

# Denmark finally helps European union back on track

## BRIEFS

### Oil prices under pressure

**LONDON, May 19:** Oil prices traded at seven-week lows on Tuesday under continued pressure of weak global demand and traders' fears that OPEC may fail to keep a lid on supply. London July futures for the world benchmark Brent blend of crude oil extended a retreat that began last Thursday and dipped below technical support at 18.35 a barrel. They touched a low of 18.30 dollar before rallying a little to stand little changed from Monday. Brokers said prices may remain below 19 dollar, regarded as a psychologically-important barrier, unless there is evidence that the Organisation of Petroleum Exporting Countries will set a tight output ceiling when ministers meet in Geneva on June 8, reports Reuter.

### Saudi economy regains confidence

**ABU DHABI, May 19:** Saudi Arabia has reported strong growth in its banking and industrial sectors in what it said was a return of confidence in the economy following the Gulf War. In its annual report, the Saudi Arabia Monetary Agency (SAMA) said deposits with the kingdom's 12 commercial banks had steadily increased since the end of the war, which triggered a capital flight from the region, reports AFP.

### Jakarta's Islamic Bank posts profit

**JAKARTA, May 19:** Indonesia's first Islamic Bank, Bank Muamalat Indonesia (BMI), recorded a profit of 5.6 billion rupiahs (2.8 million dollar) in its first ten months of operation, the Antara News Agency said Wednesday. Antara quoted BMI Director Zainulbahar Noor as saying in Semarang, Central Java, on Tuesday that the bank made 4.4 billion rupiahs profit in the seven months following its opening in May last year. It posted another 1.2 billion rupiahs profit in the first three months of this year, reports AFP.

### US agro export to CIS to fall

**WASHINGTON, May 19:** US agriculture exports to the former Soviet Union will plunge 30 per cent in fiscal year 1993, according to estimates from the US Agriculture Department (USDA) released Tuesday. During the last fiscal year which ended in September 1992, the United States exported 2.7 billion dollar worth of agricultural products to the former Soviet Union. This year those exports will reach just 1.9 billion dollar, according to the department's latest figures, reports AFP.

### GCC talks on aid plan fail

**DOHA, May 19:** The finance ministers of the six Gulf Arab monarchies, Egypt and Syria failed to reach agreement on a 10 billion dollar aid programme to Cairo and Damascus at the end of talks Tuesday in Qatar. But the Secretary General of the six-nation Gulf Cooperation Council (GCC), Fahim al-Qassbi, said discussions were still underway between Saudi Arabia, Kuwait, Qatar, Oman, Bahrain and the United Arab Emirates on the aid programme, reports AFP.

### US miners' strike spreads

**HUNTINGTON, W Va, May 19:** The United Mine Workers expanded its strike Tuesday, calling out 2,000 southern West Virginia miners to join a week long walk-out by 2,000 other strikers in Indiana and Illinois. The West Virginia miners are employed by Arch Mineral Co, which was targeted earlier, and Ashland Coal Co, a subsidiary of Ashland Oil. The affected mining and processing operations are all in southern West Virginia, reports AP.

### Honda's profit slumps

**TOKYO, May 18:** Hit by slumping sales in the United States, Honda Motor Co said Tuesday its profits fell 41 per cent in fiscal 1992 and revenue dropped 5.9 per cent. The results, the first released by a major Japanese auto maker for the year ended March 31, also reflect how the Japanese car industry is suffering from a high yen and recession at home, analysts said. Honda's net profit for the year was 38.3 billion yen (329 million dollar), or 39.13 yen (34 cents) a share. That compared with 64.88 billion yen (557 million dollar) and 66.55 yen (58 cents) a share in fiscal 1991, reports AP.

**COPENHAGEN, May 19:** Denmark has put European union back on track by voting in a referendum to accept the Maastricht Treaty, but fierce rioting and the shooting of anti-EC protesters by police cast a dark shadow over the result, reports Reuter.

Relieved European leaders and Denmark's establishment politicians jubilantly hailed the referendum, in which Danes voted by 56.8-43.2 per cent to overturn their rejection of Maastricht in a first referendum last June.

But even as ruling parties jubilantly celebrated the result, more than 300 Copenhagen squatters incensed by the referendum clashed with police in what local residents and officials called the worst rioting in years.

Referendum voters endorsed a package of Danish exemptions from key Maastricht goals, ending a severe EC crisis provoked by the first vote against the treaty last year.

Politicians from Denmark's

EC partners were quick to express delight. British Foreign Secretary Douglas Hurd called it "very good news" and France's European Affairs Minister Alain Lamassoure said he was thrilled.

In Brussels, EC Commission President Jacques Delors said he hoped the vote would enable the community to emerge from "a period of inaction and gloom."

Denmark's previous rejection of Maastricht by a slender margin of some 46,000 votes had virtually paralysed the EC. The treaty legally needs ratification by all 12 members.

As Tuesday's result came in, a jubilant Prime Minister Poul Nyrup Rasmussen said: "Denmark has come through a historic vote and we got the clear decision we wanted."

"Now we can expect to get going again in Denmark," he told reporters. "We'll get working again with the economy, we'll get going again with foreign policy, we'll fight unemployment. It will be a very big

task but I'm fight unemployment. It will be a very big task but I'm looking forward to it."

Rasmussen pinned his campaign to support the treaty on the threat of economic hardship for this well-heeled Scandinavian nation if it again rejected Maastricht.

Anti-establishment groups, including squatters, oppose Maastricht, which is supported by almost all mainstream political parties and big businesses in Denmark.

Most national newspapers also backed the treaty, and anti-Maastricht campaigners said it was remarkable that some 43 per cent of Danes had still voted "no".

Denmark's acceptance of Maastricht throws the spotlight on Britain, where Prime Minister John Major will have to overcome stiff opposition within his Conservative Party to force the treaty through Parliament later in the year.

Germany, caught up in a legal dispute over the treaty, is the only other EC country not

to have ratified. The Danish result is also likely to affect the country's Scandinavian neighbours. Sweden, Norway and Finland are all hoping to join the EC by 1995 despite substantial opposition movements at home.

Swedish analysts suggested Stockholm would be tempted to demand similar concessions from the EC to those won by Denmark.

Opponents of the treaty say plans for a federal Europe have in any case been fatally undermined over the past year of bickering over Maastricht and the more countries who join the EC, the weaker the union will become.

### Protesters clash with police

Danish police fired tear-gas at rock-throwing young gangs who set up barricades in a working class district of Copenhagen on Tuesday night, the national news agency Ritzau said.

The clashes broke out after Danes voted to accept the European community's Maastricht Treaty, but it was not clear if they were connected with the poll.

A Copenhagen police spokesman said later the clashes involved about 300 squatters throwing cobblestones at riot police. "It is very violent," he said.

He believed they were protesting against the Maastricht vote. "It is probably a result of the referendum. Last year after Denmark's 'no' vote we did not have any trouble with these people," he said.

Tuesday's referendum reversed the outcome of a vote last June in which Danes narrowly voted to reject the Maastricht Treaty.

### Major urges British ratification

AP from London says: Prime Minister John Major, the European Community's odd man out after Danes voted to accept a treaty on closer union, appealed Tuesday to legislators to stop wrangling and endorse the pact.

The sooner we put this debilitating period behind us, the better it will be for British business and for British prosperity," Major said, speaking to businessmen Tuesday night.

Danish voters approved the European Community's ambitious Maastricht treaty for political and economic unity Tuesday — after winning exemptions from most of it.

The fate of the treaty now hangs on a tortuous end game in the British Parliament, where Major is still struggling to push through a ratification bill.

The treaty needs unanimous endorsement of the 12 community nations, either in Parliament or by a public vote. Britain is the last holdout.

"We all know that the issue is stark and simple — the issue is British jobs, British business, Britain's future," said Major.

Britain's ratification bill is likely to pass its last stage in the House of Commons on May 25. It then goes to the Upper House of Lords which, despite heavyweight opponents led by ex-Prime Minister Margaret Thatcher, could approve the bill in a month. It would then be ready by mid-July for signing by Queen Elizabeth II — the final stage of British lawmaking.

But Major has agreed to hold a parliamentary debate and vote — after the queen signs — on Britain's exemption from community-wide labour regulations, the treaty's so-called social chapter.

He was forced into this big concession when he faced a defeat in the Commons last month over a key treaty clause.

For different reasons, the exemption had united the main opposition Labour Party and 30-40 rebels from Major's own party.

Major's aides refuse to contemplate defeat in the final vote, saying he is confident of getting the treaty ratified by the autumn.

But even if the government wins the social chapter vote, there can be further delays, with court challenges.



Danish PM Poul Nyrup Rasmussen expressing his reaction after Danes approved the Maastricht Treaty Tuesday. — Star TV photo

## EC welcomes Danes

**COPENHAGEN, May 19:** European Community leaders warmly welcomed Denmark's "Yes" to the Maastricht Treaty on closer European union, following the country's second referendum on the issue on Tuesday, reports AFP.

In London, British Prime Minister John Major, who is fighting strong parliamentary opposition to the Maastricht process, said it was clear there was a "very large majority" of Danes in favour of ratifying the treaty.

Major said Britain had helped Denmark obtain opt-outs from parts of the treaty to the Edinburgh EC summit last December.

In Bonn, German Foreign Minister Klaus Kinkel said: "With their 'Yes' to Maastricht, the Danes have inflicted a setback on the Euro-sceptics."

Belgian Prime Minister Jean-Luc de Haene expressed satisfaction while adding: "This comes to an end a period of uncertainty, but one which should teach Europe that if it wants to pursue the path towards unity, the goal can only be realised by respecting European diversity."

Spanish Prime Minister Felipe Gonzalez said the result was "good news", while in Rome, the Italian government expressed "great satisfaction" with the outcome.

In Brussels, the European Commission welcomed the result, saying it was "delighted that Denmark can thus continue to add its building blocks to the construction of a Europe united in the diversity of national characteristics, traditions and cultures."

French Foreign Minister Alain Juppe said the Danish vote would allow European construction "to go forward". He said he hoped that in the wake of the Danes, the British Parliament would ratify the treaty by the end of the year.

In Portugal, Prime Minister Anibal Cavaco Silva welcomed the Danish "yes", which he viewed as a sign of confidence in the future of European union, a spokesman said.

The Netherlands government expressed "great joy" at the Danish approval adding that it would be a "welcome stimulant" for Britain to do likewise.

In Stockholm, Swedish Prime Minister Carl Bildt said the Danish vote "shows that small countries have influence on the EC the Danish 'yes' means that Denmark can continue to play a part in European development," Bildt said.



Danish voters casting their ballots. — Star TV photo

## Pak investment funds bogged down by political uncertainty

**KARACHI, May 19:** The launch of investment funds worth 200 million dollar have been delayed due to continuing political uncertainty in Pakistan, corporate sources said here Tuesday, reports AFP.

Prime Bank, one of the five new banks in the private sector, "has put the launching of its 100 million US dollar Templeton Pakistan Balanced Fund on hold due to political uncertainty," they said.

The Luxembourg-based fund for investment in Pakistan equity was expected to be floated by the middle of this month in collaboration with M/S Templeton and M/S Merrill Lynch, they said.

## Japanese stock speculator goes to jail for manipulation

**TOKYO, May 19:** The Tokyo district court on Wednesday found stock speculator Mitsuhiro Kotani guilty of manipulating prices and sentenced him to one year and six months imprisonment suspended for three years, reports AFP.

Kotani, 56, President of investment group Koshin Co. Ltd was a central figure in manipulating stock prices of Japan's biggest hotel and restaurant operator Fujita Tourist Enterprises Co Ltd in 1990, the court decided.

Kotani planned the stock manipulation to repay debts to ariel surveillance firm Kokusai Kogyo Co Ltd, and construction firm Tobishima Corp, the ruling said.

The court also sentenced Shuichi Gon, 53, former President of construction firm Joko Co Ltd, to four months imprisonment, suspended for one year for violating the securities and exchange law.

According to the indictment, Kotani and Gon conspired to manipulate the stock price of Fujita by having five securities companies buy and sell 788,000 of the company's shares from April 19 to 24, 1990.

Fujita's share prices soared dramatically from 3,780 yen (23.20 dollar) a share to peak at 5,200 yen (34.70 dollar) on April 24, 1990.

## Russia-Cuba trade talks open

**MOSCOW, May 19:** Russian and Cuban officials opened trade talks in Havana, the ITAR-TASS news agency said Tuesday in a despatch from the Cuban capital, reports AP.

The Russian delegation is led by Viktor Ivanov, representing the Oil and Chemical Industry, and the Cuban delegation is led by the Chairman of the Council of Ministers, Lionel Soto, it said.

The Soviet Union and its allies once virtually supported Cuba. The collapse of the Soviet bloc left the island nation, one of the last Communist countries in the world, stranded both politically and economically.

Stripped of vital imports, including oil, Cuba imposed strict food and energy rationing and began desperately searching for new trade partners.

Trade between Russia and Cuba now consists of swapping Russian oil for Cuban sugar, the island's main export.

## Japan's economy at rock-bottom: Miyazawa

**TOKYO, May 19:** The Japanese economy has bottomed out, Prime Minister Kiichi Miyazawa told the parliament Tuesday as the government announced another increase in the monthly trade surplus, reports AFP.

"I feel that the economy has bottomed out," Jiji Press quoted Miyazawa as telling the Lower House plenary session.

But he was pessimistic that the economic growth would surge because there was an investment overhang from the heated bubble economy of the late 1980s.

"We cannot expect investments to grow sharply because

companies had been making double-digit increases in investments for years. The economic recovery is certain to come, but it would not be a v-shaped upturn."

The remark coincided with announcement that Japan's trade surplus jumped 44.1 per cent from a year earlier to 10.3 billion dollar for April, the biggest for the month and the seventh largest ever.

Earlier the day, Finance Minister Hoshiro Hayashi told the Lower House that the economy was beginning to pick up.

"Sings of economic recovery

are starting to come out, although its future is still unpredictable," Hayashi said, adding that the adoption of Japan's biggest stimulus package last month was aimed at "securing that recovery."

He was referring to the 13.2 trillion yen (120 billion dollar) stimulus package that centers on spending for "new social infrastructure" projects — improving telecommunications and computer facilities at Japanese public institutions such as hospitals and educational establishments.

The Lower House the same day began deliberations on a 2.2 trillion yen supplementary

budget that would finance part of that package, following the previous record package of 11.7 trillion yen announced in August last year.

Hayashi also touched upon the foreign exchange market that has seen a rapid appreciation of the yen against the dollar in recent months reflecting mounting pressure to reduce the surplus.

The Group of Seven finance ministers and central bank governors agreed that the foreign exchange market should reflect fundamentals and that wild fluctuations are undesirable," he said.

## Master plan to save Manila from flood

**MANILA, May 19:** Philippines President Fidel Ramos approved Tuesday 21.4 billion peso (792.59 million dollar) master plan to save Manila from annual flooding caused by clogged waterways and indiscriminate waste disposal, reports AFP.

The Presidential Palace said the Public Works Department plan, partly financed by the governments of Japan and the Netherlands, would involve dredging of rivers and clearing and improvement of the drainage system.

Large areas of the capital are submerged under waist-high flood waters during the annual rainy season from June to

September. Ramos ordered government agencies during a cabinet meeting to step up garbage collection and to prevent the dumping of refuse into rivers and drains, and to improve the flood warning, forecasting and monitoring systems, the Palace said.

It cited a Public Works Department study as saying seven per cent of the metropolis' 63,600 hectare (157,092 acres) area was considered "flood-prone" due to limited inland drainage, clogging of waterways caused by indiscriminate garbage disposal, and illegal construction which obstructs river channels.

## Suharto wants new economic zone

**JAKARTA, May 19:** President Suharto Tuesday threw his support behind the idea of setting up an economic development zone linking Indonesia, Malaysia and Thailand, Malaysian envoy Tun Dais Zainuddin said here Tuesday, reports AFP.

"We are proud that the President supports this idea of developing that area," said Zainuddin who came here as the special envoy of Malaysian Prime Minister Mahathir Mohamad.

The proposed "northern growth triangle" covers southern Thailand, the northern Malaysian state of Penang and the northern parts of the Indonesian island of Sumatra.

Speaking after meeting with Indonesian President Suharto, Zainuddin said that tourism would be the main peg for cooperation in the growth zone but that at least seven other sectors, which he did not identify, were also singled out for cooperation.

He said the Asian Development Bank will finance a feasibility study of the project to be completed eight months from now.

The joint economic development zone would be the second for the Association of South East Asian Nations (ASEAN) of which Indonesia and Malaysia are both members.

## US asks China to do more to retain privileged trading status

**WASHINGTON, May 19:** China will have to do more if it wants to retain its privileged trading status with the United States, Secretary of State Warren Christopher said Tuesday, reports AFP.

"Some progress has been made on issues such as human rights, arms sales and US access to the Chinese market, Christopher told the house foreign affairs committee.

But he added, "I think it's a matter in which there's going to have to be considerably more progress if we are to go forward with the kind of actions that we hope to take toward China."

"We hope there will be enough progress to enable us to — in good faith tell you that we're making the kind of progress that justifies continuation of MFN (most favoured nation) trading status for China, he said.

President Bill Clinton must decide by June 3 whether to renew China's MFN status, which allows low tariffs for Chinese imports: into the United States.

Officials have said he is likely to renew, but with conditions to pressure China to improve its human rights record, cut down on arms sales and lift barriers to US goods entering China.

"One of the aspects we would consider... is human

rights and the forced abortion aspect," Christopher said Tuesday, referring to reports that China uses forced abortion as a method of birth control.

Asked if women facing forced abortion would be granted political asylum in the

United States, Christopher said he had not considered the question but would do so.

He said the MFN issue was a difficult one, as the United States had to try to maintain relations with China as it moved down the road to economic reform, while at the same time taking into account human rights, arms proliferation and free trade.

China has said that attaching conditions to MFN is unacceptable, that it is an agreement between partners not a favour bestowed by one country on another, and has warned of retaliatory measures.

A bill to attach conditions to MFN is currently before Congress. Similar legislation has been passed with a strong majority in the years since the Tiananmen Square massacre in 1989, but Clinton's predecessor George Bush always vetoed it.

Chinese President Jiang Zemin said Tuesday that "China and the United States should jointly take positive steps to push forward bilateral relations."

## Gold still going strong in India

**BOMBAY, May 19:** Soaring world prices, the highest in 23 months, have done nothing to cut India's traditional hunger for gold, dealers and analysts said on Wednesday, reports Reuter.

"The Indian gold market is going up and will go up. International prices are moving up and local prices are keeping pace," said Bombay Bullion Association President M.L. Damani.

Indian gold prices on Tuesday rose 14 rupee to close at 4,481 (142.9 dollar) per 10 grams, bullion dealers said. Damani believes India has gobbled up 250 tonnes of gold in the year, to March 1992 at least half of it smuggled into the country. Official imports of gold have been placed at around 125 tonnes during the year.

Even though it is not a traditional gold-buying time of year. Gold in India is a symbol of wealth, and gold jewellery is given by wives' families to their husbands at marriage.

India liberalised its gold import policy in March 1992, allowing Indians living abroad to bring in up to five kg (11 lbs) of the metal, subject to duty. Until then, individuals were not allowed to bring gold into India, although smuggling thrived, mostly via Dubai.

Gold prices, which crashed to 3,900 rupee (124.4 dollar) March 1992 when imports were allowed, from 159.5 US dollar in the previous month, have since recovered some of the lost ground.

"I see a bright future for gold," Damani said. "The demand for gold is always going to be there. It's part of Indian thinking," he added.

Imports have not been able to curb smuggling, financed through 'havala'.