

BRIEFS

Swedish decision cuts Nobel's value

OSLO, Dec 2: Sweden's decision to float its currency has cut the value of the Nobel prize and may force the Norwegian Nobel Institute, which oversees the peace prize, to reduce costs sharply, the institute's head said on Tuesday. Sweden gave into pressure for devaluation and floated its crown on November 19, reports Reuters.

Jordan stages surprise recovery

AMMAN, Dec 2: The Hashemite kingdom's economy, battered by its knees by the Gulf crisis, has made a surprise recovery thanks to an injection of three billion dollars by Jordanians booted out of Kuwait. Economists believe the boost will be temporary unless Jordan, politically isolated and economically devastated because of its refusal to join the US-led coalition against Iraq, can be reconciled with its erstwhile bankrollers like Saudi Arabia, reports AP.

Guyana to encourage foreign investment

MIAMI, Dec 2: The newly elected president of Guyana said Tuesday that his country, which faces desperate economic problems, plans to offer tax incentives to encourage foreign investment and develop the nation's private sector. Speaking to representatives at the annual Conference on the Caribbean, Cheddi Jagan proposed offering a 10-year income tax exemption on profit and export allowances and accelerated depreciation on capital assets to entice investors, reports AP.

Brazil's foreign debt hits \$123.2b

BRASILIA, Brazil, Dec 2: Brazil's official foreign debt is 123.2 billion dollars according to figures released by the Central Bank Tuesday. Brazil's foreign debt is the largest in the Third World, reports AP.

Dollar dips in New York

NEW YORK, Dec 2: The American dollar fell against most major currencies Tuesday, even after two government reports showed that the US economy is picking up. Gold prices rose. Gold for December delivery finished at 335.10 dollar a troy ounce on the Commodity Exchange in New York, up 80 cents from Monday's close. Republic National Bank quoted a late bid for gold of 334.90 dollar up 30 cents from Monday, reports AP.

EC 'shocked' by US move on steel duty

BRUSSELS, Dec 2: The European Community Tuesday denounced a US decision to impose provisional anti-dumping duties on steel imports, claiming the move could cost hard-pressed European producers up to one billion dollars. Spokesman Nico Wegter said the EC executive Commission was "shocked" by the US move, reports AP.

India to get \$500m loan from WB

NEW DELHI, Dec 2: India is set to receive a 500 million dollar loan from the World Bank (WB) part of which would help finance unemployment benefits for retrained workers in the public sector, the bank said. "The negotiations have been concluded," said a World Bank official involved in the project who did not want to be named, reports Reuters.

5 states added to OECD list

PARIS, Dec 2: OECD countries have added five former Soviet republics to the list that serves as a guide on which countries should benefit from aid, an OECD official said on Tuesday. The five are Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, the OECD's Development Assistance Committee (DAC) Chairman Alexander Love told a news conference after a two-day meeting, reports Reuters.

US decision dismays ROK's steelmakers

SEOUL, Dec 2: South Korean steelmakers said on Tuesday they were dismayed by a US decision to impose duties averaging 4.2 per cent on their exports. The US Commerce Department cited 12 nations on Monday for subsidising steel exports and imposed provisional duties on their products, reports Reuters.

Developed economies on way to recovery, says OECD

PARIS, Dec 2: Economic recovery has begun in the United States and will become apparent next year in the rest of the developed world, OECD Secretary General Jean-Claude Paye said on Tuesday, reports Reuters.

Addressing a French Association of Financial Journalists, Paye said he expected consumer and business confidence to provide the catalyst for growth in coming months.

"The American recovery is in the process of showing itself, it's the swallow before the summer," he said. All the same, he did not expect any "roaring recovery" in the 24-nation Organisation for Economic Cooperation and Development area.

Figures published last week revised US third quarter gross

domestic product growth up to 3.9 per cent from 2.7 per cent.

Paye said quarterly data should be taken with some scepticism, especially when trying to make longer-term forecasts, but he added: "there's no doubt that the situation is in the process of getting better."

Paye said Germany was not falling into recession and he expected lower interest rates there to aid recovery soon.

"Probably, inflationary pressures there ought to subside in the next few months and open up the prospect of lower interest rates in the next few months," he said.

One reason for his optimism was that German officials thought employers and unions would negotiate salary increases compatible with price stability in future years.

"If that is the case, one big factor that has contributed to inflation and inflationary expectations will be removed."

High German interest rates are often blamed for keeping rates up elsewhere and therefore holding back European growth.

But Paye said central banks did not keep interest rates high for the fun of it. "Central bankers are not sadists... they seize every opportunity to cut rates."

The OECD acts as a think-tank and forum for its members.

Paye said the economic situation throughout the OECD area remained unsure, but he added: "the conditions for recovery are in place, it is going to come."

He conceded that people had heard that before from the

OECD and other eminent forecasters, and he said he had instructed his economists to address the question of why they had been so "obstinately mistaken" over the past 18 months.

The economic consequences of financial market deregulation was something they had not fully accounted for, he said, and confidence — "difficult to foresee, difficult to create, easy to destroy" — was not easily factored into computer models.

The OECD's next formal crack at predicting the recovery will be in its half-yearly economic outlook, due out on December 16.

Reuters adds: A much-quoted OECD report saying a GATT trade accord would add almost 200 billion dollar to world output was highly theo-

retical and its use could be misleading, a top OECD official said on Tuesday.

Jean-Claude Paye, Secretary General of the 24-nation Organisation for Economic Cooperation and Development, said the media had widely cited the sum but did not say such gains would take 10 years to achieve and most nations, particularly in the developing world, could be hurt by a GATT deal.

The figure was taken from a report by the Paris-based Economic Forum's Development Centre which said output of goods and services could be boosted by 195 billion dollar if import barriers were lifted as part of a General Agreement on Tariffs and Trade deal to liberalise global commerce into the next century.

Farmers stage big rally in France to protest farm subsidy deal

STRASBOURG, France, Dec 2: Farmers from France, Germany, Italy and even from South Korea marched by the tens of thousands to oppose a US-European accord to cut farm subsidies. Violence marred the mostly peaceful protests, reports AP.

The farmers on Tuesday set fire to piles of wooden slats and bales of hay, topped with effigies of EC negotiator Ray MacSharry of Ireland and US trade negotiator Carla Hills.

The US-EC accord is part of a global trade pact still being negotiated under the General Agreement on Tariffs and Trade. France threatens to torpedo the pact when it comes before the EC unless its farmers are protected.

Farmers in France, the world's second largest agricultural exporter after the United States, see the agreement as a threat to their livelihoods. Within the 12-nation EC, France stands almost alone in its opposition to the accord.

If France blocks EC acceptance of the GATT trade agreement, the accord would be scuttled.

Most of the farmers dispersed peacefully in 800 buses after the proceedings. According to authorities, 45,000 farmers took part.

But one group of 100 farmers fought police outside a stadium after the protest. Rioters hurled bottles and cans at police, who fired volleys of tear

gas to get them off a railroad track. One farmer's hand was blown off by a tear gas grenade and several others were slightly injured.

About 50 farmers returning to Bordeaux from Strasbourg pelted the British and German consulates with eggs, spray-painted American flags on rubbish in garbage cans, and threw manure at a McDonald's

restaurant, viewed as a symbol of the United States.

Premier Pierre Bérégovoy, meeting Belgians visiting King Baudouin, said in Paris that Europe must show "solidarity to avoid sacrificing the rural world and its inhabitants."

German farmers wearing bright red jump suits, South Koreans with white sashes and six US farmers from the National Family Farm coalition

also joined the protests. About 6,000 Germans, 3,000 Italians and 2,000 Spaniards took part.

They broke windows along the way, twisted road signs, damaged cars and shot off fireworks, but generally avoided clashing with the 4,000 riot police there to contain them. Schools along the route were closed.



NO FOREIGN RICE: Japanese farmers demonstrate in Strasbourg Dec 1, along with European and Korean farmers to protest against the trade between EC and United States on the GATT agreement. — AFP/UNB photo

'Failure of GATT talks may force ASEAN become protectionist'

KUALA LUMPUR, Dec 2: The Association of South East Asian Nations (ASEAN) may be forced to become protectionist if world trade talks fail, Malaysia's Deputy Minister for International Trade and Industry Chua Jui Meng said on Tuesday, reports Reuters.

"There will be a tendency for countries to become inward looking and protectionist if world trade is restricted... this is also applicable to South East Asia," he said.

"Intra-ASEAN trade is likely to be stepped up if the Uruguay Round talks under the General Agreement on Tariffs and Trade (GATT) fail," he told reporters after talks with France's Industry and Foreign Trade Minister Dominique Strauss-Kahn.

Chua said while an inward-looking ASEAN would help boost trade among the six-member countries, it was not desirable.

ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, wants to globalise trade and not restrict it to regions, Chua said.

"Although increased intra-ASEAN trade will be boost for the proposed ASEAN Free Trade Area (AFTA), we do not want to realise AFTA objectives in this way," he said.

ASEAN leaders agreed in Singapore last January to set up the free trade area by cutting or reducing tariffs for 15 products by the year 2008.

The stalled world trade talks made some headway following the recent US-

European Community (EC) accord on farm trade, a key obstacle. France has rejected the accord, however, and hopes to rope in more support against it from its EC partners.

Strauss-Kahn said after Tuesday's meeting that France and the EC wanted to reach a final agreement on the trade talks despite the dispute over farm subsidies.

"France and the European Community want very much to reach a final agreement on the issue and other important topics like services, market access and a code on subsidies," he said.

Strauss-Kahn said the United States should reduce its farm subsidies "given out without using the same tools the EC uses." The United

States must bring down its subsidies... this is why we are in tough negotiations with the United States."

He said France was waiting for the "next step forward" from the United States.

France has asked the EC to hold an emergency meeting on its farm pact with the United States, which Paris says goes beyond reforms of EC farm policy agreed to last spring.

"France is in favour of a final agreement not only over agriculture but everything else as well," Strauss-Kahn said.

AFP reports from Tokyo: Japan urged East Asian governments Tuesday to liberalise their economies further to cope with rapid changes in the global economic climate and growing threats of protectionism in industrial countries.

Sharp rise in Indo-Israel trade

NEW DELHI, Dec 2: India's establishment of full diplomatic ties with Israel in January has led to a sharp expansion in two-way trade, an Israeli embassy spokesman said here Tuesday, says AFP.

Indo-Israel trade in the first nine months of 1992 rose by 45.5 million dollar over the corresponding period of 1991, a spokesman for the Israeli embassy here said Tuesday.

The two-way trade, mostly in diamonds, during the period gave India a favourable trade balance, as it imported only 56.7 million dollar worth of Israeli goods, he added, citing the benefit of India's lifting of a ban on its state-owned firms dealing with the Jewish state.

Israel imports mainly uncut diamonds from Indian mines and recycles finished products back to India, which has a huge market for precious stones.

Indian officials said New Delhi was targeting trade worth 500 million dollar with Israel in 1993, adding that state-run companies were exploring avenues to boost exports to Israel to earn hard currency.

"We are swamped with enquiries," the Israeli diplomat said, referring to the trade barriers that were lifted when the two countries decided to establish full diplomatic links.

UAE releases 5 former BCCI officials

ABU DHABI, Dec 2: Authorities in the United Arab Emirates on Tuesday released five former officials of the failed Bank of Credit and Commerce International (BCCI) who had been detained since September 1991 on suspicion of fraud, says Reuters.

The UAE attorney general's office said in a statement the BCCI officials were released due to lack of evidence based on a preliminary report by international chartered accountants.

The examination of documents and the interrogation of these five persons have thus far revealed insufficient evidence against them," the statement said.

But it added the five would not be allowed to leave the UAE in case investigations revealed any new evidence against them. The Abu Dhabi government owned 77.4 per cent of the failed BCCI.

Indian stock chief firm to implement reforms

BOMBAY, Dec 2: India's chief stock market regulator says he is determined to clean up the country's turbulent bourses, accusing brokers of trying to stall badly-needed reforms in the wake of a 1.2 billion dollar financial scandal, reports Reuters.

"We can't stretch it out too long... the market is large, the market is growing very fast. The imperfections of the market cannot be allowed to go on," said G V Ramakrishna, chairman of the Securities and Exchange Board of India (SEBI).

He told Reuters in an interview on Tuesday that the agenda for reform had been clearly spelt out.

SEBI was ready to use new statutory powers acquired last April to push through the reforms of India's 22 stock markets were not ready to cooperate.

Ramakrishna, a former Indian ambassador to Brussels, said SEBI wanted to see concrete action by the bourses to introduce new capital adequacy norms for brokers, revamp the broker-dominated boards of the exchanges and bring in a better-regulated operating environment.

After taking the first steps to curb rampant insider trading, Ramakrishna says he also hopes to introduce better accounting standards for companies, and is backing a plan to set up a fully-computerised National Stock Exchange (NSE) that would compete directly with the existing exchanges.

The creation of the NSE, which Ramakrishna says will take 18 months to set up, is widely seen as a way of pressuring brokers on leading exchanges to accept the reforms, including detailed inspection of their books and shorter settlement periods.

"There has been no effort on the part of the stock exchange administrations to bring about these changes, and there has been no effort to enforce these changes. Now we are trying to do both," he stated.

"We now have powers to enforce these changes, but we'd rather have the brokers bring them about voluntarily and willingly. Unfortunately the exchanges are dragging their feet."

Iran decides to slow down currency reforms

NICOSIA, Dec 2: Iran, concerned by a politically risky price shock, has decided to slow down currency reform that would amount to a steep devaluation of the rial, reports Reuters.

Speaking on Iranian television, President Akbar Hashemi Rafsanjani said unification of the three official exchange rates would not be incorporated in the budget for the next Iranian year starting on March 21.

The head of the parliament planning and budget commission, Ghorbanali Dorri Najafabadi, was quoted on Monday as saying unification was now seen to be attainable in three years.

Eliminating the rial's three-rate system is a main goal of Rafsanjani's economic reforms but strong opposition was voiced in the Majlis and press after some officials said in October that the transition could be built into next year's budget.

"The result of numerous meetings of the cabinet, the

supreme economic council and Majlis was the decision to separate the path of exchange rate unification from reforms aimed at balancing the economy," Rafsanjani said.

"We do not want to give the economy a sudden shock. Our reform policy has been gradual from the beginning," he said.

The government currently recognises three exchange rates for the rial—quoted at 67.60, 600 and 1,459 per dollar on Tuesday. The black market rate is about 1,500 rials.

It allocates dollar at 67.60 rials each to basic food and other imports. Some important industries get dollar at the middle parity while the rest of the economy has to use dollar at close to the black market rate.

With speculation about the possible unified rate focusing around 1,000-1,200 rials per dollar, unification would mean a substantial devaluation from the official rate and likely lead to huge increases in prices of basic commodities.

Media accuses Patten for slide of stocks

HONG KONG, Dec 2: Hong Kong's pro-Beijing press fired back at Gov Chris Patten on Wednesday, accusing him of sabotaging investor confidence in the territory and clinging to his own political ambitions, reports AP.

"Patten has one hand grabbing politics, the other grabbing economics. Taken together, both are meant to reap benefits for his mother country and himself. Look at how long Patten's hands are! Look at how grand his ambitions are!" the newspaper Ta Kung Pao said.

The attacks intensified the strident war of words between London and Beijing over the economic and political fate of this tiny capitalist enclave, due to return to Chinese rule in 1997.

In reaction to the escalating dispute, Hong Kong stocks slid 90 points — or 1.6 per cent — Wednesday, closing at 5,411.65. The two previous sessions saw the market plunge 485 points, or more than eight per cent.

China has promised Hong Kong "a high degree of autonomy" under the 1984 joint declaration governing the territory's handover, but investors now worry that China will strip the colony of its economic as well as political freedoms.



Chris Patten

Patten's comments, in turn, were in response to Chinese threats Monday that any contracts, leases or agreements signed by the British colonial government but not approved by Beijing would not be honoured by the Chinese after 1997.

Group of 77 wants a strengthened role for UN General Assembly

by Chakravarthi Raghavan

GENEVA: The Group of 77 have called for a strengthening of the role of the United Nations General Assembly, as the highest level intergovernmental mechanism in the areas of policy-making and appraisal on matters relating to the economic and social fields.

They have also called for a substantial strengthening of the research and analytical capability of the UN secretariat at the headquarters and of its main arm in this area, the secretariat of the UN Conference on Trade and Development (UNCTAD).

The G77 views in an informal working paper 'On enhancing international cooperation for development of the role of the UN System' are in relation to the proposals for restructuring of the UN system.

While supporting some aspects of the restructuring exercise, the G77 have also sharply differed from the ideas of the US and other industrialised countries, as well as of UN Secretary-General Boutros Boutros-Ghali. In a speech to the high-level segment of the Economic and Social Council (ECOSOC) in July, Boutros-Ghali had suggested the UN should merely play a 'complementary' role to the International Monetary Fund (IMF) and World Bank on Money, Finance and Development and the General Agreement on Tariffs and Trade (GATT) on Trade.

The paper suggested the G77 should take the initiative in the ongoing debate on the UN reform and restructuring and not fall victim to the strategy of adopting piecemeal institutional changes, a policy being pursued by the major Northern countries as

Disagreeing with UN Secretary-General Boutros Boutros-Ghali's suggestion that the UN should merely 'complement' the IMF, World Bank and GATT in economic and development matters, the G77 developing countries argue that the General Assembly's role in international policy-making and decision-taking should in fact be strengthened.

part of an overall strategy of their own. In the working paper, the G77 have set out some of the principles of restructuring and revitalisation of the UN.

All the reforms, they said, should be in conformity with the principles already stated by the UN General Assembly in its resolution 45/264 and any proposals must be tested against some principles:

Must be situated within the mandate of the UN Charter and in conformity with its basic principles, in particular: the universality of the UN; its democratic decision-making through the one-nation-one-vote rule based on the 'sovereign equality of all members' enunciated in Article 2 (1) of the Charter; and the principle of non-intervention in matters within domestic jurisdiction of any State.

Should be designed to fulfil the agreed objectives to be pursued through the UN, and should not put lopsided emphasis on any particular objective or seek to pursue selected objectives at the cost of others.

Consistent with the democratic character of the UN, should not seek to undermine or discourage contending views, plurality of thinking and diversity of approaches and strategies.

Membership of UN bodies must be based on the principle of equitable geographical representation.

Decision-making must be on the basis of one-nation, one-vote rule. "Any other process would not be acceptable," the G77 paper has said.

The areas of UN activities which need particular strengthening, the G77 have said, include the enhancement of the role of the UN in coordination of global macro-economic policies and promotion of economic growth and development, as well as international social and humanitarian issues, in particular of developing countries.

This could be achieved through strengthening the role of the General Assembly, further enhancing and strengthening the revitalised ECOSOC, improving the relationship between the UN and the specialised agencies, in particular the relationship between international financial and trade institutions, as well as making more effective the UN's operational activities for development.

"Vital to this process," they said, "would be attendant changes in the UN Secretariat."

The G77 said that the UN Charter assigned to the UN the central role in the UN system for global macro-economic policy and strategy formulation. The UN was recognised as the world forum for dia-

logue and decision on global macro-economic problems. This broad mandate is to be found in Articles 1 (3), 1 (4), 13 (1.b), 55, 60 and 62 of the Charter.

"The UN as the only universal and democratic intergovernmental organisation and also by virtue of its mandate, is in a particularly advantageous position to undertake such a task."

To achieve these objectives, the G77 have put forward some proposals for institutional reform. As for governing bodies of the UN Development Funds and Programmes, the G77 have said the composition of these bodies should be on the basis of equitable geographical distribution.

Any proposal for balanced representation between developed and developing countries in the governing bodies of technical cooperation programmes, they said, is not consistent with the principle of universality. "Given the proportions of donor and recipient countries to the total membership of the UN, this is clearly inequitable."

The G77 also called for decentralisation of operational activities of the UN at regional, sub-regional and country levels, as also for a substantial real increase in resources available for the UN's operational activities, "on an assured and stable basis." The financing of operational activities must also respect the principle of neutrality of UN funding programmes and on the basis of needs and priorities of the developing countries.

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