UK firm may take

over Pak gas co KARACHI, Dec 28: British gas may take over the capital and management of Pakistan's Sui Southern Gas Co Ltd (SSGC) company officials said here Sunday. A delegation from the British concern is here evaluating basic files and other information about SSGC which on Saturday announced a pre-tax profit of 447.963 million rupee (17.22 million dollar) for the year ending June 30, 1992. The Pakistan government has decided to privatise the SSGC as part of its economic deregulation programme, reports AP.

Iraq accuses Kuwait, S Arabia of sabotage

NICOSIA, Dec 28: An Iraqi minister has accused Saudi Arabia and Kuwait of attempt ing to sabotage Iraq's sanctions-battered economy and cut off food supplies, the official Iraqi News Agency reported Sunday. Trade Minister Muhammad Mahdi Salih said Saudi Arabia and Kuwait were denying Iraqis access to basic food supplies, including livestock, by buying them illegally at inflated prices. "The smuggled sheep and food supplies are burned on receipt along the border, Salih told the Al-Jomhuriyah daily, according to INA, reports AP.

Truckers against foreign vehicles

MOGADISHU, Dec 28: About 100 Somali trucks bearing protest signs lined both sides of the road in front of the American Embassy Sunday to complain about the importation of foreign vehicles to haul food aid. "We are protesting against the 100 trucks being brought in from Ethiopia to take food from the port," said Abdulahi Mohamed Rooraye, a member of the truckers committee and one of the leaders of the demonstration. The World Food Programme, in an attempt to speed up delivery of food to starving Somalis in the countryside, arranged to import 100 trucks and drivers from Ethiopia, reports AP

River diversion project protested MESSOLONGHI, Dec 28:

Scores of environmental organisations have rallied against Greece and the European Community to stop a giant river diversion project they say threatens one of the most important wetlands in the Mediterranean. The wetlands, 130 kilometers (80 miles) west of Athens and on the outskirts of the city where British poet Lord Byron died in 1824, are home to some of the world's rarest birds and protected by a series of international conventions. "This wetlands complex is one of the largest in Europe. Its loss would be a terrible tragedy," World wide Fund For Nature spokesman Vasilis Katsoupas said, reports AP.

> 40 fire trapped people rescued

SYDNEY, Dec 28: Forty people were rescued Sunday night after fire trapped them in the upper floors of a seven-story hotel. Three people were hospitalised, but there were no serious injuries at the Hampton Court Hotel in Sydney's Kings Cross district near downtown. Several people escaped when the fire first broke out, while others fled to the roof, where they were rescued by a hydraulic platform. A fire brigade spokesman said the blaze began on the ground floor near the bar-and-gril area, reports AP.

BRIEFS Clinton may prove positive for Third World

- Business

GENEVA: The electoral avalanche, as one US TV commentator put it, that has swept George Bush out of office in the United States and brought Bill Clinton into the White House will, on balance, prove to be a positive factor for the Third World, according to competent observers here.

No serious observer of international development and economics expects any major change of direction or policy in the US economy, nor any 'generosity' to the South in terms of more aid or more trade benefits and there will undoubtedly be some major uncertainties over the Uruguay Round.

But the Clinton victory would put an end to the 'theological' fervour brought to international economic discourse by the Reagan crowd and their 'voodoo economics' as candidate George Bush described it in 1980 (when he ran against Reagan in the Republican primaries but embraced it fervently when chosen as Vice-President and later became President).

Hopefully too, the 'fundamentalist' approach and laissez faire economies and trickledown theories of the International Monetary Fund (IMF)/World Bank/General Agreement on Tariffs and Trade (GATT) managements, economists and technocrats who are pushing it on the Third World countries and devastating their economies will lose some steam.

These institutions viewed the Reagan victory in 1980, not as mere change of government of its important, though only veto-holding minority shareholder, but as election to the Presidency of the planet and a mandate to international institutions to change the economic and political polices of all countries.

They pushed on the developing world a dogmatic view of the 'free market' polices that is not practised in any part of the industrial world and was never practised either in the nearly 200 years of industrial capitalism.

This has devastated the poor nations and their vast majority of populations and productive structures, and destabilised their private and public institutions, just as much as it has devastated the poor in the North.

And in countries like the US and the United Kingdom these polices and attitudes ennobling greed and avarice, have crippled the manufacturing and productive sectors of the economy while encouraging the 'animal spirits' of crude capitalism and fostering the worst forms of speculative finance capital which economists from Adam Smith to John Maynard Keynes have decried.

But the international financial institutions, without concerted pressure on them, may not show the same zeal to change their polices and abandon their 'trickle-down economics' which, as Clinton repeatedly said in his election campaign, had not worked in the US itself.

And the United Nations, whose Secretary-General often gives the impression these days of having embraced the Bush economics and talks of the UN leaving the main economic role to the IMF/Bank and GATT, and has two key aides of Bush in the top echelons of its administration, may find it even more difficult to get rid of these philosophies.

The Clinton victory, if nothing else, has come about because of the concerns of the US public over the economy. Clinton may not have got the ringing popular vote for his mandate. But those who have voted for a change of economic polices are the vast majority of the US voters when the Clinton and Perot votes (both of which were against Bush and his polices) are taken into account.

While the basics of the Clinton economics remain unclear, and soon the same special interest lobbies could again

holds.

By Chakravarthi Raghavan

operate on the White House and over Congress, it is clear that Washington would at least not be the new messiah of laissez faire but would reverse its retreat from the economy and play an activist role.

No doubt, and not merely because of the Reagan-Bush economics, the US can no longer determine global economic polices. It is not even in a position any more to do it internally. It has to secure the cooperation of others and act in concert.

And given the collective weight, not decisive or controlling, but still stzeable, of the developing world, it is once again able, if only it acts together, to bring its own interests to bear in this global concertation.

There is now widespread acceptance that the world economy and that of the industrialised countries is facing the major problem of debt deflation and this cannot be cured through the monetarist and supply-side theories, but would need an active role by the State in the economy.

The Reagan 'revolution' was preceded, even during President Carter's rule, by the actions of the US Federal Reserve under Volcker whereby the interest rates were hiked overnight.

It is hoped that the change of US President and administration will slow down or change the policies and methods of the international financial institutions which are devastating the Third World economies.

And an indication that the tide may have turned even before Clinton moves into the White House has come in the growing consensus view among analysts on Wall Street and other financial markets on the need for an active role by the

Keynes is fashionable again and the monetarist and supplyside theories are on the retreat - except in the Third World countries and in the former socialist bloc where the IMF/ Bank philosophies now hold sway - even if there is no consensus on what actually can and needs to be done by the

In the very harrow terms of the only area of North-South economic dialogue, GATT and the stalled Uruguay Round of Multilateral Trade Negotiations, the talks would have to be put on ice at least till early spring of 1993 - until the Clinton crowd moves into the White House and other executive office and the new Congress extends the administration's fast-track

Also, there will be a big turnover in the EC Commission at the end of the year with the Agricultural Commissioner, Ray MacSharry, and possibly even the External Relations Commissioner, Andriessen, on the way out. Both would no doubt like to crown their Commissionerships with an accord, as would many GATT diplomats who have spent years of their careers on these negotiations.

Technically, Bush still occupies the White House until inauguration day in January and has the authority to conclude a deal and could send it to the Congress before he quits. So could the EC Commission, its negotiators and others.

Several of the Third World countries who have already

vielded in many areas, and have taken unilateral trade liberalisation under the pressure of the IMF and the Bank, also have an interest in concluding the negotiations in the belief that the longer it goes on the more sacrifices they would be called upon to make.

For the record perhaps, the EC's chief GATT negotiator. Amb. Tran Van-Thinh, told newsmen that he welcomed the outcome of the US elections, and there was a continuity and so the negotiations could be resumed, with everyone having in mind the US fast-track authority deadlines.

But few, not even GATT's professional optimists who have been talking for over two years of 'windows of opportunity', believe that anyone will seriously negotiate with the US in this situation. Some of them privately saw the outcome of the US elections as 'unhelpful'.

However, at least as far as the Third World is concerned, the view of Republicans being 'free traders' and Democrats as protectionists has been more of a myth than reality.

in terms of restrictions, voluntary or involuntary. on imports from the Third World whether in textiles and clothing, steel or any other competitive imports - the Reagan-Bush era saw more protectionist actions than in the entire Eisenhower, Nixon and Ford Republican administrations or the Kennedy, Johnson and Carter administrations, one long-time Third World trade expert in · an international organisation said.

While the exports of the developing world to the US increased in volume during the Reagan-Bush administrations. it was essentially due to the booming US economy (during 1982-86) and the high value of the US dollar.

But at every stage when the imports came in and became competitive, restrictions were slapped on or voluntary export restraint agreements were pushed - whether it be in textiles and clothing, steel, consumer electronics or anything else.

Even more, disguised protectionist instruments like antidumping duties and investigations were used to harass imports, while equally coercive instruments like the 'Special 301' and 'Super 301' were used to open up Third World

The immediate focus in GATT is the US-EC oilseeds dispute and the US taking retaliatory measures against imports from the EC, following the failure of the talks at Chicago of US agriculture secretary Ed Madigan and EC Commissioner Ray MacSharry.

The US delegate Rufus Yerxa recently told newsmen, that the US was seeking authorisation from the GATT Council to suspend concessions to the EC in the amount of US\$1 billion - the amount the US claims it has lost in impaired GATT rights because of the EC's domestic support to oilseeds.

It was not expected that the Council, which has to proceed on consensus, will be able to adopt the decision sought by the US. The EC itself was expected to seek the customary 10-day period to consider the decision proposed.

It was not clear whether Washington would then go ahead and announce the actions. It has already published a hit list of imports from the EC from which it will choose products to withdraw concessions. But any action now might further complicate the Uruguay Round. - Third World Network

Chakravarthi Raghavan is Chief Editor of SUNS (south-North Development Monitor), a daily bulletin, and the Geneva representative of the Third World Network.

Major may be forced to make holding budget

LONDON, Dec 28: Divisions within the cabinet and doubt over the pace of the US economic recovery may force Prime Minister John Major to make the spring budget a "holding budget" according to a report in the Guardian newspaper, reports Reuter.

The Guardian said senior ministers believed in this case key decisions on revenue and spending would be deferred to the first joint budget-public spending statement in the au-

The autumn joint statement on spending and income, the first of its kind, would also provide an ideal political stage for any successor to Chancellor of the Exchequer Norman Lamont to stamp a new direction on economic policy, it

Chinese economy growing faster, says Li Peng

BEIJING, Dec 28: Premier Li Peng, who advocates go-slow economic growth, has had to concede for the second time this year that the Chinese economy is growing faster than he had planned, according to official reports Sunday, reports

Li acknowledged at a national work conference on the economy last week that the annual growth rate for 1992 would reach 12 per cent, the state-run television news reported Sunday night.

In his annual state of theunion address in March, Li set an annual growth rate of 6 per cent for 1991-1995. But a much higher growth rate has resulted from senior leader Deng Xiaoping's calls early in the year for bolder economic reforms. For months, experts have

been predicting an annual growth rate of 12 per cent or more. In June, Li conceded that maintaining the 6 per cent target was unlikely, but urged that growth be kept within 9 per cent.

Sri Lanka privatises tea industry and goes green by Gamini Navaratne

COLOMBO: The tea plantation industry in Sri Lanka, mainstay of the economy for one and a half centuries, is being massively transformed. It is to be privatised.

British colonial rulers started the industry in the late 1800s. It was nationalised by former prime minister Sirima Bandaranaike's left-oriented government between 1973-77.

The change marks a general extension of the privatisation of the entire economy at the behest of the World Bank and the International Monetary Fund (IMF) in return for support propping up the precarious balance of payments situa-

In addition, Sri Lanka, now the biggest exporter of black tea in the world, is to branch out into the manufacture of green tea in a big way as an extra source of foreign exchange. Production of green tea has

been carried out on an experimental basis for a number of years. It has already found a market in several countries, notably Morocco, Taiwan, Japan and South Korea.

Green tea is not fully "cured" as in the case of black tea so that the consumers get the true flavour of the natural product. Boiled and drunk in that fashion, consumers appear to love the aroma and the better kick it is believed to pro-

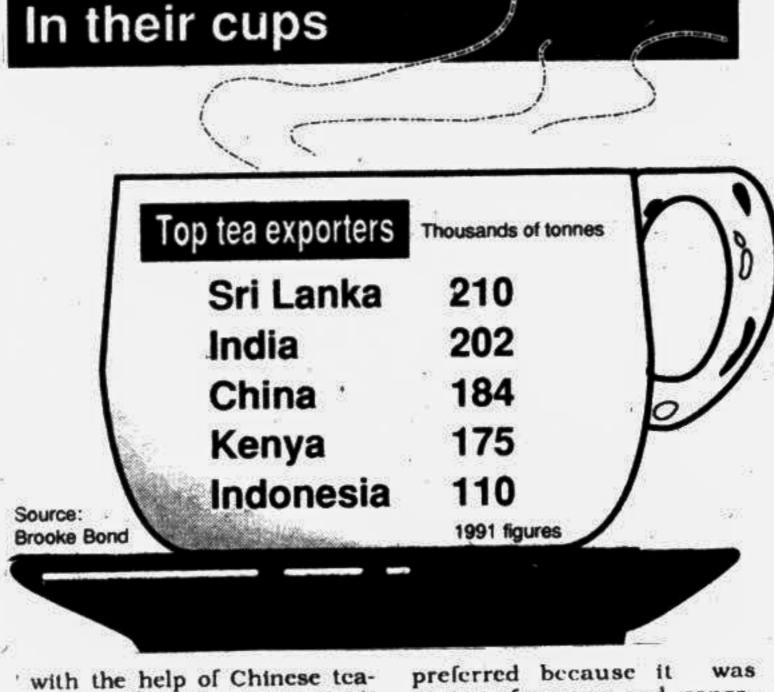
Green tea is a favourite in China, Mongolia and Tibet. Tibetans drink it with milk, distasteful to the foreign palate but palatable to the people.

Until 1848, coffee ruled the roost. Then-a blight destroyed the plantation and the British realised that they could not depend on coffee anylonger. Soon tea became the main crash crop, a position it still

Originally, British planters themselves toyed with the idea of manufacturing green tea in the ricefields. If any of these proposals

been implemented by the British, who controlled Sri a large resident Chinese popu-

Lanka from 1815 to 1948, the country would by now have had lation, and the consequences for the country's later history would have been rather different. Instead, Indian labour was



makers. But after a few costly experiments this was dropped and Sri Lanka stuck to black,

At one point the British planters also thought of importing Chinese labour to work on the plantations and

preferred because it was casier of access and consequently much cheaper. Altogether 221,000

hectares of land are under tea plantation. The output in 1991 was 241 million kilograms, 212 million kg of which was exported to bring in

because of the increase in global supply and because of the recession in the West Sales have dropped to Egypt, Russia

foreign exchange to the tune of

Rs, 17,886 million, or 21 per

However, demand has fallen

cent of total foreign earnings.

and eastern European countries and to Iraq because of UN The price per kg dropped from Rs 91 in 1990 to Rs 84 in 1991. Meantime, the cost of production continues to be

high, as much as Rs. 58 per kg. India continues to be Sri Lanka's main export rival, followed by China Kenya, Indonesia and, latterly, Malawi Argentina, Tanzania and Zimbabwe have also taken to tca production. Despite nationalisation, British companies have continued to dominate foreign marketing, with Brooke Bonds

and Liptons leading the way. With privatisation, the management of all tea land is to be vested in 22 companies but not their ownership which will continue to be under state control. Foreign investment has

been welcomed and British companies are likely to come back in a big way. The expectation is that the new system will provide for more efficient and increased production and more revenue. The launching of green tea production already under way is expected to add a new dimension to the industry. — Gemini News

Gamini Navaratne is Editor of Colombo-based Sandesa news agency.

Manufacturers urge Indian govt to cut duty on TV

NEW DELHI, Dec 28: The Consumer Electronics and TV Manufacturing Association of India (CETMA) has requested the government to reduce the duty structure to bring down the prices of TV sets, reports

Local newspaper. The Economic Times', reported yesterday that the CETMA, after discussions with the Department of Electronics, submitted a set of proposals to the Ministry of Finance with clear-cut objectives, which include increasing television production, boosting TV exports by fully exploiting the world market potential, generating additional employment increasing government revenue in phases in the next three years and making the Indian electronic industry a global player by 1994-95.

The CETMA's proposals were based on a survey conducted on about 4,000 buyers across the country belonging to various income groups, which showed a very bright future for the TV industry.

With the right government policies, it can easily grow from the present level of 4 million pieces to 7 million, thanks to the immense fresh potential and also the replacement market, according to CETMA. The Indian TV industry has

recorded negative growth for the fourth consecutive year this year. The color TV segment has dropped from 1.3 million in 1988 to the estimated 720,000 in 1992. The fall in demand and production in color TV is 45 per cent and in black and white TV 25 per

Developing states can gain from gas limits WASHINGTON, Dec 28:

Developing countries could carn thousands of millions of dollar a year if there were a particular type of international agreement to limit emissions of the greenhouse gases warming Earth, according to a Harvard University economist, says a VSIS Press release.

As an illustration, studies have shown that China might be paid as much as \$ 50,000 million a year by industrialized countries under a pact aimed at reducing the burning of coal and other fossil fuels enough to limit world greenhouse gas emissions to 1990 levels by the year 2,000, Dale Jorgenson, the economist told a workshop recently.

Payments to developing countries would be made if a permit trading system were created to stabilise greenhouse gas emissions. Under this system. Jorgenson explained, each country would be allowed to emit a certain amount of greenhouse gases. Developed country industry and utilities almost certainly could not meet the lower levels of emissions and would try to purchase emission allowances from developing countries.

According to the Jorgenson, developing countries could use the revenue to buy technologically advanced energy plants using other fucls than coal and have cnough left over for other purposes.

China to close 30 coal mines next year

BEIJING, Dec 28: China's state-run coal company will close 30 mines in 1993 and shift more than 100,000 workers to new jobs in an elfort to end years of deficits, an official newspaper reported Monday, reports AP. The China National Coal

Corp is setting up service-sector companies to absorb the workers who will be affected, the China Daily newspaper

This approach reflects concern that simply laying off the workers could lead to social unrest, the No. 1 fear of the Communist leadership. Unofficial sources have said that workers who were to be laid off at one mine in north China this year burned the mine manager's house and had their jobs reinstated.

China Daily said the central government will give China National Coal 2 billion yuan (349 million dollar) in low-interest loans over the next three years to aid in developing the new service-sector companies. No details about the new

companies were given, but failing state industries have dabbled in everything from tourism to retailing. Only 30,000 of the 100,000

workers to be reassigned work in the mines that are being closed, the paper said. It described the rest as working for related subsidiaries.

China Daily said China National Coal closed 19 mines in 1992. The second round of closures will leave it with 431 mines of varying sizes.

Recession-hit world commodity markets finish 1992 with a glimmer of hope

markets commodities strengthened over the first half of the year anticipating a world economic recovery, but then prices collapsed in the second half as the recession continued and demand re-

However, markets finished the year with a glimmer of hope as the economic outlook for 1993 in the United States appeared brighter, raising hopes for a worldwide recov-

mained very low, reports AFP.

Some sterling-quoted benefitted in prices September from the 15 per cent fall of the pound following Britain's exit from the **European Monetary System** (EMS) that month. Sterling's weakness made purchases in Britain more attractive to for-

eign buyers, But the prospect of world oversupply and high stocks had a depressing influence on

soft and hard commodities. Fears that political and economical uncertainties in Russia and lack of foreign currency to buy base products may force the republic to reduce imports of softs and to increase its exports of industrials goods sent prices lower.

Prices were also unsettled by the conflict between the United States and European Community on world trade talks which could have led to US sanctions on certain European goods and worsened the already difficult position of European economies. Hopes of agreement at year-end brought partial relief to the markets.

Precious metals were affected by the lack of any real investor interest and by heavy sales by central banks and Middle Eastern investors. A decrease in violence in South Africa at the end of the year,

the world's leading producer of gold and platinum, failed to support prices.

Gold: The price of gold remained weak over the year, several times touching its lowest level since January 1986 and then recovering on speculative buying, but ending the year at 335 dollar an ounce, 30 dollar down on the previous

The gloomy economic climate, the lack of jewellery demand and the lack of any real interest on investors' part weakened the market, already affected by heavy sales by central banks and Middle Eastern investors.

Silver: After having started out depressed by the slowing up of the world economy, the price of silver dropped sharply in July after the National Bank of Jeddah sold off large reserves of the metal. Over the

year, the price of silver dropped 15 per cent.

The main private Saudi bank sold 600 tonnes of silver of five per cent of annual worldwide demand, shaking dealers already hit by the weight of world stocks.

Platinum: Having climbed during the first part of the year on signs of a general strike in South Africa, the world's leading platinum producer, the price of platinum fell back as strike fears eased. Prices finished more than 30 dollar lower compared to last year.

Copper: Copper rallied over the year, starting of low but gaining ground in the first quarter until March as dealers sensed the beginnings of an economic recovery in , the United States and a weaker one in Europe.

before after rallying to a high

steadying in the summer and crashing in September and Lead: Lead price ended the year little changed on the year

in July on supply fears but then falling back as doubts persisted over the pickup in lead demand from any possible economic recovery. Zinc: The price of zinc

started low and moved in a

narrow band before climbing strongly from March when a technical squeeze on the LME forced prices into a "backwardation" (forward price below cash price). Aluminium: The price of aluminium rose steadily the early part of the year as dealers

saw opportunities growing as the US and European economies looked liked coming out of recession. Nickel: Nickel seesawed, climbing in a technical and speculator-driven surge during the early part of the year,

October. Tin: Tin started out the year

well, rising to a 12-month high in April and continuing higher through the mid-year to a high of 7,220 dollar per tonne in July, its highest point since December 1989.
Coffee: The price of coffee

also suffered badly in the first half of the year, starting out with a free fall that took it to its lowest level for 22 years, before bouncing back on hopes of a new price agreement.

Sugar: The price of sugar

rose in the first half of the year to its highest level for 19 months on fears of tighter supply following poor harvests in Cuba and South Africa. However, the trend was re-

versed as dealers saw a surplus developing in 1992/93 for the fourth consecutive season due to a fall in Russian consumption and a higher Cuban crop than previously expected. Broker Czarnikow predicted a surplus exceeding 2.5 million tonnes for the year.

Vegetable oils: After having double in 1991 following cutbacks in exports by the main producers, the prices of copra oil fell by one-third in heavy profit-taking. A recovery in coconut pro-

duction is not expected before 1994 because of difficult conditions in producer countries, notably the Philippines, the world's leading coconut producer.

Oil: The price of Brent North Sea crude oil dropped during the year following the fatlure of OPEC member countries to cut back on output and on signs that the United Nations might lift its embargo on Iraqi arms sales.

Oil came down four dollar in price from 1991, moving around sharply between 17 and 21 dollar per barrel, as it became clear that several countries, including Saudi Arabia, Kuwait and Iran were increasing production to boost revenue.

Grains: The world recession and uncertainties over grain demand from the former Soviet Union depressed the prices of wheat and barley at the outset, but they recovered following the devaluation of sterling in September. Tea: The price of tea leapt

by more than 50 per cent to its highest level for three years, boosted by the fall of sterling and reductions in world production following droughts in India, Africa and Sri Lanka. in 1992, the market is ex-

pected to see a deficit of supply of around 110 million kilogrammes of tea, traders said. Cotton: The indicator price

of cotton fell under the heavy weight of economic recession, difficulties in the textile sector and the depression in the housing market.