

Pak foreign debts jump from \$ 3.5b to \$ 18.5b in two years

KARACHI, May 16: Pakistan's foreign debts have soared to 18.5 billion dollar, raising annual debt servicing charges to 1.5 billion dollar. Finance Minister Farooq Ahmed Leghari said, reports AFP.

In a television address yesterday Leghari blamed "wasteful spending" by the deposed Prime Minister Nawaz Sharif for this "quantum jump" in the last two years from 3.5 billion dollar.

He said economic growth had slowed to three per cent while the agricultural sector growth had suffered similarly.

Leghari promised "bold decisions" in the coming budget, indicating that more taxation could be in the offing.

Clinton's tax bill to benefit poorest citizens

WASHINGTON, May 16: President Clinton's tax bill, which would nip most middle-income families and sting the rich, would reduce the federal tax burden on many of the poorest working Americans, reports AP.

Clinton wants to expand the earned-income tax credit, an 18-year-old programme that is popular in both political parties, to help the poor offset his proposed energy tax.

With the bill, Clinton said last week, the government "will say for the first time (that) people who work 40 hours a week with children in the home would be lifted above poverty."

The 28 billion dollar expansion would raise two million people above the poverty line.

The bill, now carrying the endorsement of the House of Representatives Ways and Means Committee, is a plan to raise taxes by about 246 billion dollar over the next five years to reduce the budget deficit. In addition to the energy tax, it includes a big increase in income taxes on the well-to-do.

\$1.319m ADB loan for Cambodia's transport project

The Asian Development Bank will administer a 1.319 million dollar technical assistance to Cambodia for a transport rehabilitation study, the bank announced recently, according to a press release.

The technical assistance will be partly financed by the United Nations Development Programme (UNDP), in an amount of 719,400 dollar equivalent, and partly by the Swedish International Development Authority (SIDA), in an amount of 600,000 dollar equivalent. The Bank will act as administrator.

The study will address Cambodia's urgent transport rehabilitation needs, ensuing from ongoing and planned assistance programmes, refugee repatriation and general economic recovery. A further objective is to enhance Cambodia's capability for planning transport infrastructure investment.

The study will review available transport-related information and will involve selected field visits to key transport facilities. State of repair, capacity use and traffic loads will be assessed and a list of prospective rehabilitation projects will be drawn up.

ADB assistance for Lao road communication projects

A technical assistance grant of 400,000 dollar has been approved by the Asian Development Bank to extend a road maintenance and equipment training project in Lao PDR, according to a press release.

The added funds will be used for further training of mechanics, equipment operators and maintenance technicians under an earlier technical assistance approved by the bank in 1991. At that time, a 600,000 dollar grant was provided to Lao PDR to train, at the field level, 90 engineers and technical staff of national and provincial agencies involved in road maintenance in the northern provinces of Luang Prabang, Luang Namtha, Phongsaly, Oudomsay and Houa Phan of a paved road system of 860 kilometers constructed in the late 1970s with assistance from the People's Republic of China.

The poor state of roads in Lao PDR is a major impediment to the establishment of a more market-oriented economy and to increasing some of the country's most promising exports, mainly wood products, cash crops and minerals.

South's trade policy reforms need external support

GENEVA: The efforts at trade policy reforms undertaken by a large number of Third World countries need intensified and expanded external support to ensure success, according to the UN Conference on Trade and Development (UNCTAD).

In a report to UNCTAD's Trade and Development Board which met recently, the UNCTAD secretariat has said that such support should be provided through assurances of unhindered access to export markets and the development of an equitable, secure and predictable international trading system, through promotion of competitive marketing structures by trading partners and through incentives and assistance to promote technology transfer and Foreign Direct Investment (FDI).

The report brings out that a large number of developing countries have undertaken trade policy reforms, including trade liberalisation, as part of far-reaching economic reforms to accelerate development.

But only a relatively small number, mainly more advanced economies among them, have succeeded in achieving the objectives of the trade policy reforms by expanding their exports, particularly manufactured exports on a sustained basis, by acquiring technological capabilities and by accelerating capital formation.

In this success, besides their own coherent and imaginative domestic policies, availability of external support played a critical role.

The extent of trade policy reforms carried out, UNCTAD notes, has been "impressive" and the trade liberalisation has been carried out under very special and difficult circumstances.

According to an OECD (Organisation for Economic Cooperation Development) study while the out come of the reforms have been diverse, the risk of not achieving progress may be higher in low-income countries and these would need

longer time periods and larger support for a successful completion of their reform programmes.

The study has underlined the importance of adjustment costs associated with reforms and has suggested OECD countries could extend support through development finance, market access, etc.

Analysing the performance of a sample of countries with structural adjustment and trade policy reforms, the report brings out that while these countries had accelerated real export growth in the second half of the 1980s as compared to the decade as a whole, this faster expansion occurred at a time when the developing countries as a group had experienced accelerated export expansion due to the stronger economic growth in the world economy.

Fourteen countries in the reform sample actually recorded slower export growth in 1985-90 than developing countries as a group and in most of the reform countries export growth rates were significantly below the rates achieved by the group of all developing countries. And four of the reforming group (Mexico, Senegal, Sri Lanka and Turkey) recorded in 1985-90 slower or even negative export growth as compared to the decade as a whole.

Progress in these countries in building up industrial export capacity has not been too encouraging either. While for developing countries as a whole, share of manufactures in exports increased by 16 percentage points, only two of the reform group (Mexico and Morocco) recorded increases in excess of 10 per cent, while sub-Saharan African countries' share of manufactures in total export stagnated.

GDP growth of the 14 reform countries however presented a more favourable picture, but growth in manufacturing value added was less satisfactory. Investment performance in some sample countries (Chile, Jamaica and Ghana) improved significantly in 1985-90 as compared to the whole decade, but in

others investment growth accelerated only slightly while in two (Cote d'Ivoire and Nigeria) it continued to decline.

Trade policy reforms gave rise to issues of level and incidence of economic costs and benefits of reforms and time paths of costs and benefits. Usually costs came immediately, while gains accrued only over a longer period. An ILO (International Labour Organisation) study has noted declines in per capita incomes particularly in low-income countries.

Trade liberalisation in low-income countries did not always stimulate manufactured exports, but was frequently accompanied by inflation, output failure and in many cases de-industrialisation. In over 60 per cent of countries for which data are available, the rate of growth in the manufacturing sector declined during the 1980s as compared to the 1970s. Hence low-income countries needed even greater international support.

There is need to ensure security of market access through an international trading system based on clear and effective multilateral rules and disciplines rather than economic and trade weight. Areas of conflict include agricultural measures and trade-distorting effects of subsidies, use of anti-dumping measures adopted unilaterally and selectively to harass trade competitive exporters and the use of trade-related environmental measures.

Solutions to these need actions within both the GATT (General Agreement on Tariffs and Trade) framework and the Uruguay Round.

Action is also needed at multilateral level to ensure competitive market structures, and greater consistency between trade and competition policies.

At the interface of restrictive business practices (RBPs) and intellectual property protection, there was the question of how the intellectual property rights protection could be balanced with free trade and competition.

— Third World Network Features

Iran to boost oil output capacity

NICOSIA, May 16: Iran will boost its oil production capacity to 4.5 million barrels a day, Iran's Oil Minister said Saturday, reports AP.

Oil Minister Chohamreza Aqazadeh told the state-run Islamic Republic News Agency in an interview that the current capacity of 4.3 million barrels a day will rise by 200,000 barrels "in the next few months," but he did not give any more precise date.

However, IRNA quoted Aqazadeh as stressing that Iran has no intention of violating its OPEC-decreed output quota of 3.34 million barrels a day, despite the projected rise in capacity.

Aqazadeh estimated Iran would earn 17.9 billion dollar from oil sales during the current Persian year, which ends March 20, 1994.

According to IRNA, Aqazadeh said the oil market was "not satisfactory because of excessive supplies."

German metalworkers okay wage pact

FRANKFURT, May 16: The board of the metalworkers union on Saturday approved a wage pact designed to end a strike and prevent an all-out labour battle that could have further damaged Germany's recession-battered economy, reports AP.

The compromise deal provides for pay raises for workers in eastern Germany that will bring their salaries to par with wages in the west in 1996, two years later than set in a previous plan.

Rank-and-file union members will vote on the deal Monday and Tuesday, and if 25 per cent of them approve the pact, metalworkers and steel

workers in eastern Germany will return to their jobs on Wednesday.

Economics Minister Guenter Rexroth welcomed the pact, saying it would give an impulse to the recovery in the east. He said the wage agreement came relatively quickly, limiting the damage caused by the strike.

Otto Lambsdorff, chairman of the Free Democratic Party, the junior partner in the government coalition, said the pact carried economic risks.

"I hope that the labour market and jobs are not the losers at the end," he said.

Lambsdorff said no one could predict if the economy would pick up enough by 1996 to be able to afford the pay raises.

He said productivity in the east would also have to increase.

More than 40,000 workers in eastern Germany have been on strike in the 12-day-old walkout. An additional 80,000 had been set to join them on Monday.

The compromise deal was reached Friday after an all-night bargaining session in Dresden between employers and IG Metall, the nation's biggest union.

IG Metall's wage commission endorsed the pact Friday evening. Local union leader Hasso Duevel said he expected workers to return to their jobs Wednesday.

The agreement pledges to raise the affected eastern workers' pay to the levels of western Germany by July 1996, rather than next year as promised during the euphoria over German reunification. A further six-month delay would be possible, if companies showed they were in deep financial trouble.

Workers in eastern Germany went on strike when the employers broke their earlier promise to raise their salaries.

11m Japanese Went abroad last year

TOKYO, May 16: A record 11 million Japanese went abroad in 1992, where they spent an estimated 35.4 billion US dollar, a government report said yesterday, reports Reuter.

The number of Japanese travelling overseas rose by 1.16 million from the year before, due mainly to a sharp decline in foreign travel in 1991 following the Gulf War, the report said.

Top destinations were the United States with 3.77 million visitors, South Korea with 1.40 million, and Hong Kong with 1.32 million.

Chinese team to visit US to press for unconditional MFN status

BEIJING, May 16: A high-level trade delegation will visit the United States to lobby for unconditional renewal of China's special trade status, an official report said Sunday, says AP.

The delegation will be led by Zheng Hongye, Chairman of the China Council for the Promotion of the International Trade, the China Daily Business Weekly said.

The group, which will leave late this month on the two-week trip, will include presidents of five Chinese industrial conglomerates in food, metals, steel, computers and electronics.

President Clinton must decide by Jun 3 whether to renew China's most-favoured-nation trade status or attach conditions to it. There is strong congressional support for bills that would tie the renewal to improvement in China's record on human rights, trade barriers and international arms sales.

Exam fee of \$16 sparks off student violence in South Africa

JOHANNESBURG, May 16: Forty-eight rand (16 dollar) won't buy a tank of gas here, but a fee that size is the focus of an education crisis that could be the worst since the Soweto student uprising of 1976, reports AP.

In the past two weeks, some black schools have been virtually deserted, educational offices have been occupied and trashed, vehicles and shop have been looted, and two students reportedly died during protests over a 48 rand fee for school exams.

The fee had been 86 rand (28 dollar) and was lowered after protests earlier this year.

The government refuses to scrap it entirely, claiming it motivates students to take their exams seriously.

But opponents, who support free schooling, say it is symbolic of all that's wrong in the education system, which for decades poured money into white schools while neglecting black pupils.

The fee applies to all students, but has hit black students harder because of the tremendous income disparity between blacks and whites in South Africa.

Desmond Thompson of the National Education Coordinating Committee (NECC) said the fees were set by an "undemocratic and illegitimate government without consultation with pupils, parents, and non-government education groups.

The committee is an umbrella for protesting groups, which are overwhelmingly black and affiliated with the African National Congress and other black organisations. Some white individuals have also protested.

"We favour the principle of free education," Thompson said Friday. While students and parents might have to make some contributions, "we feel that should be negotiated by all concerned and not imposed from above."

The NECC and about 15 affiliated groups also demand a 25 per cent pay raise for teachers; a single education department to replace the current racially segregated system; and better conditions in overcrowded, dangerous township schools.

The average pay for many teachers is 1,500 rand (475 dollar) a month. But many teachers in black, rural areas and in townships where qualifications are lower earn far less and often have 60-70 children per class, the union says.

Thailand won't unilaterally allow Cambodian timber export

BANGKOK, May 16: Thailand will not unilaterally agree to individual Cambodian factories requests to open border checkpoints to allow timber exports, Prime Minister Chuan Leekpai said today, reports AP.

Bangkok would only open the frontier if Cambodia's Supreme National Council (SNC), grouping all four rival factions, requested it to do so, Chuan told reporters here.

The Premier was commenting on a recent request from the royalist Funcinpec Faction to open two Thai-Cambodian border checkpoints to allow the export of processed wood from Cambodia.

"It is a matter for them. Their SNC must consider the matter. It is not for one faction to say and then for other factions to blame Thailand for interfering," Chuan said.

Funcinpec leader Prince Norodom Ranariddha had asked Thailand to open the two checkpoints so that Thai logging company could extract processed wood from his faction's zone of control in northern Cambodia, the Bangkok Post reported Sunday.

Prince Ranariddha has asked the Thai Interior Ministry to open the checkpoints until June 19 to facilitate the export of 5,000 square metres of processed timber, the Post said.

Thai doll factory executives to face criminal charges

BANGKOK, May 16: Criminal charges will be filed against six executives of Kader International (Thailand), whose factory burned down on Monday killing more than 200 people in the world's worst industrial fire, a report said Saturday, says AFP.

Police were still investigating the killer blaze, with suspicions now focussing on negligence as the cause, but charges would be filed against the six executives soon, The Nation newspaper reported.

"I can assure you that we will be make arrests. Among the people facing charges will be the six executives of the company," first provincial police commander Lieutenant General Suriya Moranond told the paper.

Suriya led a team of investigators who questioned the executives for ten hours on Thursday, the paper said.

Police said Saturday a team of investigators appointed by Kader International (Thailand)'s Hong Kong partner were at the scene of the disaster gathering evidence.

India still remains top diamond exporter

BOMBAY, May 16: India has managed to maintain its world market dominance in cut and polished diamonds despite a global slump which has hit other countries hard, reports AFP.

Diamond merchants said that despite the recession, exports of cut diamonds grew by 15 percent in the 1992-93 financial year ending March 31 to 2.86 billion dollar, up from 2.5 billion dollar a year earlier.

Members of the Bharat Diamond Bourse, an exporters body, said India fared better than rivals such as Israel, Belgium, South Africa and members of the Commonwealth of Independent States (CIS).

Bourse Vice President K Y Padmanbhan said India still topped the list of 30-odd countries exporting cut and polished or finished diamonds.

Padmanbhan said the country's share in the cut diamond trade had risen to 76 per cent in volume in 1992-93 from the previous year's 60 per cent.

In carat terms, Indian exports accounted for 11.04 million of the total global trade of 14.5 million carats.

India holds 35 percent of the world trade in terms of value, according to industry sources. "We are number one here too," said Kamlesh Jhaveri, a leading exporter.

Padmanbhan said the growth was achieved mainly at the cost of Israel whose exports had not increased greatly in terms of volume like India.

But Israel's earnings from the trade nearly match Indian figures as they work on more expensive roughs, he added.

Facts about the European Union Treaty

UNDATED, May 16: Facts about the Treaty on European Union, which Danes rejected June 2, 1992 and will vote on in a second referendum Tuesday:

The treaty
Signed Feb 7, 1992, in Maastricht, Netherlands. It creates a "European union" with joint foreign and monetary policies, including a single currency and a central bank by 1999.

An EC defence policy is up for review in 1996. The treaty opens the door to common anti-drug, anti-fraud, visa and asylum policies and adds, among others, transportation, research, development and environmental protection to the list of EC policy areas.

When?
The treaty can only take effect if all 12 EC members — France, Germany, Italy, Britain, Spain, Portugal, Greece, Denmark, Ireland, the Netherlands, Belgium and Luxembourg — ratify it. The legislatures of eight have done so. France and Ireland backed the treaty in referendums.

Denmark
Said 'no' in a June 2, 1992, referendum. Under last December's Edinburgh agreement, it won the right to opt out of a single currency, central bank, joint defence, EC citizenship and common law enforcement.

Britain
Ratification hinges on second Danish referendum. Another Danish 'no' means Parliament will not ratify the treaty, which already exempts Britain from an EC-wide social policy and a single currency.

The way ahead
Non-ratification by Britain or Denmark will kill the treaty. In that event, Britain has said, it may join a less ambitious European integration "arrangement."

The other EC partners may forge ahead with a monetary union but would need to negotiate a new treaty.

Another report adds: Facts about Denmark's second referendum on the European Union treaty:

Voting
On Tuesday, May 18, from 9 am (0700GMT) to 8 pm (1800GMT) with 3,977,296 eligible voters, 13,000 more than in the first referendum last June.

Supporters
They say last December's Edinburgh agreement, exempting Denmark from a common European currency, central bank, citizenship and defence policy, meets the demands of voters who rejected the treaty on June 2, 1992. Leaders of all but one of the eight parliamentary parties support the treaty, but do not have full agreement from the rank-and-file.

Opponents
They say the Edinburgh agreement simply details controversial parts of the treaty, but isn't legally binding and doesn't protect Denmark from decision-making by a centralised bureaucracy. The rightist Progress Party, a few socialists, and grassroots groups like the June Movement, are the opponents.

The last vote
The treaty was rejected 50.7 per cent to 49.3 per cent, a margin of 46,269 votes out of the 3,259,729 ballots cast. — AP

Precious metals surge to new heights in commodity markets

LONDON, May 16: For the third week running, the price of gold shot higher, pulling silver and platinum prices in its wake, as the precious metals all surged to recent heights on the commodity markets, reports AFP.

The gold price rose to its highest level since December 1991 on a wave of investor buying fuelled by fears of inflation, unease in the European monetary system and the feeling that after a long fall, gold prices have finally touched bottom.

Recent studies on the growth of jewellery demand have added to confidence in the precious metals markets, pushed up further by speculation on gold last month by multi-billionaire US financier George Soros.

Silver followed gold and rose to its highest price since October 1990, and the platinum price rose to its highest level since July 1992.

Gold: Markedly higher. The price of gold leapt to its highest level since December 1991, pushed higher by the feeling that after a long fall the market has finally touched bottom.

The signs of higher inflation in Europe and unease in the European monetary system boosted demand for gold, still seen as a safe haven during a crisis.

Silver: Higher. The price of silver rose in

line with gold, reaching its highest level since October 1990. In real terms, the market is now at its highest level since the 1970s, helped by signs of a recovery in industrial demand.

Platinum: Higher. Platinum was boosted by gold's rise, climbing to its highest level for 10 months — though this increase was limited by difficulties of the European car market, where platinum is used in making catalytic converters.

Copper: Sharply higher. The price of copper rose nine per cent after falling the week before to its lowest point for five years, benefitting this week from speculative buying.

However, London Metal Exchange (LME) sources added caution about any over-optimism in the market.

Lead: Slightly higher. Lead prices followed copper, rising slightly despite quiet conditions on the market, dealers said.

LME lead stocks meanwhile rose 325 tonnes to the record high of 251,625 tonnes.

Zinc: Higher. Zinc prices rose steadily, boosted by a study which said the present surplus of zinc concentrates could convert into a big shortfall over the next two to three years.

The study, by consultants Brook Hunt and Associates, said production cuts caused by low

prices now could push the shortfall to 1.2 million tonnes by 2000 and 2.8 million in 2005.

Aluminium: Unchanged. Aluminium prices were almost unchanged in quiet two-way trading, supported by possible labour unrest at two major US producers and continued talk of production cuts.

The metal was also helped by International Primary Aluminium Institute figures that said stocks held by member countries fell 27,000 tonnes in March.

Nickel: Lower. Nickel's price slipped as concern continued about the high level of stocks handing over the market.

The LME executive meanwhile warned of a potential options-related squeeze on the market at the end of the year, following a squeeze in the zinc market last year, and said it was "closely monitoring" the situation.

Tin: Lower. The price of tin slipped after and estimate from the association of tin producing countries in Kuala Lumpur that sales of tin from the US stockpile mean that global stocks will not decline as fast as expected this year.

The association, which includes Malaysia, Indonesia, Thailand, Bolivia, Nigeria, Zaire and Australia, last year forecast global stocks decline 10,000 tonnes to 20,000 tonnes by the end of 1993.

Coffee: Slightly higher. After falling at the start of the week on news of a rise in world stocks, the price of coffee rose following news that Colombia has set a price floor for its exports.

At the start of the week, broker ED and F Man said world stocks at the end of March were 20.49 million bags (60 kilograms a bag), up 362,000 bags on February and 1.5 million more than in March 1992.

Sugar: Sharply higher. The price of sugar rose, supported by short covering on fears of a shortage in world supplies in 1992/93 because of poor harvests in Cuba, Thailand, India, South Africa and the Commonwealth of Independent States (CIS).

The rise was held back, however, by estimates from the US Department of Agriculture (USDA) which said world sugar output would in fact reach 114.2 million tonnes in 1993/94 (in raw value) from 112.9 million tonnes in 1992/93.

Vegetable oils: Uneven. The price of soyabean oil rose on USDA estimates that US soyabean output would reach only 55.66 million tonnes in 1993/94, down 6.9 per cent from 1992/93.

Rains destroy 3 lakh tons of soya beans in Argentina

BEUNOS AIRES, May 16: Heavy rains in the last two weeks have destroyed 300,000 tons of Soya Beans in Argentina, reports BSS.

The rains delayed the soya bean harvest, resulting in heavy losses in some areas of Buenos Aires province such as Junin, Alem, Lincoln, General Viamonte and Chacabuco.

The yield dropped by 124 kilograms per hectare, which means a loss of 100,000 t of crop for 800,000 hectares of land.

So far only 18 per cent crop has been harvested nationwide.

Experts believe that because the future of soya bean harvest will depend completely and exclusively on weather the current situation is extremely critical.