the situation.

in an unpublished report in 1990, the central Reserve Bank of India criticized its management of corporate investments.

In October, officials of three state-owned companies

told a parliament committee probing the scandal that,

with Citibank's help, they invested huge sums of money

in violation of federal banking rules. The companies are

Securities and Exchange Commission, at the SEC's

request, so it can examine steps taken by Citibank and

Bank of America, a high government source said, on

India sent its three official reports to the US

Air India, Indian Airlines and a third airline, Vayudoot.

When Thiyagarajan, the Citibank executive, realised the Associated Press knew of the report, he pulled a copy of it from his desk. "Both these criticisms are incorrect," he said,

standing at a conference table and pointing to a paragraph that accuses his bank of violating two gov-

bring its trade practices in line with international

antiquated banking system.

group public affairs manager for Standard Chartered. "All banks have a problem, and that will become evident."