

BRIEFS

Singh calls for end to red tape NEW DELHI, Apr 4: Indian Finance Minister Manmohan Singh called for an end to red tape, and urged industrialists to make the country a major economic power in the 21st century.

WB President arrives in Beijing BEIJING, Apr 4: World Bank President Lewis Preston arrived here Saturday on his first visit to China in his current capacity.

Union Texas to spend \$11m in Pak KARACHI, Apr 4: Union Texas Pakistan plans to spend 11 million dollars on oil exploration in Pakistan this year.

China to exempt tax for tourism BEIJING, Apr 4: Materials, goods and equipment needed for the construction of state designated tourist holiday resorts are exempt from import duties and value-added tax.

German pensioners to get rise BERLIN, Apr 4: More than 12 million western German old-age pensioners are to get a pension increase of 3.86 per cent.

UK bank to help India buy 6 planes NEW DELHI, Apr 4: Barclays Bank of Britain is to arrange export financing totalling 225 million dollars to help Indian Airlines buy six Airbus A-320 planes.

China places order for 12 airbuses PARIS, Apr 4: China has ordered 12 Airbus A300-600R airliners. Airbus Industry said on Friday confirming a statement in Beijing yesterday by visiting German Economy Minister Guenter Rexrodt.

Uruguay Round: Update on recent development, implications for the South

The Uruguay Round of Multilateral Trade Negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT) was launched at Punta del Este in Uruguay in September 1986.

After missing several deadlines and targets for conclusion, the Round is now in its seventh year. At this point in time, no clear-cut answer is possible as to whether the negotiations can be continued and successfully concluded and if so in what time-frame.

Round's benefits oversold As for the positive effects, from the beginning, the Uruguay Round and the trading system as such have been 'oversold' in the terms of the alleged benefits to individual countries and for the world economy as a whole.

On the negative side it is found difficult to share the apocalyptic view of a stalemate or failure — a view that is projected in the media and by some academics: outbreak of a trade war, depression, and slackening of demand for commodities and other Third World exports and so on.

Any international negotiation and its outcome, in the final analysis is a reflection of the state of power relations. None of the countries of the South have the weight or capacity to act on their own in the world economy and change

the outcome. All are weak. But the weak if they act together can collectively have some weight that individually none of them have.

The Dunkel package unravels In November 1992 (after the defeat of President Bush), the US and EC came to an agreement of sorts in agriculture — their Blair House accord, but the full details were put on the table only by mid-December.

There have been some Dunkel consultations (in December and the first part of January) on how to proceed further. Dunkel, in German also means dark, and these consultations have been shrouded in darkness, held outside the GATT and have involved some 19 countries only.

small closed group, are now held only for 'transparency'.

At the Dunkel consultations, the key countries were asked to formulate informally what changes they would need. They have since done so, but these have not been formally presented nor circulated in the Uruguay Round TNC.

If the Congress injects new issues, then it will be a new ballgame — changing the mandate, and dealing with them and so on. It could take one to two years or even more and the Uruguay Round could be sought to be made into a Clinton round. But it is clear that the administration's priority is currently the domestic economy and international trade is lower down in priorities.

Proposed energy tax on oil Gulf states give fresh warning

MAHAMA (Bahrain), Apr 4: A fresh warning that proposed energy taxes by industrialized nations could threaten future supplies from Gulf oil countries was made Saturday at the Middle East Oil and Gas Show opened, reports AP.

Some of the Gulf countries would probably reconsider their current and future investments in their oil facilities, said Faisal al-Jasem, Deputy Manager for operations for Kuwait Oil Company, speaking at an accompanying symposium on oil technology.

The warning that the proposed taxes were expected to have a negative impact on the continuous supply of oil to the world market was made earlier by Gulf oil officials after a conference of oil ministers of the Saudi-led Gulf Cooperation Council member states last month.

The ministers met to study the impact of the taxes, one proposed by the European Community to start at the end of the year, and one proposed by US President Bill Clinton, which would go into effect in July 1994.

The six have lined up 70 billion dollar worth of plans for maintenance and development of oil potential over the coming five years, aiming to prevent dramatic price hikes in case of shortages.

Jasem's paper is among nearly 150 reports to be studied at the symposium, which will continue for the duration of the show until April 16. The symposium, organised by the Society of Petroleum Engineers of Dallas,

Gift for Queen found at last

WEST PALM BEACH (Florida), Apr 4: The owner of a salvage company says he has found a 964-carat Emerald off Florida's coast that was supposed to have been a gift for Queen Isabella of Spain in the 16th century, reports AFP.

Victor Benlous, head of Archaeological Discovery Ventures Inc., said the descendants of Juana de Zuniga's Spanish Ducal family, now living in Argentina, had commissioned him to search for the stone, known as the legendary Isabella Emerald.

The 10-by-five centimeter (four-by-two-inch) gemstone reputedly dates to the early 16th century, when the conquerer of Mexico, Hernan Cortez, promised one of several huge South American Emeralds to Isabella in exchange for her financial support of his explorations, according to the reference work 'great gems of the world.'

She probably never received it. The stone last surfaced in the 1750s, when it was registered as cargo being sent to Spain by a wealthy family, Benlous said.

The ship never arrived, and its wreckage was found in mid-1992. The gem and other treasures were recovered in the following months.

Benlous said he would try to sell the stone for the family for three million dollars. 'It really should be in a museum,' he said. 'There's really nothing in today's market that could give an indication of the value.'

G-7 will provide over \$20m to Russia as aid

TOKYO, Apr 4: The Group of Seven (G-7) industrialised countries is to provide financial assistance worth more than 20 billion dollars to Russia, a newspaper said here today, reports AFP.

The aid, including a loan of six billion to seven billion dollars from the International Monetary Fund (IMF), will be decided at a G-7 meeting of foreign and finance ministers here April 14-15, the Tokyo Shimbun said.

Loans from the IMF and the World Bank to Russia, due to be decided here, will be used to help small and medium-sized corporations and to promote energy resources development, the daily said without quoting sources.

It said the rescheduling of officials Russian debts worth 15 billion dollars would be part of G-7 assistance.

The G-7 ministerial meeting is also to decide the expansion of bilateral monetary assistance to Russia, the paper said.

The Tokyo conference is expected to issue a statement supporting Russian President Boris Yeltsin's democratisation and reform plans, it added.

Press reports here have said that the G-7, which groups Britain, Canada, France, Germany, Italy, Japan and the United States, was to hold a 'scherpas' meeting in Washington on Wednesday and Thursday.

A similar meeting with the participation of high-ranking G-7 government officials was held in mid-March in Hong Kong to discuss aid to Russia, an delay the groundwork for the coming ministerial conference.

The G-7 is to hold a summit here on July 7-9.

US cannot impede reconstruction, says Iran

NICOSIA, Apr 4: Iran said Saturday that Washington's accusations of terrorism and its efforts to block loans would not impede Tehran's economic reconstruction programme, reports AP.

State-run Tehran radio said in a commentary that since the 1980-88 war with Iraq, 'more than anything else Iran needs to expand its commercial base and strengthen infrastructural capacity.'

It said Iran welcomed foreign investment and loans for this purpose.

'Washington's baseless claims cannot hinder the national determination for economic reconstruction,' added the broadcast, monitored in Nicosia.

The World Bank on Tuesday approved a 165 million dollar loan to expand Iran's electric power grid. Last month, the bank approved loans of 157 million dollar for irrigation and 141 million dollar for health and family planning.

State Department spokesman, Richard Boucher, said Wednesday in Washington: 'We've actively opposed the resumption of World Bank business-as-usual lending to Iran.'

'We think it's inappropriate, given Iran's record of terrorism, its building of weapons of mass destruction, and in addition, its mounting debt arrears.'

Iran has condemned the accusations of terrorism and said it was involved neither in developing weapons of mass destruction nor a drive to procure large quantities of conventional arms.

GCC holds meet on proposed aid fund for Arabs

DOHA, Apr 4: Gulf Arab states met here Saturday in what had been touted as a bid to revive a proposed aid fund for less wealthy Arab countries which fought to liberate Kuwait, notably Egypt and Syria, reports AFP.

Finance and Economy Ministers of the six-nation Gulf Cooperation Council (GCC) met for two and a half hours in the Qatari capital, ahead of a meeting with Egyptian and Syrian officials.

But no statement or announcement followed the unexpectedly short meeting.

The official Kuwaiti news agency Kuna said only that the Gulf Finance Ministers discussed the economic aspect of the Damascus Declaration and that they held the same views.

The eight countries signed a so-called Damascus Declaration on economic and security cooperation in March 1991, in the aftermath of the Gulf War which drove Iraq out of Kuwait. But implementation has been stalled.

There has been a lot of talk about whether the Damascus Declaration is dead or alive, a Gulf official told AFP before the meeting, declining to be named.

But the firm fact is that economic cooperation is alive and we are serious about supporting this cooperation whether through the aid fund, investment or buying Arab products.

The GCC has not announced a date for the meeting with Syria and Egypt, which had been scheduled for January.

New French govt unable to reduce budget gap this year

PARIS, Apr 4: The new French conservative government is unable to reduce the budget deficit this year, government spokesman Nicolas Sarkozy, who is also budget minister, said on Friday after a cabinet meeting, reports AFP.

The conservatives had campaigned on a manifesto committed to an effort to reduce the deficit, which grew rapidly in 1992 to total 226.3 billion franc (42 billion dollar), or 3.2 per cent of gross domestic product (GDP).

Observers noted that in 1992 there was a record shortfall in tax receipts of 120 billion French francs, and that economic activity has weakened since.

Consequently the government finds it is unable to reduce the deficit, which is expected to total about 300 billion franc compared with 165.4 billion franc foreseen in the original finance bill by the former socialist administration.

The incoming team had repeatedly condemned the recent government headed by Pierre Berezgouvoy for having permitted public expenditure to rise by six per cent in 1992 instead of by 3.3 per cent as planned.

But the new government now knows that it is impossible to make drastic cuts to reduce the deficit this year without slowing the economy even more, observers said.

Sarkozy said that he had been instructed by Prime Minister Balladur to prepare a mini austerity budget before the end of April to save the equivalent of 20 billion French franc (3.7 billion dollar).

Sarkozy said that he had been instructed to make proposals 'to reduce a certain number of sums levied' but said that 'the target of reducing the budget deficit would be impossible to meet.'

Observers noted that the cost of servicing the debt had risen to 170 billion franc (31.5 billion dollar) in the finance act for 1993 introduced by the former administration.

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It was now the third-biggest item in the budget, after the items for education and for defence.

Total net public debt stands at 2,106 billion franc (400 billion dollar) or 29.8 per cent of GDP, having risen by 13 per cent in 1992, on the basis of estimates by the treasury.

The ratio of public debt to GDP, which had been stabilised in 1991, has otherwise risen continuously from 14.9 per cent in 1980, the former budget assessor for the National Assembly (parliament) Alain Richard has said.



HAMBURG: A demonstrator looks thoughtful behind a metal fence as she protests along some 50 other Bosnian refugees April 3 against the genocide of Bosnians in former Yugoslavia. The demonstrators carried fences to symbolise the siege of Bosnian cities. — AFP/UNB photo

With profits from arms sales abroad, Russians can buy bread

MOSCOW, Apr 4: Rival ethnic groups in the Caucasus Mountains feuded for centuries with swords and rifles. Today, they slaughter each other with modern Soviet artillery and tanks, reports AP.

Russia has stiffened its export rules and Yeltsin in February ordered improvements in its imposition of arms embargoes.

But Russia appears less interested in stopping the arms transfers than in harnessing them. It wants to regain the profits it lost by joining Western embargoes against such customers such as Yugoslavia, Libya and Iraq.

Officials in Moscow point out that the US share of the global arms market has almost doubled in four years to 56 per cent, while Russia's fell by half to 17 per cent, or four billion dollar.

With profits from arms sales, 'we can buy bread, pay off our debts, carry out conversion and help overcome our country's economic crisis,' said Maj. Gen. Sergei Karaganov of the arms agency Oboronexport.

Yugoslavia once was one of Moscow's biggest arms customers. Now consumed in ethnic warfare, it is turning the weapons on itself.

This is the Soviet arms legacy, when the West frets over controlling nuclear armaments, the old Red Army's machine guns, rockets, tanks, jets and other weapons are being stolen or sold — some by Russian who support one side in a regional conflict.

Officials and arms control experts say the weapons could worsen wars in the Middle East, Africa and former Yugoslavia, as well as ethnic battles in former Soviet republics of Central Asia and the Caucasus Mountains.

Officially, Russia's arms sales are just a fraction of those by the United States. But an unknown quantity seems to be beyond Moscow's control.

Smugglers in former Yugoslavia have told Western reporters they often deal in AK-47 assault rifles and spare parts for Soviet-made military vehicles. They say the goods are bought in former Soviet republics and shipped through Serbia to buyers from all sides.

The Russian Foreign Ministry has denied violating UN arms embargoes.

During the five-year war for the territory of Nagorno-Karabakh in the Caucasus both Azerbaijan and Armenia have been armed by leaders in Moscow, although not at the same time.

In October, Georgia accused Russia of giving tanks and ammunition to separatists in Abkhazia, who had fought with little more than small arms. Russia denied the charge.

Georgia later received 24 sophisticated T-80 tanks, reportedly from Russia.

With all the weapons moving around, it was no surprise in January when a quasi-private firm in Kharkov, Ukraine, advertised two billion dollar worth of planes, tanks, submarines and rocket systems.

Brokers at the Ukrainian-Siberian Universal Exchange said they were representing Russian companies, unnamed. Russian's chief arms salesman, Viktor Glukhikh, said the sale was put on by the Ukrainian military, possibly only with the help of Russian companies.

A newspaper speculated that the sale really was an elaborate sting operation by Russian security.

Failure of price support mechanism talks depresses commodity markets

LONDON, Apr 4: The failure of negotiators to agree on new price support mechanisms for coffee and rubber depressed the commodities markets, marking the end of the price support attempts begun over 30 years ago, reports AFP.

The fears that the coffee, rubber and cocoa market organisations would be wound up and that their stocks would be put on the open market depressed prices across the board.

The end of the price support attempts follows a change in western attitudes, less supportive of economic help for Third World producer countries, analysts said.

Precious metal prices were boosted by the tension in Russia and by signs of economic recovery in the West.

Gold: Sharply higher. The price of gold rose to its highest level for five months, jumping above 340 dollar an ounce, boosted by the weakness of the dollar, signs of inflation in Europe and a lack of producer sales.

Platinum: Higher. The price of platinum strengthened in the wake of gold and was further

helped by signs of a pickup in industrial demand for the metal.

Silver: Higher. The price of silver jumped six per cent to its highest level since August 1992, boosted by the gains in the other precious metals markets and by signs of a recovery in industrial demand.

Copper: Lower. Copper prices fell steadily over the week as sterling rose on the international exchanges, making purchases in sterling more expensive for dealers.

Lead: Slightly higher. Lead prices rose slightly over the week, continuing to find modest support after falling last week to their lowest levels in six years.

Zinc: Lower. Zinc price slipped, falling below the key 1,000 dollar per tonne level, as technical support evaporated and stocks continued to rise.

Nickel: Lower. Nickel price fell sharply at the start of the week after tension at least temporarily eased in Russia.

Tin: Lower. In price slipped, hit again by the rise in stocks and sluggish demand that affected all the base metals.

Coffee: Lower. The price of coffee fell to its lowest level for three months, affected by the breakdown of negotiations at the International Coffee Organisation (ICO).

Cocoa: Uneven. The price of cocoa trade in a narrow band, depressed by the failure of the ICO's negotiation but cautious ahead of the confirmation of policy from the Ivorian government.

Sugar: Stable. The price of sugar was almost unchanged over the week, remaining steady after the rise of the two previous weeks, as dealers looked for confirmation of rumours of a sharp reduction in the Thai, South-African and Cuban harvests.

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Vegetable oils: Uneven. The price of soya was steady on the London market, indifferent to a jump in

pieces in Chicago following news that US farmers are to cut the amount of land in soya cultivation.

Rubber: Sharply lower. The price of natural rubber fell to its lowest level for five months, depressed by the consumer countries rejection of efforts to restart talks on a price support mechanism.

Grains: Slightly higher. The price of wheat and barley rose slightly on hopes of a resumption in US grain sales to Russia and indications of a major US aid package for Russia.

Tea: Lower. The price of tea fell again in London, where the average price was unchanged at 150 pence/kilo for higher grade tea, but fell to 122 pence from 132 pence for medium grade tea and to 96 from 102 pence for lower grade tea.

Cotton: Steady. The price of cotton was steady on the Liverpool market despite estimates from the International Cotton Committee that the market would be in deficit in 1992/93.