

BRIEFS

US experts find oil, gas in Armenia

MOSCOW, Mar 16: Prospectors from the US state of California have discovered energy reserves in Armenia...

Yen set to exceed historic high point

PARIS, Mar 16: The Yen will continue to rise and will probably break above the historic high point of 68 to the German mark...

Stocks close higher in New York

NEW YORK, Mar 16: The stock market advanced Monday, as cautious investors looked for bargains among depressed stocks...

Lopez to leave GM automaker firm

DETROIT, Mar 16: General Motors Corp. purchasing chief J. Ignacio Lopez de Arriortua will leave the automaker after all, GM announced Monday...

Dollar slips, gold gains in New York

NEW YORK, Mar 16: The US dollar ended mostly lower Monday against major foreign currencies in quiet trading...

Tokyo shares fall back, dollar unmoved

TOKYO, Mar 16: Share prices on the Tokyo Stock Exchange fell back in Tuesday morning trading...

China plans to set up refinery plant

HONG KONG, Mar 16: China is negotiating with an oil company in Saudi Arabia to build a large oil refinery plant in the coastal Chinese city of Qingdao...

Everyone will suffer if GATT talks do not succeed quickly: UN official

GENEVA, Mar 16: A senior United Nations official said on Monday everyone would suffer if the long-running Uruguay Round negotiations on a new world trade treaty did not end quickly and successfully...

Carlos Fortin, deputy chief of the world body's conference on trade and development (UNCTAD), said developing countries were already running into problems because the major powers had not solved issues between them blocking the round.

"Recent development suggest that there is now a real risk of forfeiting the prospective benefits from freer trade which the collective efforts of countries have sought for six years," he told an UNCTAD meeting.

"The progress already made may well be replaced by a regression to starting positions. If this were to happen, the world economy as a whole would suffer," said Fortin, a Chilean economist.

Last Friday a group of 37 countries ranging from developing to highly developed states issued an appeal to the United States, the European community and Japan to wrap up the round promptly.

The negotiations, which aim to reduce tariffs and bring most of world commerce under agreed rules, were launched in Uruguay in 1986 under the auspices of the General Agreement on Tariffs and Trade, GATT.

But they have missed two deadlines for completion, mainly because of disputes between Washington and the EC.

And trade diplomats in Geneva say there are mounting fears, sparked by conflicting signals from US officials, that the new administration of President Bill Clinton may want a wholesale renegotiation of what has already been agreed in the talks.

Fortin said developing countries would be the major losers from a failure of the round because of considerable benefits to them of accords already reached on tropical products, textiles and services.

To get a quick conclusion of the round, they had made important concessions after being encouraged to pin their hopes on the opening of world markets to their products, he said.

But they were already suffering as a result of persistent differences and re-emerging trade conflicts among the developed countries.

"Most developing countries do not have the regionalisation option as a second best solution and indeed could lose out as a result of the consolidation of regional trade blocs centred upon the developed countries," Fortin said.

In these circumstances, the world urgently needs a balanced and comprehensive conclusion of the Uruguay Round.

"Vision and leadership are required to ensure that common interests prevail over sectoral ones," the UN official declared.

Delors to meet President Clinton

Another report from Brussels says: European Commission President Jacques Delors will meet US President Bill Clinton in Washington on Thursday in a bid to stop trade tensions boiling over...

News of the meeting, their first since Clinton took office in January, follows the sudden cancellation by Washington of talks in Brussels on Monday on a bilateral dispute over public-sector contracts.

European Community's new public utilities directive favouring domestic suppliers in public procurement has compounded tensions between Brussels and Washington over issues ranging from steel to aircraft.

US trade representative Mickey Kantor on Friday cancelled a meeting on the community's new public utilities measures.

He said a ban on EC firms bidding for US public contracts would almost certainly be implemented on March 22.

The US government alleges that new EC rules that came into force Jan 1 discriminate against US firms bidding for water, energy, transport and telecommunications contracts.

But the EC considers the "buy American act," which favours products of US origin, more discriminatory and is seeking what it would see as fairer rules for contracts tendered by states and local authorities and greater access to urban transport, airport and water supply contracts.

Another report adds: The European Commission said Washington's surprise cancellation of talks to resolve a row over public contracts showed after two months of uncertainty that the atmosphere in trade talks had definitely changed.

The US move confirmed European fears of a tough protectionist stance by the new administration of President Bill Clinton and further depressed prospects of an early settlement in the Uruguay Round of GATT world trade talks.

The next scheduled high level EC-US meeting is a visit to Brussels by Kantor on March 29.

G-7 supports Yeltsin's reforms

UNDATED, Mar 16: Asked "what sort of aid package" is being considered for Russia in the wake of the G-7 meeting in Hong Kong, Boucher noted that the G-7 representatives did meet with Russian Deputy Prime Minister Boris Fyodorov over the weekend in Hong Kong, reports USIS.

Boucher said the Russian "reviewed Russia's efforts to stabilise its economy and to continue its economic reforms" and added "All the G-7 representatives there expressed strong support for President Yeltsin and his role in moving political and economic reform forward in Russia."

Asked whether the US government advocated closer participation of the Russian government in the G-7 group, Boucher said, "We have... proposed that G-7 work carefully with Russia.... We suggested in fact that this meeting in Hong Kong be expanded and that the Russian representative be invited.... So we would expect to continue to associate Russia with the G-7's work on Russia."

US national industrial policy faces same odd questions

WASHINGTON, Mar 16: A national industrial policy, shunned by Republican administrations the past 12 years, is now set for a major role in the efforts to rebuild US business competitiveness, but not without some reservation, reports Reuters.

They include questions of how, and whether, bureaucrats should pick industries for funding and to what extent, if at all, should CIA intelligence be used to discover and to counter foreign technological advances.

President Clinton has yet to detail his proposed programme, but a two billion technology funding bill now in the House commerce committee closely mirrors it.

Legislation in other committees will bring industrial policy spending to some 17 billion in the next four years, an about face from Presidents Reagan and Bush who felt market forces should decide which businesses prosper and which fail.

The House measure will fund advanced technology in small and medium-size firms as well as fund broader federal research into manufacturing, computing and communications.

It and a Senate companion bill also set up a "benchmark" programme to judge foreign advances in critical technologies that could open the way for business use of information

gathered by the Central Intelligence Agency.

Other Clinton programmes will spur competitiveness in the car and aerospace industries and create a high-speed nationwide telecommunication system. The aim, says Clinton, is to keep the United States "on the cutting edge of

change."

Past criticism of industrial policy included that the government should stay out of judging which industry merits funding, but Commerce Secretary Ron Brown rejects this.

Brown, whose department will play a big role in carrying

out the technology initiatives, told the House science, space and technology subcommittee recently that "projects must be suggested by industry, not government employees."

He added that projects would be picked after a competitive selection process and must relate to generic technologies.



A stockbroker checks for working phones at Bombay's Stock Exchange (BSE) March 15, after a wave of powerful bomb blasts rocked this western port city March 12. The BSE, though damaged by a blast, reopened for business March 15. — AFP/UNB photo

Tin prices regaining its lustre

KUALA LUMPUR, Mar 16: Tin prices are gradually climbing and could exceed 18 Malaysian dollar per kilogram by the end of the year as stocks shrink, mining officials said, reports AFP.

The metal is still very much needed by the industry, said Redzwan Sumun, executive secretary of the Association of Tin Producing Countries (ATPC).

The seven-member ATPC, which groups Australia, Nigeria, Bolivia, Indonesia, Malaysia, Nigeria, Thailand and Zaïre, accounts for about 60 per cent of the world's tin output.

"Tin is not a dead metal. The question is only how soon it will regain its lustre,"

Redzwan said in an interview as tin prices rose 14 Malaysian cent (5.6 US cent) on the Kuala Lumpur tin market to close Wednesday at 14.70 Malaysian dollar (5.88 US) a kilogram.

Redzwan said a plan by the United States Defence Logistics Agency (USDLA) to release 12,000 tonnes of tin in to the market over the next year could hamper recovery.

"If not for the USDLA's constant selling, there would have been a shortfall of about 8,000 tonnes in the market," Redzwan said. Miners have put the possible deficit at 12,000 tonnes.

The ATPC is still hopeful of trimming global surplus stocks to 18,000 tonnes over the next

nine months from about 30,000 tonnes to achieve what the industry calls an equilibrium level.

"At that level the real marginal price of tin could be determined and my estimate is that it could go beyond 18 dollar a kilo," Redzwan said.

The ATPC had been operating a supply rationalisation scheme to set export quotas since March 1987 to aid market recovery, two years after prices slumped to below 14 dollar (5.6 US) and hit its lowest at 13.99 dollar.

Malaysian miners, meanwhile, have called for government assistance to prepare for the recovery of the tin market.

The all-Malaya Chinese mining association's president

Hew See Tong said in the tin-rich Northern Perak State late Tuesday that the industry would need government aid in preserving and prospecting for mining areas.

"It would not be advisable to allow mineral resources to go to waste" he told a miners' meeting in Ipoh.

Tin, for which there is no major substitute, should recover with supply shrinking due to fewer mines in operation, Hew said.

"The government should not formulate a policy based on misconception that would result in permanent loss of the finite, scarce and non-renewable resource and depletion of mining expertise and technology accumulated over a century," Hew warned.

Seoul bans business trips to N Korea

SEOUL, Mar 16: President Kim Young-Sam on Monday banned South Korean business travel to and investment in North Korea until the north opens its nuclear programme to inspection again, says AP.

Kim's order followed North Korea's surprise announcement last week that it was withdrawing from an international nuclear control pact. The withdrawal reinforced suspicions that the Communist North is developing nuclear weapons, despite its denials.

The Kim administration had lifted a ban on business travel to North Korea only days before the North's announcement, raising hopes that economic exchanges between the rival Koreas would grow sharply.

Several businesses that had applied to travel to North Korea soon were turned down, officials said Monday.

"Economic exchanges, business travel and other economic cooperation discussed between the South and the North can be allowed when North Korea retracts the withdrawal from the Nuclear Non-Proliferation Treaty and resolves the nuclear inspection problem," Kim said.

OPEC must cut output by 2m BPD to meet quota

NICOSIA, Mar 16: OPEC must cut production by two million barrels a day to meet its quotas for the next three months and firm up prices, a specialist newsletter reported here Monday, says AFP report.

The Middle East Economic Survey (MEES) estimated that OPEC production rose to 25.56 million Barrels Per Day (BPD) in February, almost two million BPD higher than the quotas for March-June.

The Organisation of Petroleum Exporting Countries (OPEC) agreed last month in Vienna to pin output at 23.582 million BPD to stop oil prices from falling.

Kuwait, which is still recovering from the Iraqi invasion, and Iran accounted for most of the 300,000 BPD increase in February, MEES said.

Tanker movements so far indicated that Iran, Saudi Arabia and Kuwait were all within the new levels, but more evidence is required before oil prices start to firm up, it said.

Japan rejects US, France call for G-7 summit

TOKYO, Mar 16: Japan today rejected calls from the United States and France for an emergency meeting of Group of Seven (G7) leaders to discuss aid to Russia ahead of the G7 summit here in July, reports AFP.

"As the host country, we are not thinking about holding another summit on aid to Russia," Foreign Minister Michio Watanabe told a news conference.

But Watanabe said Japan "would be willing to hold a ministerial-level meeting if there is a need for a political decision."

Japan's position is expected to be conveyed to the United States by Vice Foreign Minister Hisashi Owada during a visit to Washington this week.

Watanabe's remarks came a day after Prime Minister Kiichi Miyazawa said there was no firm plans for an emergency

summit. Miyazawa was commenting on Japanese reports that the G7 — the United States, Japan, Germany, France, Italy, Britain and Canada — agreed to consider such a summit during a weekend meeting of senior officials in Hong Kong.

Finance minister Yoshiro Hayashi told a separate news conference today that Miyazawa's meeting with US President Bill Clinton in Washington on April 16 would not result in any specific agreement on aid to Russia.

Kyodo news service meanwhile reported that Japan would end an invitation as early as next month to Russian President Boris Yeltsin to meet with G7 leaders during the summit in Tokyo. A foreign ministry official said, however, that the issue of whether or not to invite Yeltsin was "still ending."

China's reentry into GATT may help growth of world economy

GENEVA, Mar 16: China argued on Monday that its readiness to world trade watchdog GATT and acceptance of its rules would help ensure stable growth of international commerce and the global economy, reports Reuters.

Tong Zhi-Guang, Vice-Minister of Foreign Trade and Economic Relations, also told a working party studying its application that Beijing would ensure uniform application of commercial laws and rules throughout the country if it came back in.

Both points appeared to be aimed at reservations recently voiced by the United States over Chinese membership of GATT. The Geneva-based General Agreement on Tariffs and Trade which currently has 106 members.

Tong said a return to the body would contribute "not only to the expansion of economic and trade ties between China and GATT contracting parties, but also to the stable growth of the world economy and international trade."

The United States, together with other trade powers, has expressed fears that domestic markets as well as those for its

exports could be swamped by cheaply-produced goods if China came in and its economy continued to boom.

Washington has also argued that before China can join GATT, Beijing must firmly commit itself to standardising the widely differing way in which trade rules are applied in various regions of the nation.

China was a founder member of the body — originally intended to be a full-fledged international trade organisation and United Nations agency — in 1947 but withdrew when the communist took power in 1949.

As its economic reforms advanced, it applied for re-entry in 1986 but negotiations were suspended after the army crackdown against the democracy movement in 1989. Discussions were resumed last year.

The United States has played a leading role in negotiating the membership bid with China. Success would in principle compel Beijing to abide by existing GATT rules on tariffs and dumping, among other areas.

Once bleak, grey streets of Beijing now full of free markets

Early in 1992, China's frail 88-year-old senior leader Deng Xiaoping visited the capitalist-style enclaves in the south which he established more than a decade ago, and urged that they should be a model for the whole country.

He went even further, and said that people should stop worrying about whether what they were doing was socialist or capitalist — they should just do whatever was going to make money.

Coming after three years of stagnating reform policies and headline ideological dogma, his words opened the floodgates. The year 1992 became one of entrepreneurship and gleeful consumerism, and the year when the "socialist market economy" became the new article of faith.

One new beneficiary of the policy is Beijing, known traditionally for its Stalinst buildings and bleak grey avenues. Every available inch of ground is now being used for free markets selling everything from silk underwear to down coats. They are packed with Russians overwhelmed by the difference with the markets back home.

lined with fairy lights decorating the fronts of restaurants which are packed with businessmen carrying portable phones and beepers.

All such things used to be the preserves of the booming south, and Guangdong province still leads the way. It is home to two prosperous special economic zones, Shenzhen and Zhuhai. Its location just over the border from Hong Kong makes it rich.

Guangdong has become the large workshop for the shop front of Hong Kong.

The people of Guangdong have become the object of envy for the rest of China. Workers there earn two or three times the wage of their counterparts elsewhere in China. Prices on Shenzhen stock market continue to climb, even when those in Hong Kong fall.

Leaders in Beijing are concerned about the social ills which have accompanied this boom — a rise in crime, a flood of prostitution, and even exploitation of child workers. But pragmatically, they cannot stop the move towards a more open economy.

The governor of Guangdong has unveiled an ambitious plan to catchup with the four "small

dragons of Asia" — Hong Kong, Taiwan, Singapore, South Korea — by the year 2000. He predicted the Gross Domestic Product (GDP) would grow by 12.9 per cent per year, and that population growth would be limited. On the evidence so

far, this growth should not be difficult. In the first five months of 1992, Guangdong's industrial production rose by about 26 per cent over the same period the year before, with retail sales up 17.7 per cent and exports up 31.8 per

cent. What may be more difficult is restricting population growth. The Chinese tend to have more children as they get richer and can afford to pay the fines imposed for violating the one-child policy.

omy, it is also to keep people happy, providing an escape route for many of the frustrations which brought about the 1989 pro-democracy demonstrations.

It is no coincidence that one of the boom areas for private enterprise is Beijing, which in 1989 was at the heart of the pro-democracy campaign. For the moment at least, people are paying more attention to raking money than to making revolution.

People all over the country are now permitted and even

encouraged to get involved in private business, even if they keep their state job at the same time. Professors, factory workers and government cadres alike are moonlighting to supplement their meagre incomes of about \$35 per month, doing anything from selling dumplings, to offering car washes and setting up their own companies.

So far, analysts warn, only the first, easy steps towards capitalism have been taken. Service industries have been revitalised with private business and the ideological barriers have been lifted. China's massive, loss-making state sector employing 106 million people, has still not come face to face with the reality of capitalism. In theory, bankrupt enterprises are closed or merged. In practice, most are saved by subsidies which drain the central coffers.

Making these enterprises profitable will involve laying off millions of excess workers, posing a threat to social stability since there are probably not enough service industry jobs to go round. It will also involve similarly destabilising moves such as freeing prices.

— GEMINI News

Moroccan trade unions to start week of strikes

RABAT, Mar 16: Radical Moroccan trade unions plan a string of strikes this week in the public health education, railways and post office in protest against the governments failure to deal with their grievances before elections, reports Reuters.

The unions say demands for more pay and benefits have accumulated over several years and the government has failed to honour promises to "cleanse the social climate" before the first legislative elections in eight years are held on April 30.

The stoppages, called by unions allied to opposition parties and the independent Union Marocaine du Travail (UMT), started on Tuesday with a 48-hour public health strike.

The strike will be followed on Wednesday by 48 hours stoppages in the state education system, 72 hours on the railways, and one day in the equipment ministry on Thursday and in the posts and telecommunications office on Friday.

