

BRIEFS

Forecast on world sugar output

LONDON, Nov 27: The International Sugar Organisation forecast Thursday a "substantial" world sugar surplus...

WHO asks to avoid tobacco farming

MANILA, Nov 27: The World Health Organisation (WHO) Thursday urged developing Asia-Pacific countries to find alternative crops...

Bonn won't lower interest rates

BOON, Nov 27: The Central Bank ignored pleas from the Economics Minister Thursday for lower interest rates...

Inflation to hit 200 pc Russians

MOSCOW, Nov 27: Inflation is likely to hit 2,000 per cent this year in Russia, while industrial output will fall at least 20 per cent...

Spain senate okays Maastricht Treaty

MADRID, Nov 27: The Spanish parliament gave its final seal of approval to the European Community's Maastricht Treaty Wednesday...

India to sell \$1.34b worth of state firms

NEW DELHI, Nov 27: The Indian government will raise 35.0 billion rupee (1.34 billion dollar) from the partial sale of state-owned firms...

UK rubber output may exceed target

LONDON, Nov 27: Natural rubber production will outstrip consumption in 1993 for the third year running...

Brazil loses \$1b reserves in Sept

BRASILIA, Nov 27: Brazil lost one billion dollar in foreign reserves during September, partly due to the political crisis...

New law on oil, gas in Russia likely

MOSCOW, Oct 27: Russia's parliament will approve a new law on oil and gas by the end of this year...

OPEC talks appear near deadlock

VIENNA, Nov 27: The OPEC talks appeared near deadlock on Thursday and oil prices tumbled as it struggled to reconcile competing demands...

World oil prices, already down 10 per cent since mid-October on fears of excess OPEC production, plunged to a seven-month low...

Algerian Oil Minister Hacene Melit told reporters a full agreement was unlikely tonight. Asked if OPEC was having

problems setting a total output ceiling or individual member shares, Melit said: "Both." The producer group has formed a small committee to present three options for a possible output deal...

Iran and Nigeria are pressing for higher sales, while OPEC heavyweight Saudi Arabia, the world's largest producer, is reportedly reluctant to cut output.

That figure would represent a cut of some 500,000 BPD from western estimates of current OPEC production — the minimal amount some oil analysts believe is necessary to ratchet oil prices back up.

All members agree that OPEC must reduce the flow to bolster shaky prices. But no one wants to make the first or deepest cut.

The big countries will have to cut, Kuwait's Al-Baghl said, adding that high country had no plans to prune its own output.

Iran is pushing for both a lower overall output ceiling of 24.5 million BPD and a higher allocation for itself. A highly placed conference source said Iran set a quota of 3.7 to 3.8

million BPD before having into the afternoon meeting. Iran is also pushing for cuts from Gulf rival Saudi Arabia. An Iranian newspaper said Saudi Arabia must cut output by 500,000 BPD...

Prices are now more than dollar 2.50 short of that mark. Nigeria has also demanded that OPEC raise its oil production quota to 2.2 million BPD from the 1.8 million it is currently producing...

Speaking after OPEC President Alirio Parra of Venezuela held an evening bilateral talk with Aquazadeh, the delegate said "I hope we can still reach agreement without reservations."

should not be seen as the main obstacle to a possible output deal being discussed by ministers at between 24.7 and 24.8 million BPD.

He stressed that Iran was producing no more as a proportion of overall OPEC output — allowing for disruptions in Iraqi and Kuwaiti exports caused by the Gulf War — than it did under the terms of the group's July 1990 agreement.

In July 1990, the last OPEC accord to allocate individual country production quotas, OPEC set an overall output ceiling of 22.482 million BPD. Iran was given a 3.14 million quota.

Western industry sources estimated Iranian output at 3.6 to 3.7 million BPD in October of overall OPEC production seen at up to 25.25 million BPD.

ADB warning against protectionism

MANILA, Nov 27: The President of the Asian Development Bank (ADB) warned against a possible rise in protectionism as a result of regional trading blocs...

"It is with some concern that I observe the trend towards increased protectionism and discriminatory trade practices worldwide," ADB's Kimmasa Tarumizu said in a speech before the 18th ASEAN-Japanese businessmen's meeting.

He said, trade liberalisation and policy harmonisation within trading blocs would boost economic integration but there was a danger countries

outside those blocs would be shut out.

Tarumizu said the impact of market integration in the EC, the NAFTA and the eventual creation of an ASEAN free trade area (AFTA) on countries outside those blocs was reason for concern.

"I hasten to add that moves towards inward-looking trade and investment policies within the emerging regional trading blocs are a source of concern," he said.

Tarumizu said AFTA would be an important instrument for trade liberalisation but urged ASEAN states to encourage trade and investment ties

among all nations in the region.

The Association of South-east Asian Nations (ASEAN) begins in January a tariff reduction programme that will lead to the creation of an AFTA in 15 years.

ASEAN is composed of Indonesia, Thailand, Singapore, Malaysia, Brunei and the Philippines.

"Our economic growth experience clearly demonstrates the benefits of international economic and business cooperation. We must build on this experience and ensure that no country is left out from the growing prosperity," Tarumizu declared.

Masaru Hayami, Chairman of Japan's Association of

Corporate Executives, voiced the same concern.

He said, while ASEAN's intra-regional cooperation can help stimulate economic growth in Asia, Asia should remain open to the rest of the world.

"Asia is being dubbed the centre of world economic growth and for it to continue to prosper in the future, it must continue to maintain, indeed strengthen, the world's free trade system," he told the business meeting.

Japanese Prime Minister Kichii Miyazawa said at the forum Japan and other Asian nations must look at regional cooperation and at their individual roles in the post-cold war era.

EC urges S Korea to open rice market

SEOUL, Nov 27: A European Community delegate urged South Korea Friday to open its rice market and help European nations settle international trade disputes...

Gilles Anouilh, head of the EC delegation in Seoul, told Korean newspaper editors that South Korea's ban on rice imports is slowing the long-awaited conclusion of the Uruguay Round of negotiations on international trade rules.

He said South Koreans should take a balanced view in farm trading, a sensitive political issue here, to protect their interests in other fields. US and EC officials have been pressuring both Tokyo and Seoul to make compromises in line with farm trade concessions offered by Western countries.

South Korean officials, like their Japanese counterparts, have refused to budge in response to requests to lift rice import bans to help move trade talks along.

Kuwaiti trade deficit dips

KUWAIT, Nov 27: Kuwait's trade deficit fell by almost two thirds in the second quarter of 1992 because oil exports continued to rise and importers had already built up stocks to pre-war levels...

Imports of cars, an important element in Kuwaiti consumption, declined particularly steeply as importers found they had overestimated domestic demand, it said in a quarterly bulletin released today.

The figures are in comparison with the first quarter of 1992 because data are incomplete for the period immediately after the end of the Gulf War.

The bulletin showed that the domestic price index fell in the second quarter after rising in the first. Economists say the index is not very significant because patterns of consumption have changed and the basket needs adjusting.

India to crackdown on illegal stock markets

BOMBAY, Nov 27: India on Thursday announced a crackdown on unofficial stock markets which have blossomed across the country, saying only the 22 recognised bourses were permitted to trade in shares and securities...

The main regulatory agency, the Securities and Exchange Board of India (SEBI), warned that anyone operating an unofficial exchange could be punished with a fine and up to one year in jail.

SEBI, which has been fighting a highly-publicised battle to reform the stock markets in the wake of India's 1.2 billion securities scandal, urged the public to report unofficial exchanges to the police.

More than 20 million Indians hold shares directly or through unit trusts, and a string of unofficial markets have opened across the country in towns far from the 22 recognised stock exchanges.

Trading in the unofficial markets usually takes place after the legal bourses have closed, and when prices from leading exchanges are known. "I don't know how they are going to regulate this," said

one stock market analyst. "There's so many of these unofficial markets, particularly in Gujarat and Kerala where people have a lot of money."

SEBI's crackdown on illegal markets marked the latest phase in its campaign to clean up India's stock exchanges, which have been rocked by allegations of rampant insider trading and accusations in the press that the markets are run by a cabal of brokers.

Exposure of the country's worst financial scandal in April sent share prices tumbling from record highs.

Reform of the capital markets is widely seen as crucial in attracting badly needed foreign capital and underpinning the government's bold programme of trade and industrial liberalisation.

SEBI this week took the first step to ban insider trading amid a looming confrontation with the country's 5,500 brokers over reform of the bourses.

Legislation will also be introduced in the winter session of Parliament, which opened in New Delhi on Tuesday. Until now insider trading was not an offence in India.

Arab banks to raise funds to conform standard

ABU DHABI, Nov 27: Arab monetary officials agreed to raise capital adequacy in their banks to conform with standards set by the Bank for International Settlements (BIS), reports Reuters.

Central bank officials from the 21 Arab League members adopted the BIS recommendation of a minimum eight per cent capital adequacy ratio after talks at Arab Monetary Fund (AMF) headquarters in Abu Dhabi.

The measure is intended to improve the risk-weighting of Arab countries in obtaining loans.

In 1993 the Basle-based BIS will require banks in Organisation for Economic Cooperation

and Development (OECD) countries to treat all loans to Arab countries except Saudi Arabia as 100 per cent risk-weighted.

It would then require the lender to cover the full loan under its rule demanding that banks maintain an eight per cent ratio against their capital on risky debt. Capital adequacy, the ratio between shareholders' equity and assets, is designed to minimise the risk to a bank's creditors and depositors.

The recommendation was adopted by the AMF's Arab banking supervision committee after two days of talks.

Sino-Russian trade may reach \$ 5 b this year

MOSCOW, Nov 27: China and Russia will engage in an estimated five billion dollar in trade this year, Chinese Foreign Minister Qian Qichen said Thursday, says AP.

During his first visit to Russia since the demise of the Soviet Union, Qian finalized preparations for a visit to China by President Boris Yeltsin on Dec 17-19.

Asked at a news conference about arms sales to Beijing by Moscow, Qian said China "relies primarily on its own resources. If we buy weapons, we buy them in very small amounts."

"No country should be worried in this respect," he said. Last month, The New York Times quoted US officials as saying that Russia sold tanks, missiles, fighter jets and nuclear power technology to China this year, fueling the spread of arms worldwide.

Russia has denied breaking any international arms control agreements.

Qian said no weapons deals were discussed on his current visit to Russia.

"I believe that weapons sales by the United States to a part of Chinese territory — namely, to Taiwan — causes us some worry, and this will

probably also lead to instability in this region," he added.

Since the collapse of the Soviet Union, China moved swiftly to establish relations with the former republics. Border trade between China and Russia has boomed since then, and Chinese officials have been urging increased economic cooperation.

Qian said trade between Russia and China had surpassed that between his country and the whole of the former Soviet Union. He said 1992 would see between 4.5 billion dollar and five billion dollar in trade.

There are naturally differences between these two countries, and there exist problems," he said. "But I think these differences need not impede the development of our mutual relations."

He did not specify the problems, but disputes remain over the 7,000-kilometre (4,300-mile) border between China and Russia, Kazakhstan, Kyrgyzstan and Tajikistan. Conflicting land claims along the border with the former Soviet Union resulted in a brief border war in 1969, and the frontier remained heavily guarded after that.

Paris Club differs on Russian loan repayment for next year

MOSCOW, Nov 27: Russia and the Paris Club of creditor nations differ significantly over the amount of foreign debt Moscow can repay in 1993 but a compromise is possible, said Deputy Prime Minister Alexander Shokhin, says Reuters.

"We have differences over the capability of Russia to service its external debt. Our own estimates and the estimates of the Paris Club differ significantly," he told a news conference on Thursday evening.

He said a two-day meeting with the creditors in Paris this week considered a scenario for restructuring the debts inherited from the former Soviet Union. A further meeting is due in two weeks time.

"This is only the beginning of the talks... we shall have to send our delegation to Paris once more," said Shokhin, responsible for foreign economic relations.

He said here was time for positions to be reconciled. "The meeting in two weeks allows is a break for working out some technical details."

Foreign Economic Relations Minister Pyotr Aven said earlier that the Paris Club has made concessions on deferring

the debts, which total about 70 billion dollar.

"We are satisfied. We understand that the Paris Club made us unprecedented proposals," Aven told reporters as he returned to Moscow after the meeting.

In the French capital the Paris Club's chairman, French Treasury Director Jean-Claude Trichet, said in a statement that the creditor countries were ready to reach a "comprehensive and generous" rescheduling of former Soviet debt.

"Creditor countries reiterated their readiness to conclude a comprehensive and generous rescheduling agreement," the statement said.

It said the two sides also reviewed "the legal framework with respect to the external debt of the former USSR (Soviet Union), in light of the Russian federation's desire to be single manager of this debt."

The statement said the two sides, joined by International Monetary Fund (IMF) representatives, had useful talks on Russia's economic situation and discussed in-depth the progress of economic reform.

Russia says it can afford to

pay only a tiny proportion of the interest and principal payments on the debts and wants extra time to pay.

Shokhin called on the International Monetary Fund (IMF) to make a greater contribution to easing Russia's financial woes.

"If the IMF supports restructuring of foreign debt and does not impose tough conditions on its standby credit, we can consider that the west has made an adequate step in support of Russian reform. We think such a step is possible," he said.

The IMF has not yet released an outstanding three billion dollar of a four billion dollar standby credit and has linked the aid to sharp reductions in inflation and the budget deficit.

Shokhin said the question of the standby credit could be settled shortly, but he did not elaborate.

Aven said Russia was generally happy with the Paris Club's proposal to reschedule most of the debt for 10 years, including a five-year grace period.

The positions of Russia and the Paris Club were now close, he said, although the two sides were still discussing how to fi-

nance the gap between what Russia could afford to pay and what the Paris Club wanted it to pay.

Aven said Russia would pay less than two billion dollar in debt servicing this year. By October 1 the country had paid dollar 1.35 billion. Debt payments of dollar 9.8 billion fell due in 1992.

He said Russia could not afford to pay more than three billion dollar in 1993, but did not say how much creditors wanted the country to pay. "The amount the Paris Club wants us to pay next year is not tens of billion of dollar, but billions of dollar."

Debt payments totalling 38 billion dollar fall due next year, but Aven said this included 10 billion dollar in overdue payments and dollar eight billion already covered by previous repayment roll-over pacts.

Principal repayments on debts incurred by the Soviet Union before January 1, 1991, are currently frozen under a deal with creditor states and banks.

Interest on these — and principal and interest on newer debts — is still payable, although bankers say arrears are rising fast.

France leaves door open to GATT deal for next year

BRUSSELS, Nov 27: Despite France's threat of a veto and mounting protests from farmers, EC officials and diplomats say Paris has left the door open to a GATT Uruguay Round deal next year, reports Reuters.

The violence of the rhetoric in the National Assembly debate on Wednesday and of the demonstrators in the Paris streets outside could not conceal that the government carefully avoided an all-out commitment to block the EC-US farm trade deal.

Prime Minister Pierre Berezogovoy pledged to use France's veto at the first available opportunity, once EC government are given a legal text on which to take a decision.

The so-called Luxembourg compromise, an ambiguous political deal done more than 25 years ago which EC members invoke if they wish to veto a measure, only involve formal proposals in which ministers have to decide by weighted majority vote. Precisely to avoid any such showdown, diplomats say no legal texts will be presented until the end of the whole Uruguay Round negotiation, which involves 108 countries

and cover trade in just about every area of economic life.

Any pact in the General Agreement on Tariffs and Trade (GATT) is unlikely to be initiated until next February and EC government will not be asked to accept it until well after that, officials in Brussels say.

That means that the decision on how to respond will probably have to be taken by a new right-wing government and not by the present socialist administration, in which is widely expected to lose power in next March's parliamentary elections.

The French government's strategy is to talk tough and string things out for as long as possible. That's fine by US, one senior diplomat said.

Words of support for the French stance from Italian and Belgian ministers, and near-universal on condemnation of the proposed subsidy cuts by farmers groups across the community, are unlikely to alter that judgement.

EC government will take their first look at the farm deal struck last week at a meeting of trade experts at the so-

called 113 committee in Brussels on Friday.

UK proposes for EC spending cut

Another report says: Britain,



GENEVA: Director General of GATT conference Arthur Dunkel gestures during a press conference following the Trade Negotiation Conference (TNC) meeting here November 26.

foreign and finance ministers meet on Friday.

With only a fortnight to go until an EC summit in Edinburgh, some diplomats promise "blood on the carpet"

"This thing is off to a very bad start," said a diplomat from one of the "poor four" states, "the (British) presidency is definitely beneath a doubling."

The proposal from London, as described by diplomats in Brussels, would curb the rise in the share of combined Gross Domestic Product (GDP) used to finance the community to a maximum of 1.25 per cent by 1990 from the current 1.2 per cent.

This is a sharp cut compared with the 1.36 per cent of GDP proposed by European Commission president Jacques Delors.

Under pressure from the biggest contributors to the budget — Germany France and Britain — Delors had later trimmed this figure to 1.32 per cent.

The part of the British proposal certain to use the "poor four," however, is that a so-called cohesion fund designed to help poorer states under the Maastricht treaty would be kept to 12.25 billion European Currency Units (15 billion dollar) through 1999, nearly three billion (3.4 billion dollar) less than the 15 billion (18 billion dollar) sought by the four.

Spain — are certain to resist the new British proposal, which an official in London described as a "tight but realistic overall settlement."

Despite Britain's assurances, they fear that the rise in aid from their wealthier partners under this proposal would fall short of the doubling they seek.

Other finance for poorer regions in the EC would rise to 23.8 billion ecu (29.2 billion dollar) a year by 1999 from just under 18 billion (22 billion dollar) near year — an increase which Britain argues should bring up to half again more and for the poorest areas.

Some diplomats expect other problems such as turmoil on currency markets and the uncertain progress of the Maastricht treaty on European Union to feature strongly in Friday's ministerial talks.

For weeks national governments had been staking out apparently inflexible negotiating positions on the so-called Delors II package, an ambitious plan by Delors to sharp EC finances until 1990.

The previous International Coffee Agreement formally expired at the end of September.

Talks on coffee price pact remains postponed

LONDON, Nov 27: Talks in London on a new international price pact for coffee remained stuck Thursday over the question of fine-tuning, the proposed market-regulatory export quota system, says AP.

A meeting of exporters and importers on the issue scheduled for the end of the day was postponed.

Arnoldo Lopez, Costa Rican chairman of the key International Coffee Organization committee in which negotiations on the pact are being concentrated, said the importers had declared they were not ready Thursday for joint talks.

The two sides were rescheduled to meet Friday, he said.

Lopez said the two sides would be attempting to agree basic guidelines for in-depth technical discussions on the mechanism for adjusting the global quota allocation to ensure it keeps pace with changes in demand — the so-called "selectivity" issue.

The previous International Coffee Agreement formally expired at the end of September.