Japan, China top trade partners of Dubai Commercial Centre

ABU DHABI, Mar 14: Japan and China were the top trade partners of the main Gulf Commercial Centre of Dubai last year in a switch away form traditional western markets.

Figures just released by the Dubai government Statistics Department showed Japan accounted for about 15 per cent of Dubai's total imports of around 50 billion dirham (13.6 billion dollar) while China became the second exporter.

Imports from Japan stood at 7.3 billion dirham (1.9 billion dollar) and from China at 3.8 billion dirham (one billion dollar) in 1992 because of a surge in imports caused by growing demand in neighbouring Iran, Saudi Arabia, Kuwait and Yemen.

Japan has remained the largest economic partner of the six-nation Gulf Cooperation Council (GCC), with their two way trade standing at 33 billion dollar in 1992. The figure is up by about seven per cent from previous year and Japan expects it to increase in 1993.

Dubai Chamber of Commerce and industry said.

"This shows a gradual switch to Asian markets given their cheaper products, proximity to the region and their campaigns to establish a presence here."

Dubai, part of the United Arab Emirates (UAE), is the Gulf's biggest commercial centre, handling more than 25 per cent of the region's oil trade.

The emirate's trade peaked to 59.8 billion dirham (16.3 billion dollar) in 1992 because of a surge in imports caused by growing demand in neighbouring Iran, Saudi Arabia, Kuwait and Yemen.

"Tracking figures for the past years, you can see a large growth in trade between the Gulf and such Asian markets as Japan, China, South Korea, Hong Kong and Taiwan at a time when there is little change in trade with the West," an official from the

China's trade with the region toped three billion dollar in 1991 from less than 500 million dollar five years ago. South Korea, Hong Kong and Taiwan have also reported large increases in trade with the region.

In contrast US trade with the six members — Saudi Arabia, Bahrain, Oman, Kuwait, Qatar and the UAE — is expected to remain equivalent to the 1991 figure of 22 billion dollar. An official US report put that trade at 21.6 billion dollar in the first 11 months of 1992.

The Dubai report said Britain fell to fifth place, with exports of 3.4 billion dirham (926 million dollar) while South Korea moved from 11th to sixth place, with exports of 2.8 billion Dirham (762 million dollar).

Japan also remained the largest importer from Dubai, with a bill of 525 million dirham (143 million dollar), mostly aluminium. Despite its loss of market, Britain's imports from Dubai increased by around 10 per cent to 330 million dirham (90 million dollar).

Iran, locked in an island dispute with the UAE, retained its position as the main re-export centre for Dubai. Re-exports stood at 2.67 billion dirham (727 million dollar), nearly one third of the emirate's total re-exports.

Other main markets are Saudi Arabia, Kuwait, Qatar, Yemen, Hong Kong and China.

"Investors are in the region are seeking to boost their presence south east Asian states, which are increasingly opening up to other countries and due to the economic recession in Europe and the bankruptcy of several companies there," the Dubai-based daily Al-Bayan said.

WFP to give 8800 tonnes of wheat for Nepalese refugees

KATHMANDU, Mar 14: The World Food Programme (WFP) will supply 8,800 tonnes of food over the next six months to ethnic Nepalese refugees from Bhutan who are now in southeastern Nepal, a UN official said Saturday, reports AFP.

The food will be supplied from April 1 to the end of September to the malnourished refugees. Additional wheat-soya blend and sugar will be supplied to 16,500 refugee children under six, the official said.

The WFP food grants will be distributed daily in basic rations of 450 grams of rice, 110 grams of pulses, some vegetable oil, sugar and salt to each of the refugees, he added.

During 1992 the WFP approved three emergency food grants, delivering approximately 14,000 tonnes of grain.

A Nepal Red Cross official said malnutrition had killed more than 850 refugee children in the past two years.

Meanwhile, Nepalese Home Minister Sher Bahadur Deupa told the house of representatives Friday that the number of Bhutanese refugees in Nepal had reached 100,000, in United Nations High Commission for Refugees (UNHCR) — run camps and elsewhere, a parliamentary source said Saturday.

Singh satisfied with rupee's performance

NEW DELHI, Mar 14: Indian Finance Minister Manmohan Singh has voiced satisfaction at the rupee's performance in two weeks as a free-floating currency, reports AFP.

The rupee has been fairly stable in the inter-bank foreign exchange market since the February 27 budget package set it free, Singh told the Press Trust of India (PTI) in an interview released today.

He said it gave rise to hope that no major exchange rate fluctuations would result from the gloat, which some critics have predicted would cause a severe erosion in the rupee's value.

"All I can say is that the initial response has been pretty encouraging," the minister said.

Singh abolished a dual rate system under which Indians were allowed to sell 60 per cent of their foreign exchange earnings at the market rate and 40 per cent at the lower central bank rate of 26.20 rupee to the US dollar.

He said "full convertibility" would spur exports, and he discounted fears that a fall in the rupee's value would make imports costlier.

Kuwait to follow violator of OPEC accord

JEDDAH (Saudi Arabia), Mar 14: Kuwait will break oil production quotas if any OPEC member violates last month's accord Kuwaiti Oil Minister Ali Al-Baghli said in remarks published here Saturday, reports AFP.

"We will take appropriate measures to protect our interests if one of the member countries exceeds it quota," Baghli said in an interview with the Saudi daily Ashrq Al-Awsat.

Kuwait "is watching closely the output of the other" 11 members of the organisation of petroleum exporting countries, and it will "not be bound by the agreement if it is violated," he said.

He said his country, recovering from the damage to its oil industry during the Gulf crisis, "had renounced its right to a higher quota, despite its pressing needs for revenues."

BOMBAY: A policeman stands beside a charred automobile outside the Air India Building on Mar 13, a day after a powerful explosion rocked the structure in this western port city, India's financial and commercial centre. A series of blasts ripped through Bombay on Mar 12 killing 300 people and injuring more than 1000 others. — Photo AFP/UNB

WB will give $800m to produce Siberian oil

WASHINGTON, Mar 14: The World Bank is near the final step of providing nearly 800 million US dollar of loan to help produce western Siberian oil, it was reported here today, says Xinhua.

Tim Cullen, chief spokesman for the bank said of the 799 million US dollar of the forth coming loan, 500 million will come from the bank, leaving the rest 299 million for co-financing.

Informed sources said here that the export-import bank of the US government was discussing as much as two billion dollar of loan for the Russian oil industry.

World Bank officials said that the money will be used to complete oil already drilled, for new wells, for replacement of gathering pipelines and needed equipment.

Sources said that the conclusion of the deal will be a boost to Russian President Boris Yeltsin's position. Siberian oil is the chief earners of hard currency in Russia, the world's largest oil producer.

US, Malaysia may set up fabrication plant

KUALA LUMPUR, Mar 14: US-based electronics manufacturer Texas Instruments (TI) is considering locating its seventh overseas wafer-fabrication plant in Malaysia, local newspapers reported Saturday, says AFP.

They quoted TI Malaysia Managing Director Jerry Lee as saying that several applications to set up the one billion US dollar plant on a joint venture basis were being considered.

The Dallas-based electronics giant, which has four wafer-fabrication plants in Japan and one each in Taiwan and Singapore, is scouting for cash-rich partners to undertake the project, Lee said.

At present, Malaysia has just one plant manufacturing wafers, a vital component of semiconductors. The plant was set up in 1988 by Montorola, another US electronics company.

Malaysia is one of the world's largest exporters of semiconductors.

Austerity plan to make eastern Germany solvent

BONN, Mar 14: German Chancellor Helmut Kohl and the heads of Germany's regional governments agreed Saturday on the main points of a massive austerity programme aimed at restoring the economy of former East Germany, reports AFP.

The plan will distribute resources for the rehabilitation of the economy of eastern Germany, Kohl and the state heads of government told a press conference here after three days of closed door discussions on financing an economic solidarity pact.

Kohl hailed the "good outcome" of his talks with the state leaders, most of them members of the opposition Social Democrats (SPD).

National SPD leader Bjoern Engholm said the discussions had "made good progress towards achieving German unity."

Kohl however stressed that the talks were to continue, "no longer on the main points but on certain practical aspects."

The central government and state leaders made mutual concessions to achieve the agreement in principle, they told reporters.

The SPD abandoned the proposal to impose a special solidarity tax before 1995, accepting the recommendation of Finance Minister Theo Waigel, while the government agreed to renounce welfare cuts it had lined up, particularly for family allowances and student grants, Engholm said.

"Financial questions for 1993 and 1994 were not the subject of an agreement", Engholm said however.

Waigel said accord was a "decisive step for the solidarity pact for German unity."

It would have positive consequences for the economic climate, financial markets and for the world economy, he said.

Uncertainty grips Bombay bourse after bombing

BOMBAY, Mar 14: The explosion which devastated the Bombay Stock Exchange (BSE) has sown chaos in trading circles amid concern that India's principal bourse will remain shut for an indefinite period, reports AFP.

Shock waves from Friday's blast at the local bourse spread to the New Delhi and Madras stock markets on Saturday as prices of otherwise healthy stocks fell sharply.

Prime Minister P V Narasimha Rao visited the damaged BSE building Saturday before touring other places hit by bombs which left a total of 273 people dead and more than 1,240 injured.

BSE officials said they would meet Rao, who has made economic liberalization a centrepiece of his government, later Saturday for talks on the future of the exchange, where the bomb exploded just minutes before trading was to close for the week.

Records of Friday's prices and the BSE and national indices were wiped out as the blast in the 29-storey building destroyed computers, data banks and communications networks.

"It is too early to say when it will open. We are trying to get possession for it" from the police, BSE Executive Director M R Mayya said Saturday as bomb experts shifted through the rubble for traces of explosives.

Police said the bomb was concealed in a car parked in the basement of the BSE and set off by either a radio signal or a timer. The explosion sparked a fire and damaged the BSE's trading pit.

Mayya said the bourse could remain closed for almost three weeks to allow insurance companies to assess the damage and for engineers to repair mangled equipment.

"We just cannot say how long all this might take," said Mayya, adding that he would urge Maharashtra state Chief Minister Sharad Pawar to tell police to hand over the building to stock market authorities as soon as possible.

Copper bucks trend in metal market

In the recession-hit world market, copper is the only metal which is giving producers a reasonable return. For countries such as Zambia, the world's second largest copper producer after the United States, this is good news at a time when it is facing severe financial difficulties. The government wants to sell its biggest copper mine to South Africa's Anglo-American Corporation. Gemini News Service examines the trends in the copper market..

World copper prices for 1993 are forecast to remain unchanged from last year's level, says a survey among European and American metal analysts. Most see the metal averaging $1 a pound over the year.

Although not high, the price is considered reasonable and it means that copper is the only base metal traded on the The London Metal Exchange (LME) expected to give efficient producers a reasonable return.

If the price forecast is accurate, Zambian Consolidated Copper Mines (ZCCM), the world's second largest copper producer after Phelps Dodge of the United States, can expect "to recover its costs," according to Philip Crowson, chief economist with Rio Tinto Zinc.

But Crowson adds that there is plenty of scope in Zambia to reduce costs. The absence of efficient production in Zambia "is one of the last quarter-century."

The steady price of copper, as opposed to the poor performance of other base metals, in mainly due to a reasonably healthy supply and demand equilibrium. This, says Crowson, can be attributed mainly to "the collapse of Zaire's copper industry in the 1990s."

Compared to the 1980s, when Zaire was producing nearly one half a million tonnes annually, last year its production fell to only 155,000 tonnes. This is due, in part, to a cave-in at one copper mine in 1991 as well as "the general chaos and political and economic disintegration in the country," says Crowson.

Crowson argues that if Zaire's output had stayed at the 1980s level, copper prices would now be in a deep slump.

Unlike Zaire, Zambia's production has remained stable at some 450,000 tonnes a year. But production has continued to be plagued by inefficiency. This has been attributed to the Zambian government's 60 per cent stake in ZCCM.

The government now appears determined to privatise ZCCM. And South Africa's Anglo-American Corporation, which earns about 85 per cent of South Africa's foreign exchange and currently has a 24 per cent share in ZCCM, has been given first option to buy the company.

In a move to speed the takeover, the government has been playing down the present viability of ZCCM. In early January, Mathias Mphande, Deputy Minister of Mines, was quoted in Zambia's Weekly Post as saying that the company was in a perilous financial position and faced closure if it did not raise $ 2 billion.

Mphande said: "ZCCM has no money and since it is not making money it is unable to service its loans." He called for the rapid privatisation of ZCCM to free it from political interference.

The move was intended to counter World Bank experts' assessment that it would take several years before ZCCM would be ready for sale.

To allay the fears of overseas investors, Credit Lyonnais Laing (CLL), the London-based financial services group, issued a note to its clients on January 11 saying that during the first seven months of the financial year, the company's attributable earnings were $89 million-400 per cent higher than the same period a year earlier.

Furthermore, ZCCM production was up ten per cent during the same period, said CLL, whose clients own about 8.5 per cent of ZCCM shares.

Unlike other base metals, copper's fundamentals are seen by metal analysts as strong enough to forecast stable prices for 1993. Copper is bucking the trend and this is good news for African and other Third World producers.

—GEMINI News.

OPEC states output target exceeds

BRUSSELS, Mar 14: Oil production of OPEC member countries reached 25.4 million barrels per day in February which is more than the ceiling fixed for the month (24.6 million barrels), reports POOL.

According to sources of the International Energy Agency oil production should be reduced by 1.7 million barrels per day from this month, as part of an OPEC strategy aimed at increasing oil prices.

The prices fluctuate currently some three dollar under OPEC's objective estimated at 21 dollar a barrel of 159 litres.

US continuing talks with India on copyright, trade mark

WASHINGTON, Mar 14: The US is continuing discussions with India on implementation of its regulations on copyright and trade mark enforcement, on access for US motion pictures to the Indian market and on patents issues, reports PTI.

According to the annual report to Congress on trade agreements, no satisfactory resolution was found in discussions of patent issues. In February 1992, it says, the US trade representative determined that India's denial of adequate patent protection was unreasonable and burdened or restricted US commerce.

In April 1992, the president suspended duty-free treatment under US Generalised System of Preference (GSP) on 60 million dollar worth of exports from India to the US the partial suspension applied principally to pharmaceuticals, chemicals and related product.

G-7 gives support to Russia's economic reforms

HONG KONG, Mar 14: Deputies of the Group of Seven major industrial nations have expressed support for beleaguered Russian President Boris Yeltsin and his economic reform policies, but offered no specific aid proposals, officials reported Sunday, reports AP.

"We had a very productive and lively discussion," Japanese Deputy Foreign Minister Koichiro Matsuura told a news conference, also attended by Russian Deputy Foreign Minister Boris Fyodorov.

Fyodorov, a key Yeltsin aide, arrived in Hong Kong Saturday to brief the deputies, who have been meeting in the British colony since Friday to prepare for a G-7 summit meeting in Tokyo in July.

Aid to Russia to bolster Yeltsin's bold economic reforms is expected to be a key topic at the summit. There has been speculation that the date for the summit might be advanced because of eroding support in the Russian parliament for Yeltsin's reforms.

Fyodorov said the deputies did not discuss a precise aid package for Russia. He said what was important now was not the amount, but that any aid be well targeted.

Fyodorov said Russia has not changed its economic policies despite the impasse between Yeltsin and his opponents in the Congress of People's Deputies.

Matsuura, chairman of the G-7 preparatory group, said Fyodorov had "taken great pain to explain to us the present economic condition in Russia."

"We have reaffirmed on our part the determination of our leaders to support the Russian reform process," he added.

"We, the G-7, will continue intensive discussion and deliberations on concrete ways and means to support Russia's economic effort," Matsuura said.

Deputies at the meeting represent the governments of the world's leading industrialized nations: the United States, France, Canada, Japan, Germany, Britain and Italy.

Political uncertainty in Russia hits world commodity market

LONDON, Mar 14: Commodity prices were hit by uncertainty over the political situation in Russia this week, with dealers struggling to assess whether it would affect demand and supply in the key markets, reports AFP.

Russian President Boris Yeltsin's battle with the Congress of deputies highlighted the difficulties the reformers were having in Russia, dealers said.

Precious metals rose strongly with gold rallying after a poor start to the week, while platinum, palladium and silver rose on signs that the chaos could slow the metals' exports to the West.

Soft goods fell with grain prices down on fears that Russia's financial problems would delay restarting US grain exports, suspended since December.

Brent North Sea crude oil also fell, below the 19 dollar a barrel level, after statistics cast doubt on the will of the OPEC member countries to keep to self-imposed limits on oil production, with oil already in oversupply.

Gold: Lower. The price of gold hit a seven-year low at the start of the week before making a partial recovery, boosted by speculative buying following the increase of tension in Russia.

The market, hit initially by sales from producers and investment funds linked to the rise of the dollar and stronger stock markets, later found its role as a "safe haven", dealers said.

Platinum: Sharply higher. The prices of platinum and palladium rose sharply over the week in fears that the tension in Russia would lead to a disruption of supplies.

Russia is the world's leading producer of platinum and palladium and the fight between Russian President Boris Yeltsin and the Congress of Deputies has raised doubts over whether Russia will honour its contracts, notably with Japan, dealers said.

Silver: Lower. The price of silver followed platinum higher after the increase in tension in Russia and the signs of a pickup in industrial demand.

Russia is the world's second largest silver producer, behind Mexico, and events there have a significant impact on prices, an analyst said.

Copper: Higher. The price of copper rose over the week, breaking back above the 1,500 pound per tonne barrier after sterling slipped against the dollar.

The rise was limited by Chinese selling, dealers said.

"It seems as though the market has lost some of its steam," one trader said.

Lead: Slightly higher. The price of lead rose slightly after the fall in sterling but the movement was minimal in a quiet week, dealers said.

LME lead stocks rose 3,150 tonnes to hit the record high of 237,300 tonnes.

Zinc: Slightly higher. Zinc price followed lead and copper, moving slightly higher early on but then held back in the absence of fresh producer cutbacks.

Like all other metals' prices, the zinc price is suffering from the high level of stocks built up over the past two years of poor demand and high output.

Aluminium: Lower. The price of aluminum slipped despite a study from International Bauxite Association (IBA) which claimed that demand for aluminium would rise in 1993/94.

While western world consumption of aluminum grew only 0.3 per cent in 1992, it will jump by 5.1 per cent in 1993 and four per cent in 1994, the IBA said.

Nickel: Higher. Nickel prices rose, with the rally driven mainly by technical factors and a marginal rise in stocks — suggesting that a push to take prices above the next resistance level at 6,100 dollar per tonne would be met with strong selling, dealers said.

A bleak outlook for demand from the key stainless steel industries of Europe and Japan is likely to limit further strengthening.

Tin: Lower. Tin prices fell sharply at its lowest level for nearly a year, depressed by technical factors and concerted Far East selling, dealers said.

On the LME, tin stocks rose 525 tonnes to 18,990 tonnes, the metal's highest level of stocks since March 1991.

Coffee: Weak. The price of coffee continued to fall, with dealers pessimistic on the chances of a new international accord on coffee prices being agreed by the end of March as had been hoped for.

Dealers said they doubted whether there will be any real progress at the International Coffee Organisation in London this month because of the "intransigence" of the consumer and producer countries.

Sugar: Higher. The price of sugar strengthened again over the week, up by 25 per cent since the start of February, boosted by prospects of a sharp reduction in world sugar output.

Uncertainty over harvests in Thailand, India, Cuba and South Africa has forced prices higher, and analysts believe they will stay at the higher levels as the fears prove justified.

The situation in Cuba, the world's third largest producer behind India and Brazil, and difficulties in obtaining reliable statistic heightened the market's nervousness.

Cuban minister for the sugar industry Juan Herrera said the sugar harvest, which began in December, had been seriously hampered by the scarcity of fuel and spare parts and would produce a much smaller amount than last year.

Vegetable oils: Lower. The price of vegetable oils lost ground on fears of a fall off in Russian demand, which more than offset signs of weaker than expected growth in oils and fats production.

According to the specialist review Oil World, the production of oils and fats will reach 84 million tonnes in 1992/93, growing 0.5 per cent, and not 0.9 per cent as had been thought previously.

The price of palm oil feel back despite rumours that Russia was looking to buy one million tonnes of Malaysian palm oil in return for Russian Mig-29 aircraft.

Soya Oil weakened slightly despite unchanged statistics from the US Department of Agriculture on the size of the US soya grain harvest for 1992/93, up at 59.78 million tonnes from 54.06 million tonnes in 1991/92.

Oil: Lower. After having risen at the beginning of the week to its highest level for three months, the price of oil fell back below the 19 dollar per barrel level on fears of a slowdown in demand and higher supply.

Rubber: Lower. The price of natural rubber, which has lost eight per cent since the start of February, weakened further following statistics showing demand from the car industry in continental Europe and Japan was slowing down.

The performance of the rubber market is dominated by demand in the car industry, which takes 70 per cent of output, and prices suffered after statistics published in Paris showed French car sales down 20.7 per cent in the first two months of the year.

Grains: Lower. The prices of what and barley fell following the political instability in Russia, which was seen as threatening the resumption of US grain export credits to Russia.

Russia was suspended from the US export credit guarantee scheme in December because of its backlog of unpaid debts, now measuring 450 million dollar.

Tea: Slightly lower. The price of team slipped in London, to 160 from 170 pence per kilo for higher grade tea, up to 145 from 140 pence per kilo for middle grade tea, and unchanged at 110 pence per kilo for lower grade tea.

The market was hit by fears that Russia will not resume purchases because of financial difficulties and of rains in Kenya, which should increase its output.

Cotton: Slightly higher. The price of cotton strengthened on the Bradford market, boosted by the fall of the pound and rumours of Chinese buying.

The market ignored statistics from the United States which estimated US production in 1992/93 at 16.26 million bales against 17.61 million the previous year.

G-7 to talk Russia's economic crisis

HONG KONG, Mar 14: Senior officials of the world's richest nations convened today with Russian Deputy Premier Boris Fyodorov to discuss the unfolding political and economic crisis in his country, reports AFP.

The meeting, which followed initial contacts Saturday after Fyodorov flew in from Moscow, was to be followed by a joint press conference by the Russian envoy and Japanese Deputy Foreign Minister Koichiro Matsuura.

It came at the end of weekend conclave of "sherpas" representing the leaders of the Group of Seven (G7) nations — Britain, Canada, France, Germany, Italy, Japan and the United States.

They had gathered here to prepare for the July 7-9 G7 economic summit in Tokyo, but their deliberations took on added importance as President Boris Yeltsin lost ground in his power struggle with hardliners in Moscow.

Western officials said the Hong Kong meeting would likely issue a statement of support for Yeltsin and his sweeping reforms, but stop short of announcing a new package of badly needed aid for Russia's faltering economy.

Gulf Arabs pledge to honour OPEC output deal

ABU DHABI, Mar 14: Gulf Arab states pledge Sunday to respect an OPEC agreement limiting production to support prices, a move that is expected to give a boost to the oil market, reports AFP.

Ending a meeting that stretched into the early hours of the morning in Jeddah. The oil ministers of the six-nation Gulf Cooperation Council (GCC) also warned every countries against imposing energy taxes.

"The ministers affirmed their adherence to OPEC (Organisation of Petroleum Exporting Countries) agreement and their confidence of the commitment of the remaining members to their quotas," said a statement carried by the official Saudi Press Agency (SPA).

"The ministers also discussed taxes on oil in industrial countries and asserted their opposition to the principle of increasing the tax burden on oil, which is already heavily taxed."

The GCC groups Saudi Arabia, Kuwait, Qatar, the United Arab Emirates (UAE) with non-OPEC Oman and Bahrain. The six members hold nearly 40 per cent of the world crude and produce about 20 per cent of the world output.