

BRIEFS

Burma sells gems worth \$14.6m
BANGKOK, Feb 28: Burma sold 14.6 million dollar worth of precious stones at a 10-day gem export auction and auction in the capital of Rangoon, the official radio Rangoon said Saturday. The government-sponsored gems auction, which opened February 18 at a lakeside hotel, was attended by 654 traders from 17 countries, the radio said in a broadcast monitored here. Auctioned were precious stones, jade carvings, jewelry and pearls, it said, reports AFP.

Japan's industrial output falls
TOKYO, Feb 28: Japan's industrial production in January edged down 0.3 per cent from the previous month, the Ministry of International Trade and Industry said in a preliminary report. It was the fourth straight such monthly decline, following a 1.3 per cent drop in December after a 2.2 per cent fall in November. The index for output at the country's factories and mines fell 7.6 per cent from a year earlier, reports AFP.

Recession continues in West Germany
BONN, Feb 28: Industry in West Germany continued to suffer from recessionary pressures in February but the outlook for the services and construction sectors improved, the economy ministry said Saturday. In a statement resuming its report on the economy for February, the ministry said that some signs could be interpreted as being positive. These were the pay agreement in the public sector which took broad account of the difficult global economic situation and continuing trends towards a reduction of interest rates, says AFP.

India lowers lending, interest rates
NEW DELHI, Feb 28: Indian Finance Minister Manmohan Singh on Saturday announced a one percentage point reduction in the Reserve Bank of India's minimum commercial lending rate from 18 to 17 per cent. Singh, presenting the fiscal 1993-94 budget in parliament, also announced the central bank was lowering its maximum interest rate on bank deposits from 12 to 11 per cent. It is his expectation that the lowering of interest rates will help the economic recovery in the coming year, the Finance Minister said, reports AFP.

G-7 ministers agree to coordinate
LONDON, Feb 28: Finance ministers from the seven industrial powers on Saturday agreed on the need to coordinate efforts to reduce unemployment and restart the world economy, a member of the French delegation said. The ministers expressed a real wish to act together to restart the world economy and world growth, he said. US Treasury Secretary Lloyd Bentsen was the firmest on the need for a coordinated approach, says AFP.

Record \$ 1.2m paid for car license
HONG KONG, Feb 28: A Hong Kong businessman paid a record 9.5 million Hong Kong dollar (US 1.2 million dollar) Saturday for the number two car license plate at an auction organised by the Transport Department, officials reported. Officials said businessman Wong Ming-hung, head of an investment company, will receive the plate which previously graced the Jaguar of Hong Kong's Financial Secretary Hamish Macleod. Macleod's vehicle will now carry the letters FS, says AP.

Venezuela to cut oil output by 103,000 BPD
CARACAS, Feb 28: Venezuela will reduce its oil output by 103,000 barrels per day (BPD) to 2.26 million BPD to comply with OPEC efforts to give prices a boost, Energy Minister Alirio Parra said Saturday. Prior to a recent Organisation of Petroleum Exporting Countries (OPEC) agreement signed in Vienna, Venezuela had an output ceiling of 2.36 million BPD, reports AFP.

Recession, job losses threaten EC solidarity

BRUSSELS, Feb 28: EC solidarity is being stretched to the limit as protest and growing unrest over recession, job losses and factory closures fuel suspicion between European Community government, reports Reuter.

After a week of angry demonstration at home, 600 French fishermen marched in Brussels on Thursday to demand action on plunging prices for their produce, partly blaming their British rivals for an EC-wide crisis.

The Irish government filed a complaint against Britain with the EC commission as news broke that it had lost a

desperate bid to stop the Digital US computer giant shedding 750 workers in Galway in a move to Scotland.

Meanwhile EC industry ministers were arguing behind closed doors over who would bear the brunt of 50,000 job losses, plant closures and production cuts to save a crumbling steel industry.

Some 10,000 steelworkers protested in Germany and union chiefs forecast demonstrations five times bigger next month.

What kind of a community are we, One EC diplomat said of press reports that the British government secretly offered aid and work contracts

to get Digital to keep a factory open in Ayr in southwest Scotland at the expense of the plant in Ireland.

Dublin had asked the EC executive commission to investigate those reports and judge whether Britain was "bending the rules with inducements to Digital," an Irish spokesman said.

The Irish worries echoed French government anger with Britain when the US firm Hoover said last month it would shut down in Dijon with hundreds of job losses to hire cheaper labour in Scotland.

Both cases are among a string of company transfers such as the closure of a

Scottish chocolate factory by Swiss food giant Nestle, which is moving to Newcastle and Dijon, and plans by Grundig to shift a television plant from France to Austria.

The cost-cutting moves by multinational companies, and rival bids by governments to keep firms on their soil, have sparked trade union attacks on the EC for failing to incorporate minimum social protection in the grand plan to create a single market.

The malaise among workers has provoked reactions of regret from political leaders, aggravated relations between them and even sparked fears of more widespread turmoil —

but few hints of any remedy.

This is the Achilles heel of a community that is misunderstood, that lacks grassroots support, Jacques Delors, Frenchman and President of the EC commission said recently. "Workers have the impression that social Europe is a mirage."

After protests by Hoover and Grundig workers in Brussels recently, Delors made thinly veiled attacks on Britain for its refusal to sign up to the social chapter in the Maastricht Treaty on closer EC political and monetary union.

French President Francois Mitterrand, whose socialist government is almost sure to

lose March elections where unemployment is the top issue, openly criticised London.

While workers march in increasing numbers and frequency and politicians squabble, there are fears of worse to come.

Italy raised the spectre of nationwide unrest 10 days ago when 20,000 demonstrators pelted union leaders with missiles.

The unemployment crisis is becoming grave, Interior Minister Nicola Mancino said at the time. The main fear is that anger could sweep through big cities, in the south especially, and become a destabilising factory.

Russian parliament okays draft budget for '93

MOSCOW, Feb 28: The Russian parliament Friday approved in principle a draft 1993 budget which forecast a deficit of at least eight per cent of gross domestic product (GDP), well above the original target of five per cent, reports Reuter.

Finance Minister Vasily Baruchuk told parliament that the consolidated budget deficit of both central and regional governments would amount to 3.8 trillion rouble (6.4 billion dollar).

An earlier budget draft, presented by Baruchuk in January, envisaged a deficit of 2.26 trillion rouble (3.8 billion dollar) or five per cent of GDP, in line with targets approved by the International Monetary Fund.

"The rate of inflation which formed in December, January and February forced us to reconsider all the financial and economic indicators which had been set in January," Baruchuk said.

Russian inflation in 1992 was more than 2,000 per cent and in January the monthly rate was about 30 per cent.

Clinton's economic programme wins strong international support

LONDON, Feb 28: President Clinton's deficit-reduction programme won a strong international vote of confidence Saturday, but America's major economic allies did not come forward with any new commitments of their own to bolster a sick world economy, reports AP.

Finance officials of the world's wealthiest industrial countries did not step aside for the day their substantial differences in such areas as trade in a show of unity for Clinton's package of 325 billion dollar in deficit reductions over the next four years.

Treasury Secretary Lloyd Bentsen, who acted as the salesman for the plan during five hours of closed-door discussions, said he was extremely pleased with the level of support provided by finance ministers and central bank presidents from Japan, Germany, Britain, France, Canada and Italy.

"I will report to the President that we had a very positive first meeting, that we are moving in the right direction and that we have begun to lay the basis for a stronger world economy," Bentsen said, telling reporters the Clinton programme had been "exceptionally well-received."

His views on the closed-door discussions were echoed by the other finance ministers, many of whom praised Clinton's programme as a bold

and politically courageous effort to address America's long-standing budget problems.

"It was the strong view of all those there that this represented a courageous step, was a significant step forward and would do much to sustain recovery in the American economy, and in the world economy," British Chancellor of the Exchequer Norman Lamont told reporters.

While Bentsen was selling the Clinton programme internationally, the President was making his own pitch for domestic support. In his weekly radio address, Clinton told listeners that since he unveiled the programme 10 days ago, the White House had been flooded with messages of support from people wanting to end "many years of drift, division and gridlock."

The response at Saturday's session of finance ministers represented a show of support for actions that US allies have long urged. For the past decade, they have blamed the ballooning US budget deficits for a host of problems from higher interest rates to worsening trade frictions.

Clinton on Friday said that now that the United States is getting its economic house in order, America's allies needed to do their part to promote global growth and stop working at cross purposes.

The administration insisted publicly that it had not come

to London seeking specific commitments on policy changes.

But a senior Treasury official, speaking on condition that his name not be used, said that the United States would like to see Japan come forward with a bigger package of government spending increases to spur its flagging economy. He said that it would also be helpful to the world economy if Germany cut interest rates further.

The US official said that even though no commitments were made at Saturday's session, he still held out hopes that both countries would come through with additional economic stimuli by early July when the leaders of the seven nations will meet in Tokyo for their annual summit.

But Japanese Finance Minister Yoshiro Hayaashi, who like Bentsen was attending his first G7 meeting, said that Japan has "no intention" of considering a bigger spending package than it has already put forward.

German officials, however, left the door open for further reductions in their interest rates with some analysts forecasting that Germany's powerful central bank could cut rates as early as next week.

In addition to the finance ministers, the heads of the seven countries' central banks also attended the London meeting.

German Bundesbank President Helmut Schlesinger said that his country had not been put "in the dock" by the other nations. Various finance officials said there was an absence of finger-pointing and blame that have characterised past sessions of the world's most exclusive economic club.

US officials said that in addition to the specifics of the Clinton programme, America's allies also expressed support for Clinton's speech of Friday in which he pledged to work to lower trade barriers and conceded that many of America's international competitive problems were self-imposed and not a result of unfair foreign trade practices.

"There was a growing concern about protectionism in the United States and that speech did a lot to abate those concerns," the US Treasury official said.

In addition to hearing Bentsen explain the US deficit-cutting package, the finance officials also talked over lunch about the growing economic difficulties in the former Soviet Union.

Canadian Finance Minister Donald Mazankowski said that there was general support for rescheduling the old Soviet debt of 75 billion dollar at more favourable terms. US officials said this matter could come up when Russian President Boris Yeltsin meets with Clinton on April 4.

Thai parliament okays \$22.4 b deficit budget

BANGKOK, Feb 28: The Thai Parliament approved on Saturday a budget for 1992/93 that represents a big increase over the previous year and provides for the first deficit since 1989, reports Reuter.

Members of the House of Representatives voted in a final reading to pass the 560 billion baht (22.4 billion dollar) budget in the early hours of Saturday after debating it for three days.

The 1992/93 budget was up 99.5 billion baht (3.98 billion dollar), or 21.6 per cent, from a year ago.

This is the fourth successive year that budget spending has risen by more than 15 per

cent. The Thai economy grew 7.5 per cent in 1992 against 8.2 per cent in 1991.

The 1992/93 budget will include an estimated 25.6 billion baht (one billion dollar) deficit to be financed by borrowing.

Political turmoil which culminated in the army killings of pro-democracy campaigner on Bangkok streets last May delayed parliamentary approval of the 1992/93 budget bill, which was supposed to have been enacted from October 1, 1992.

The killings forced un-elected Prime Minister General Suchinda Kraprayoon to step down.

US team to talk China's entry into world trade system next week

WASHINGTON, Feb 28: President Bill Clinton will send his first trade delegation to China next week to discuss China's entry into the world trade system and widening their markets to US products, it was reported Saturday, according to AFP report.

Douglas Newkirk, Assistant US Trade Representative will open talks in Beijing on Monday and Tuesday, focusing on China's bid for membership in the General Agreement on Tariffs and Trade, the Washington Post reported.

On Wednesday, Ira Wolf, another Assistant US Trade Representative, will meet with Chinese officials to discuss broadening access in China's market to US companies.

The move seems to be signaling that the Clinton administration will continue the policy of the former administration of President George Bush of "pragmatic engagement," the newspaper said.

"I want to continue that partnership, but I also think we have a right to expect progress in human rights and democracy as we support that progress," Clinton said.

Market operators should also be convinced of this," he told a news conference.

But he earlier said that the lira would not return to the European exchange rate mechanism until there was a return to monetary market stability.

India's reform budget wins praise

NEW DELHI, Feb 2: Industrialists loved it, the stock markets didn't but overall Indian Finance Minister Manmohan Singh won wide praise on Sunday for a budget that consolidated radical reforms and sought an end to recession, reports Reuter.

"The stage is now set for faster growth in 1993/4, followed by a boom in the next few years," said an editorial in the Economic Times, India's leading business newspaper.

Singh, who launched reforms to reverse four decades of socialist economics in June, 1991, proposed a budget on Saturday night aimed at boosting exports and stimulating growth.

He announced full convertibility of the rupee for hard currency earners and cut tariffs, tax and interest rates to stimulate industry.

J J Irani, President of the confederation of Indian industry was quoted as calling the budget a "watershed in the development of the country" that

would succeed in its aims.

There was similar enthusiasm among editorial writers in leading newspapers who largely agreed the budget eradicated doubts over the commitment to reform of a government mired in India's deepest crisis since independence from Britain in 1947.

"It addresses squarely the problems the economy is facing and represents an imaginative and politically sensitive attempt to take the economy forward," said the Hindu.

There were those who thought Singh's budget a populist one aimed at voters in four of India's 25 states due to vote in the next few months for regional assemblies dismissed by Delhi in the wake of the destruction of a mosque in December.

The razing by zealots of their 16th century mosque became the focus of a battle by Hindu Nationalists against the secular constitution of an overwhelmingly Hindu nation of 870 million.

It also sparked off nationwide religious bloodshed.

Nearly 2,000 people were killed, most of them from the 100 million-strong Muslim minority, and there was a surge of support for the Hindu nationalist movement which then launched a campaign for early elections, not due until 1996.

Few analysts believe there will be early elections, at least not this year, but some thought Singh's budget was aimed at voters in the four states where governments were dismissed for not controlling violence after the mosque was destroyed.

The Economic Times said the opposite was true — that the budget was a victory of economics over populism.

"Singh has not given lollipops to voters by being fiscally profligate," it said. "His tax cuts do not represent election politicking. They carry the very different lesson that good economics can be good politics."

When Singh began tearing

down the old system of a highly regulated state economy protected from external competition by a high tariff wall, the economy was in deep trouble.

First Chinese to attend APEC seminar
TAIPEI, Feb 28: Two Chinese economic officials arrived in Taiwan Saturday becoming the first Chinese officials to make a formal visit to the island since the end of the civil war in 1949, reports Reuter.

The Chinese came to attend a seminar on the development of small and medium-sized businesses sponsored by the Asia Pacific Economic Cooperation (APEC) forum.

About 45 representatives from APEC nations will take part in the three-day seminar, a Taiwanese official said. China, Taiwan and Hong Kong joined the 15-member forum, which promotes regional trade and investment, in 1991.



LONDON: United States Treasury Secretary Lloyd Bentsen (left) and German Finance Minister Dr Theodor Waigel in conversation at Lancaster House Feb 27 before the start of one-day Group of Seven talks. — AFP/UNB photo

G7 economies to show mixed growth rate this year

LONDON, Feb 28: The West European economy will grow between zero and one per cent this year, but the United States, Canada and Japan will do better with a rise of about three per cent, the Italian Treasury Minister said Saturday, reports AFP.

Speaking after a meeting of finance minister and central bank governors of the seven leading industrialised countries (G7), Piero Barucci said his opposite numbers all found the Italian lira to be undervalued after September's devaluation.

"Market operators should also be convinced of this," he told a news conference.

But he earlier said that the lira would not return to the European exchange rate mechanism until there was a return to monetary market stability.

Coffee producers campaign on for new deal

LONDON, Feb 28: The world's major coffee producers show no sign of softening their intense political campaign to highlight the current lack of progress in negotiations on a new accord to boost low world prices, reports Reuter.

A forum on March 1-2 in Mexico, which will be the first gathering of producer nations since talks at the International Coffee Organisation (ICO) ended on February 5, is set to be the next staging point in the campaign.

The producers have kept a high media presence since the ICO talks ended, openly expressing their disappointment at what they see as a lack of commitment by consumers, with the US in particular coming under the spotlight for criticism.

"This (Mexico) meeting is very much one of tactics — whether we allow consumers to dictate everything or, we say this far and no more," said one producer.

Producer action recently has been worldwide.

OPEC members output commitment helps oil price up by \$ 19 PB

LONDON, Feb 28: The Price of Brent North Sea crude oil rose above 19 dollar a barrel this week because dealers held increasingly that OPEC members will respect the agreement signed last week in Vienna to limit oil output, reports AFP.

Dealers had initially remained sceptical about the accord but with prices still low and talk of an energy tax in the United States, brokers saw greater reasons for the OPEC countries to contain their production.

The price of platinum fell by four per cent. It was depressed by the decision of Japanese car makers to cut their production. Silver lost two per cent on the fall in industrial demand while gold steadied at around 330 dollar an ounce.

On the London Metal Exchange (LME), base metals dropped lower, depressed by fresh increases in stocks and the continuing slow pace of industrial demand.

Among the soft goods, oilseeds performed badly, with dealers uneasy over the mounting tension between the United States and the European Community over agriculture subsidies.

Cocoa gained ground on signs of a successful outcome

to the negotiations between producer and consumer countries on a new international accord on support for cocoa prices.

Delegates meeting in Geneva at the United Nations' International Cocoa Organisation have already agreed in principle, in the first week of talks, on the amount of cocoa to be drawn out of the market in order to raise prices.

Platinum: Sharply lower. The price of platinum dropped four per cent, falling to its lowest level for six months, affected by the news that several Japanese motor manufacturers were reducing their output.

Japanese investors also decided to sell their platinum holdings to profit from the appreciation of yen against the dollar.

Gold: Steady. The price of gold seemed to have found stability over the week, hardly moving from the 330 dollar an ounce mark.

According to a study from the World Gold Council, world consumption of gold rose by nine per cent in 1992 to 3,057 tonnes following a 14 per cent increase in jewellery demand.

Silver: Lower. The price of silver dropped in the wake as

of platinum depressed by the lack of industrial demand and the high level of stocks.

Copper: Lower. The price of copper moved lower after the LME announced a higher-than-expected rise in stocks, only partially helped midweek by a fall in the value of sterling, dealers said.

Japanese investors disposed of some long position because of the yen's strength against the dollar, trade sources said.

Lead: Steady. Lead price was virtually unchanged over the week, rising slightly midweek after the pound fell but dropping back in general gloom over low industrial demand and the prospects of recovery in the United States.

LME stocks of lead fell 100 tonnes to 234,325, just off their record level.

Zinc: Lower. Zinc price also lost ground steadily with dealers unhappy at the high level of stocks and uneasy about the rate of recovery expected in the United States.

The longer-term prospects for zinc remain bearish, additionally affected by the recent announcement that the US government's defence logistics agency would dispose of more stockpiles of the metal than had been expected.

Aluminium: Slightly lower. Aluminium was quiet, drifting

slightly lower in an uneasy market despite reported threats from the European Community on an effective ban on direct aluminium imports from the former Soviet Union if Russia does not stop undercutting world market prices.

Aluminium stocks on the LME jumped 14,475 tonnes to the new record of 1,665,025 tonnes.

Nickel: Lower. Nickel price dropped steadily over the week with the high level of world nickel stocks continuing to hamper the market, dealers said.

In Jakarta, International nickel Indonesia, one of the world's major nickel producers, said that it would operate significantly below its installed capacity in 1993 for the fourth year running.

Tin: Lower but recovering. Tin price fell in the early part of the week after a sharp jump in LME stocks, recovering later on speculation and some technical buying, dealers said.

LME stocks of tin jumped 1,470 tonnes over the week to 18,605 tonnes, their highest level since March 1991.

Coffee: Unsettled. Coffee price was unsettled over the week, fluctuating well below 1,000 dollar a tonne, affected by the lack of roaster demand

and growing pessimism on prospects for the conclusion of a new coffee price accord.

Brokers remained cautious in view of the apparently irreconcilable differences between the leading consumer, the United States, and the leading producer, Brazil on the reintroduction of coffee export quotas.

Cocoa: Higher. The price of cocoa rose three per cent over the week, boosted by progress at Geneva talks between producing and consuming countries.

After bitter exchanges at the previous talks, the two parties agreed on principle on a proposal to pull 350,000 tonnes of cocoa out of the market over the next five years in order to boost prices.

Sugar: Sharply higher. The price of sugar rose strongly over the week, boosted by higher demand and hopes for a new trade agreement between Cuba and Iran.

The Iranian Trade Minister announced that a high level Cuban trade delegation would visit Iran in March to discuss the possibilities of trading Sugar for oil, sending prices higher.

Vegetable oils: Weaker. The price of vegetable oils suffered from fears that the United States and European

Community could be about to start a trade war over agriculture subsidies after France said it would veto any agreement.

The oilseed agreement signed in November foresees a limit of 5.125 million hectares on the area allowed for oilseed production in the EC.

Oil: Firm. The price of oil rose above the 19 dollar a barrel level, its highest for three months, boosted by prospects of cold weather in the United States and with dealers more optimistic on cuts in OPEC production.

Analysts said that the market was more confident that OPEC members would cut their output to the new limit of 23.582 million barrels a day which was agreed in Vienna last week.

Rubber: Lower. The price of natural rubber, which was risen by a quarter since the fall of the pound in September, fell over the week in the absence of industrial demand.

According to analysts, the prices have also been pinned back by the failure of winter to arrive in Thailand, the world's leading rubber producer.

Grains: Higher. The prices of wheat and barley were boosted by hopes of a recovery in US agricultural sales to Russia following the Washington visit of Leg Klimov,

head of the Russian purchasing agency.

The visit prompted rumours that Russia and the United States were close to ending the row over Russia's non-payment of past credits. Russia was suspended from the US agricultural exports credit guarantee scheme in December.

Tea: Slightly lower. The price fell slightly at the weekly London sales where the average price for high grade tea dropped to 180 pence/kilo from 200 pence, down to 140 pence/kilo from 142 for middle grade tea and rose to 110 from 100 pence/kilo for lower grade tea.

Prices, which recently rose to their highest levels for three years on fears of a shortage in supply suffered on profit taking, traded sources said.

Cotton: Slightly lower. The price of cotton, which has risen 15 per cent since the start of the year because of sterling's weakness, fell back slightly because of profit-taking.

Wool: Lower. The price of wool dropped on the Bradford market, depressed by pro-industrial sales.

The recent fall in the New Zealand and Australian markets continued to unsettle the British market, dealers said.