Thailand, Vietnam sign rice accord

BANGKOK, May 2: Thailand, the world's largest rice exporter, and number three Vietnam have signed an agreement to cooperate in rice production and marketing in an effort to boost world prices, news reports said Saturday, reports AFP.

The two countries agreed Thursday to study ways to maintain rice prices through coordinated marketings, to regularly exchange rice production and marketing data, to establish ties between their rice exporting associations, and to hold meetings at the ministerial, official and exporter levels.

Charae Chutharatkul, Head of Thailand's Foreign Trade Department, signed the record of official level consultation with Hoang Tich Phuc, Director General of Vietnam's Import-Export Department.

"We want to create a direct channel of information with Vietnam so that everybody receives the latest information directly instead of through the newspapers and other media as it is now," Charae said.

"Closer bilateral cooperation will definitely be needed to increase our bargaining power internationally," Charae told reporters.

Move to tackle thorny issue of economic regionalism

SEOUL, May 23: Senior politicians and business leaders rolled up their sleeves Saturday to tackle the thorny issue of economic regionalism as the Pacific Basin Economic Council (PBEC) opened its 26th general meeting here, reports AFP.

During the course of the five-day meeting, more than 700 business leaders, along with economists and government officials, are to look at ways of promoting human and material exchanges and technological and economic cooperation amid an emerging international trend toward regionalism.

As world nations try to reinforce multilateral trade mechanism through the General Agreement on Tariffs and Trade (GATT), they are simultaneously splitting off into regional economic groupings, like the European Community and the North American Free Trade Agreement.

Noting these contradictory realities, PBEC members will discuss whether regionalism is just a by-world for protectionism or whether it can be regarded as a bridge to a more open world economy.

Pursuing this theme, South Korean President Kim Young-Am Philippine President Fidel Ramos, and Malaysian Prime Minister Mahathir Mohamad are to make speeches at the leaders forum on Monday on open regionalism — a new basis for globalism?

Other prominent speakers include Arthur Dunkel, Director-General of GATT, William Bodde Jr, Director-General of the Asia Pacific Economic Council, and former Japanese premier Yasuhiro Nakasone.

The PBEC, created in 1967 in Tokyo, is a private non-governmental organization devoted to economic cooperation among the countries of the Pacific rim. Colombia is expected to join the PBEC during the Seoul meeting, bringing the number of members to 15.

PBEC International President Koo Pyong-Hwoi, who is also chairman of South Korea's Lucky-Goldstar corp, described his organization as a complementary body to APEC, formed by 15 government in the region.

On Monday, several panels will discuss development strategies, business opportunities and the investment climate in China, the Russian far east, Latin America and the six-nation Association of Southeast Asian Nations (ASEAN).

After the Seoul meeting, 130 participants will pay a three-day visit to Khabarovsk, Vladivostok and Nachodka to look into the possibilities of economic cooperation with the Russian far east.

On Tuesday, South Korean Trade-Industry-Resources Minister Kim Chul-Su is to preside over a ministerial forum of trade ministers from Australia, Chile, Malaysia, Mexico, Peru and the Philippines on the theme of trade liberalization on a regional basis.

Also Tuesday, representatives from Chile, Hong Kong, Mexico, the Philippines, and Vietnam are to brief participants on the trade and investment climate in their nations.

In particular, Richard J Gordon, Mayor of the Philippine city of Olongapo, will brief on the Subic Bay conversion project.

Meanwhile, Taiwan's 64-member delegation — the largest at the meeting —is expected to seek the resumption of trade and economic cooperation with South Korea. The island removed all trade benefits accorded to South Korea and suspended air links following the severance of diplomatic ties last September when Seoul normalized ties with China.

IMF, WB pledge $ 1.25b for Pindi

ISLAMABAD, May 23: Pakistan has reached a one billion dollar agreement with the International Monetary Fund to bail out its ailing economy, Finance Minister Farooq Leghari announced, reports AP.

"This agreement will ensure continuation of liberal economic reform and discipline," Leghari told a news conference about the three-year plan. The agreement will be signed in September.

However, Leghari said the IMF is demanding that Pakistan cut its expenditures and increase spending on social programmes.

Most of Pakistan's 120 million people are illiterate and earn less than 400 dollar annually.

In addition to the IMF deal, Leghari said his country has also secured a 250 million dollar loan from the World Bank and Japanese government to bolster the country's balance of payments.

Leghari's transitional government replaced ousted Prime Minister Nawaz Sharif's pro-business government.

Sharif's 30-month rule came to an abrupt end on April 18 when President Ghulam Ishaq Khan dismissed his government on charges of corruption, economic mismanagement and ineptitude.

"The economic situation has become alarming due to excessive overspending during the past two years," Leghari said.

The cost of servicing Pakistan's 18-billion dollar foreign debt is expected to run about 1.5 billion dollar he said.

The projected 6 per cent growth rate at the end of 1993 is likely to be closer to 3 per cent.

Economists say the drop is the result of September's devastating floods that crippled Pakistan's cotton industry — its most valuable export crop.

According to the State Bank of Pakistan, foreign reserves plummeted from 1.06 billion dollar on February 25 to 479 dollar on May 10.

"The government will be committed to reducing the inflation rate, budget deficit and day-to-day development expenditure," Leghari said.

British best-selling author tells untold story of Gulf War

KUWAIT, May 23: The latest novel by British thriller writer Frederick Forsyth tells what he calls the untold story of the Gulf War — why the West "allowed" Saddam Hussein to survive, reports Reuter.

The best-selling author of Day of the Jackal says Fist of God will be a fictionalised account of the western intelligence effort behind the 1991 War that ended Iraq's occupation of Kuwait.

The Iraqi leader has a cameo role.

"This will be the first time I've described a dictator in the Middle East," said Forsyth, on a two-day visit to Kuwait this month to speak to former Kuwaiti resistance guerillas.

"He is a remarkable character, because by all accounts he should have been assassinated long ago and wasn't. The precautions he takes are quite ingenious," he told Reuters in an interview.

"We have him (portrayed) with his Revolutionary Command Council, and some of the people around the table are fictional and some are real."

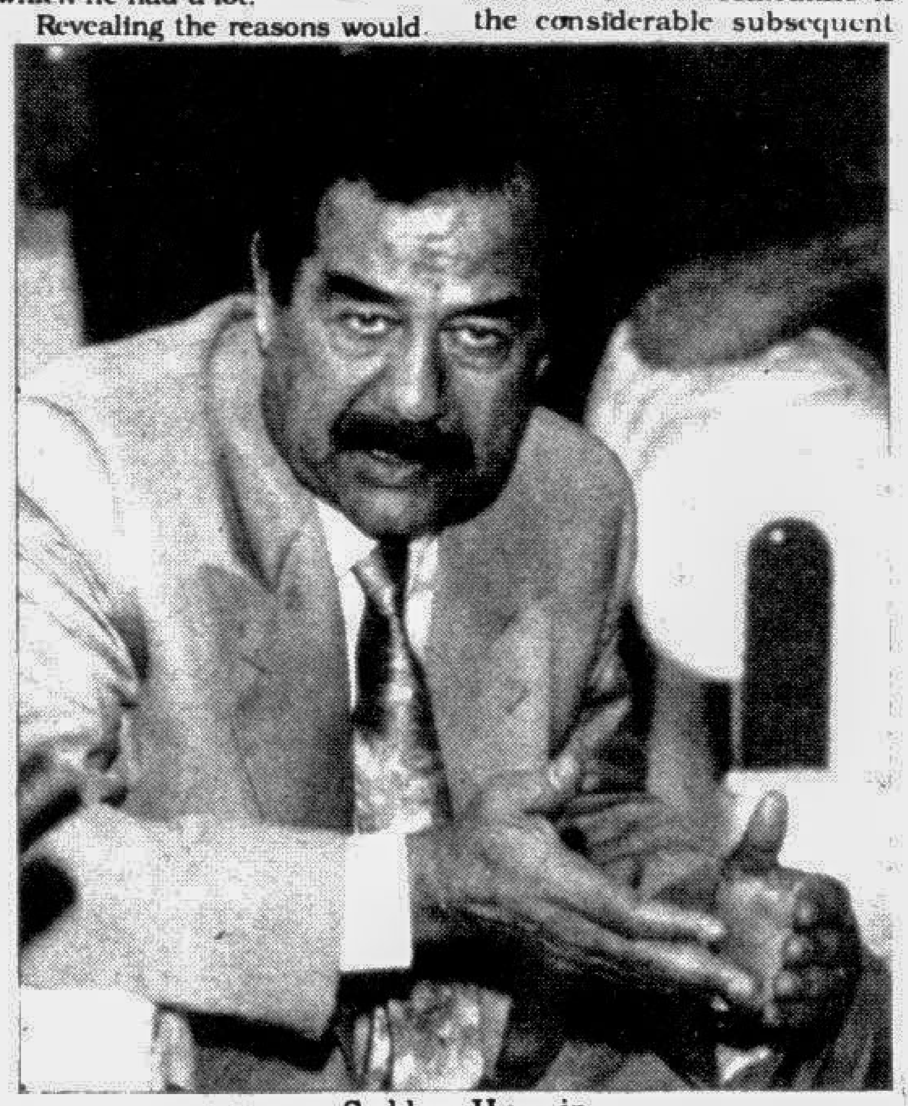
"I have first-hand evidence of what he says, what he does, the way he looks, the kind of phraseology he uses, the effect he has on those around the table. It's quite interesting.

The former foreign correspondent said the idea for his first thriller set in the Middle East originated in the "Many Questions" left unanswered by media coverage of the conflict.

"The more I began to investigate, the more I discovered that my suspicion was right. There was a lot that had not been told."

"Bit by bit I think I've uncovered most of it — why Saddam was not assassinated, why assassination attempts were stopped on orders, why he never used (poison) gas, of which he had a lot."

Revealing the reasons would spoil the story, he said.



Saddam Hussein

In the Forsyth tradition, the book will blend imagination with historical fact. It is a proven formula. His seven previous novels have sold 40 million copies and made him one of the world's wealthiest writers.

"The way I try and do a novel, I take a background is like a mural on a wall. I sketch characters who weren't there sometimes talking to characters who were — sometimes to the considerable subsequent amazement of the characters who were there."

"The factual method has risks. Tiny details that you get wrong are gleefully pointed out. But on broader things I try and get it, if not exactly the way it was, then the way it damns nearly was."

Forsyth said he was committed to doing one further novel in 1996, "but after that I'll be nudging 60 I'll pack it in."

He has spent five months researching the book and aims for publication in May 1994. Research trips have taken him to Saudi Arabia, Kuwait, Bahrain, Jordan and the United States. He has tapped American, British, Saudi, Kuwaiti and Iraqi sources.

He was advised against visiting Iraq for security reasons.

The main character in Fist of God — the title refers to an Iraqi weapon of mass destruction — in an Arabic-speaking British army officer of mixed British and Indian ancestry.

The officer, who was brought up in Iraq and is portrayed as having Arab looks, is sent under cover to Kuwait and Iraq in the crisis to probe Iraq's weapons of mass destruction.

"He's based in part on a character who exists, although the background is different," said Forsyth.

Forsyth says that in October 1990, the West discovered "how close" Saddam was to manufacturing nuclear weapons. From then on Iraq's "war machine had got to be destroyed one why or the other."

"The fear was that he actually would pull out (of Kuwait), then there'd be no excuse to destroy his weapons."

He said there was "panic" in the West when French and Russian peace moves appeared close to producing an Iraqi withdrawal.

UK inflation rate falls to 29-year low

LONDON, May 23: Britain's inflation rate fell to a 29-year low of 1.3 per cent in the year to the end of April, down from 1.9 per cent in the year to the end of March, the Central Statistical Office (CSO) said here yesterday, reports AFP.

Inflation in Britain is now at its lowest since February 1964, the CSO said, surpassing analysts' expectations that it would fall to 1.5 per cent.

The 'underlying' inflation rate, excluding mortgage costs from the calculations in order to make the figure more internationally comparable, meanwhile fell to an annual 2.9 per cent from 3.5 per cent in the year to March.

The figures came one day after the government announced the third consecutive monthly fall in unemployment in April, down at marginal 1,400 to 2.94 million, furthering hopes of a British economic recovery.

According to the CSO, the largest single factor in the fall in inflation last month was cuts in local taxes following the replacement of the unpopular 'poll tax' with the cheaper 'council tax' system.

Inflation though has been falling steadily since it reached 10.9 per cent in October 1990, leading the government then to raise interest rates to 15 per cent and force prices lower at the cost of a long recession and increases in unemployment.

The government's aim now is to keep inflation at between one and four per cent, preferably towards the lower end of its range.

The Bank of England said Tuesday it expected underlying inflation to remain at between three and four per cent over the next 18 months thanks to the high amount of underused production capacity.

Taiwan to issue landing visas to European visitors

TAIPEI, May 23: Taiwan will issue landing visas to visitors from five European countries and Canada in a move aimed at reviving the islands declining tourism industry, a Foreign Ministry official said today, reports AFP.

In response to demand from local tourist operators, the Ministry has decided to grant landing visa facilities to visitors from Germany, Britain France, the Netherlands, Austria and Canada, the official said.

Transit passengers from the six countries, which have established or will open air links with the Island, will be granted upon-arrival visas valid for 14 or 30 days beginning from June 1, he said.

Despite direct airlinks with Taiwan, the United States and Japan as well as some South East Asian countries were excluded from the favorable visa treatment, he said.

Two businessmen fined in Dallas

DALLAS, May 23: Two businessmen were fined and ordered to pay for a programme to help protect children from lead poisoning on convictions for illegally dumping 30,000 tons of lead-tainted waste, reports AP.

Robert Brittingham and John LoMonaco, former executives of a ceramic tile company, were told by a federal judge Friday that they must supervise the programme, which will cost them 6 million dollar on top of their fines.

The programme will include testing blood levels in children and efforts to reduce lead levels in homes.

China may abolish foreign exchange certificates

BEIJING, May 23: An official Chinese newspaper said Sunday that the government is considering phasing out a special currency issued for use by foreigners, reports AP.

The China Daily Business Weekly quoted an unidentified official from the State Administration of Exchange Control as saying the Government may abolish foreign exchange certificates, or FEC.

It did not give a date for the move, which could vastly simplify repatriation of profits for foreign businesses operating in China, as well as easing confusion among tourists unused to the dual currency system.

China issues renminbi or "people's money" for its citizens. But foreigners who go to banks or hotels to exchange their dollars or yen are given the more brightly coloured FEC. Hotels, restaurants and shops that need hard currency for their operations demand FEC from foreign customers and trade it in at the bank for dollars or other foreign scrip.

Foreign companies that sell products to ordinary Chinese for renminbi face difficulties because banks will not convert renminbi to foreign currencies. That means the companies have to buy foreign currencies at high prices on government-run swap markets in order to repatriate their profits.

The China Daily quoted the official as saying the major hurdle to abolishing FEC is the big gap in the market value of renminbi and FEC. Both are officially priced at 5.7 yuan per US dollar, but black marketeers pay nearly 10 yuan in renminbi per dollar.

Phasing out the FEC would be an essential first step to making China's currency internationally convertible, something the government has said it is not yet ready to do.

UN GEF seeks $4b to halt global warming

LONDON, May 23: The United Nations Global Environment Facility (GEF) said yesterday it is seeking up to 4 billion dollar for projects to halt global warming and protect biological diversity over the next three to five years, reports Reuter.

GEF Administrator Ian Johnson told reporters that plans to get a further 2.8 to 4 billion dollar and to restructure the organisation would be discussed at a may 26-28 meeting of representatives from 60 governments in Beijing.

He said he was optimistic the GEF could achieve its new financial target although some supporters were becoming more reluctant to provide cash due to the global recession.

Member states have already committed 727 million dollar of the 1.3 billion dollar pledged for the initial three-year pilot phase when the GEF was set up in March 1991, Johnson said.

Only 20 million dollar had been spent so far, with a total of 250 million dollar earmarked for 32 approved projects, he said. France, Germany, Italy and Britain were the main contributors.

The GEF was created to provide developing countries with grants to fight global warming, marine pollution depletion of the ozone layer and loss of biological diversity.

But Johnson said the ultimate aim was to establish a permanent financial mechanism to support UN conventions on halting global warming and protecting biological diversity.

This could happen only after the conventions were ratified by the required number of countries, hopefully by 1995, he added.

Crucial talks on rubber price pact next week

KUALA LUMPUR, May 23: The world's major natural rubber producers and consumers will open crucial talks next week that will determine the fate of a price stabilisation pact, now on the brink of collapse, officials said Friday, reports AFP.

The International Natural Rubber Organisation (INRO)'s six producer-members and 20 consumer-members are holding five days of talks from today to try and end a stalemate over the need for a successor pact.

They will decide whether to begin early negotiations for a new agreement, liquidate or extend the existing 14-year old international natural rubber agreement (INRA), INRO officials said.

Producer countries have insisted on beginning early negotiations to replace the 1987 INRA II, but consumers have argued that the existing pact was working well and could still be extended for two years as provided for under the agreement.

Producers, having suffered a fall of about 27 per cent in rubber prices since 1988, want a new pacts that could support prices at more remunerative levels.

Analysts said INRA II, administered by INRO to stabilise prices, faced collapse and eventual liquidation if both parties remained intransigent to each other's demands at the talks.

"We hope common sense will prevail and both parties will work out a compromise," INRO's Buffer Stock Manager Aldo Hofmeister said.

Ahmad Farouk Ishak, spokesman for the producers, said consumers had been unfair in accusing producers of violating INRA by their refusal to agree to what was arguably an automatic cut in INRO's reference price, a level that governs buffer stock intervention.

Consumers have argued that the automatic five per cent cut in the reference price should be instituted based on INRO's market moving averages in the six months preceding the review.

The consumers, led by Japan the United States and the European Community, had in March voted against early negotiations for a new pact, saying they would only reconsider their stand if producers gave into the price revision.

But producers said the cut was already irrelevant because existing provisions would no longer apply when negotiations begin on a new pact.

"Producers have agreed to adopt a common stand. We will not agree to any extension of INRA II if consumers do not agree to have early negotiations for a new pact," Farouk said.

But consumers said the reference price cut issue should be resolved first before they could talk about negotiations.

"Technically speaking, we have to make a decision on the reference price first before talking about the successor pact," a Japanese official told AFP.

Indian minister in Oman to promote economic ties

SCAT, Oman, May 23: India's Minister of State for Foreign Affairs arrived Saturday on a visit to promote political and economic relations and pave the way for a trip by Indian Prime Minister P V Narasimha Rao later this year, reports AP.

The Minister, R L Bhatia, was met on arrival by Haitham Bin Tan Qaboos.

According to Asian Diplomats, Rao planned to visit Oman, but the date of the trip has not been fixed. Bhatia also will visit the United Arab Emirates, but it wasn't clear if Rao also planned to go there.

Omani-Indian cooperation in petrochemical and gas projects was high on Bhatia's agenda, said the Diplomats, who insisted on anonymity.

In March this year, Oman signed a memorandum of understanding for setting up two oil refineries in India.

Another memorandum covered a 4.5 billion dollar scheme to supply natural gas from Oman to India through a 1,450-kilometre (906-mile) pipeline under the Arabian Sea. Also, in collaboration with India, Oman plans to set up its first fertilizer plant, estimated at 300 million dollar.

Highway between China, Myanmar reopens

HONG KONG, May 23: A highway between China and Myanmar that had become almost impassable has been rebuilt and reopened, and will permit a big increase in commerce between the two countries, the Xinhua news agency said today, reports AFP.

Following the "old silk route," part of the first commercial passage between China and Europe, the highway was built in the late stages of World War II on the order of US General Joseph Still Well, Commander of the Allies" India-China theatre.

The 217-kilometre (135-mile) Highway joins Tengchong country in Southwest China's mountainous Yunnan province and Myitkyina, Myanmar's third largest city.

Chinese-Myanmar trade resumed in 1988 and was worth 185 million yuan (about 30 million dollar) last year, Xinhua said in a report monitored here, adding that it has increased further recently as work on the highway neared completion.

Precious metals' prices in world commodity market jump to new high again

LONDON, May 23 : Precious metals' prices jumped to new high again this week, though the initial euphoria in the metals' markets was cut short later on by profit-taking and doubts over how much further prices are likely to rise, reports AFP.

Rumours that the US financier George Soros has sold his interests in the gold market for US bonds worried investors, causing a slight fall in gold, silver, and platinum prices at the end of the week.

On the other markets, the slowdown caused by the closure of several European markets for Ascension Day holidays took the steams out of much of the trading.

Brent North Sea Oil fell after Kuwait confirmed its intention of asking for an increase in its production quota at the June OPEC meeting. The fall was limited by remarks from the OPEC President calling on OPEC members to stick to their present limits.

Coffee price rose after the agreement among Central American coffee producers to control their production and propose a similar scheme to Brazil and Colombia to raise prices.

Cocoa prices fell, depressed by a lack of demand and rumours of massive sales from several producer countries.

On the rubber market, dealers were cautious ahead of the opening of the International Natural Rubber Organisation meeting in Kuala Lumpur, which is to decide on the organisation's future.

On the London Metal Exchange (LME), weak demand and the continuing rise in stocks pressed down hard on prices.

Copper prices were higher but uncertain after the price swings over recent weeks.

Tin fell, depressed by the confusion among members of the Association of Tin Producing Countries (APTC) over how to raise prices.

Gold : Slightly higher. Gold prices shot higher at the start of the week following speculative buying, but fell back after rumours of sales by US Financier George Soros.

The market jumped initially to its highest level since January 1991 (the time of the Gulf War), pushed by fears of inflation in the United States, instability on the exchange markets and stronger jewellery demand.

Silver : Higher. The price of silver rose in the wake of gold's rise, jumping at the start of the week to a 31-month high before weakening slightly.

The feeling that silver is currently under-valued encouraged investors to turn to silver, backed by a recovery in industrial demand.

Platinum : Slightly higher. After rising at the start of the week to its highest level for the months, the price of platinum suffered from profit-taking and speculative sales.

The market was boosted initially by the annual report of the Johnson Matthey Group, which said Russian sales would continue to slow-up over the year having fallen 32 per cent in 1992.

Copper : Higher. The copper price firmed over the week, overcoming a sharp fall last Friday, though most analysts seemed to think the rally will not last through next week.

"The entire market is extremely bearish on copper right now," Angus Macmillan, Analyst for Billiton Enthoven Metals said. "I wouldn't advise anyone to fill their boots with copper," he added.

Lead : Lower. Lead price slipped back in quiet trading on evidence of rising stocks and stagnant demand, dealers said.

LME lead stocks rose 2,500 tonnes to 254,125 tonnes, a new record high.

Zinc : Slightly lower. The price of zinc slipped slightly, steadying after a sharper fall the week before but undermined by a report from brokers Rudolf Wolff which said prices would remain depressed this year.

Production cutbacks "continue slowly to address the supply-demand imbalance, but while stocks are rising there is a visible reminder that supply still exceeds consumption," the report said.

Aluminium : Slightly lower. Aluminium prices edged lower in largely featureless trading with dealers allowing prices to drift, trade sources said.

LME aluminium stocks continued to mount, climbing 5,800 tonnes to the record high of 1,796,975 tonnes.

Nickel : Slightly lower. Nickel price rose on short-covering early in the week after data showed world nickel production down, but fell on Wednesday and Thursday on gloom about rising stocks and poor demand.

World primary nickel production fell to 197,500 tonnes in the first three months of 1993, down 11.6 per cent from 223,300 tonnes at the same time last year, figures from the International Nickel Study Group said.

Tin : Lower. The tin price fell again this week, to its lowest since January 1992 on continuing gloom caused by low demand and high stocks.

In Kuala Lumpur, the Association of Tin Producing Countries (APTC) ended a meeting confused about what action to take to try to shore up world tin prices and prevent further hardship in the industry.

Coffee: Sharply higher. The price of coffee rose five per cent, reaching its highest level since the start of March, boosted by news that producer countries are planning cutbacks in coffee exports to raise prices.

The Central American Coffee producers, who provide 14 per cent of their worlds coffee exports, agreed to cut production and hold back on opening coffee registration for the 1993-94 crop.

Sugar : Lower. The price of sugar, which leapt the week before to its highest level since January 1990, fell back as profit-taking set in.

The losses were limited, however, by fresh estimates of a deficit in production in the year.

According to the International Sugar Organisation (ISO), demand will exceed production by 1.61 million tonnes (in raw value) in 1992-93.

Vegetable Oil : Uneven. The price of palm oil fell, depressed by monthly statistics from the palm oil registration licensing authority confirming the growth in Malaysian output.

Analysts now expect Malaysia's output to reach between 6.8 and 6.9 million tonnes this year against 6.4 million tonnes a year earlier. Malaysia is the world's largest palm oil producer and the news was expected to send prices lower over the next few weeks.

Oil : Lower. The price of oil continued to fall, affected by the slowing up in demand in the run-up to summer and statements from Kuwait reaffirming that it intends to increase its output in the third quarter.

The fall in prices was limited, however, by the remarks of OPEC President Alirio Parra that the second week's output in May was below 24 million barrels a day, despite the fact that several countries had exceeded their output.

Tea : Steady. The price of tea slowed its fall, dealers returning to the market, though the fall off in demand ahead of the summer and signs of a better than expected harvest in several countries meant the trend was still slightly down.

At the weekly London sales, the tea price rose to 165 from 155 pence-kilo for higher grade tea, was unchanged at 110 pence-kilo for medium grade tea, and fell to 87 from 88 pence for lower grade tea.

Italian, Portuguese and Spanish mill buying.

Wool : Steady. After a 10 per cent rise the week before, the wool price was steady with dealers pessimistic because of the lack of industrial demand and world overproduction.