Business

GATT needs market access accord at G-7 summit : Sutherland

LONDON, June 13: Failure to reach a market access agreement at next month's Group of Seven (G-7) summit in Tokyo could sink prospects of concluding the Uruguay Round of world trade negotiations, the future chief of the GATT world trade body told The Financial Times yesterday, reports AFP.

Peter Sutherland, the newly appointed Director General of the General Agreement on Tariffs and Trade (GATT) told the paper in an interview: "If there is a failure to deliver (in Tokyo), then I think we have a serious crisis."

Sutherland, who will replace outgoing Director General Arthur Dunkel on July 1, was the EC Competition Commissioner from 1985 to 1989, who built up a reputation for overcoming resistance in breaking down internal EC trade barriers.

He said strong leadership and tough decisions by the United States and the European Community (EC) would be required if GATT's Uruguay Round were to be successfully concluded by its December 15 deadline.

"An enormous responsibility rests with the G-7 countries — the world's seven most industrialised nations — to re-ignite the process, which will then have to be rapidly multilateralised.

"We must look to the EC and the US as essential players and we are very fortunate in having Mickey Kantor (the US trade representative) and Leon Brittan (the EC trade commissioner) who are both committed to completing the Uruguay Round," he said, adding that leadership would have to come from the highest levels.

Peter Sutherland

"A solution to the Uruguay Round is going to require a recognition of legitimate interests, particularly those of the development world, which have to be taken into account by the developed world," he said.

Sutherland said that in the short-term the GATT Secretariat should have additional resources for "organic growth to develop its overall competence to monitor and analyse competition issues in world trade."

There was a need for a speedier resolution of disputes, he said, and the functioning of the various trade panels "has to become more effective, and should not become paralysed by the need for unanimity."

But he warned that the various statements from around the world of willingness to complete the round "should not be taken as proof that we are irreversibly on course to concluding the round."

"We have had various false dawns before and we are faced with a very short time to conclude the negotiations," he said.

Should the unthinkable happen and the Uruguay Round fail "it will still be vital that GATT itself continues. Otherwise the world will revert to a group of warring trading blocs."

Sutherland told the paper he was "not pessimistic, but I'm realistic" about the chances of a deal in Tokyo and concluding the round by its December 15 deadline.

Asian NGOs disappointed with UN interference

VIENNA, June 13: Asian non-governmental organisations are angry and disappointed with a forum in Vienna ahead of next week's UN-organised world conference on human rights, says AFP.

Rava Nair, who is on the Asia-Pacific NGOs coordinating committee told AFP that delegates were frustrated by UN interference.

"We are very disappointed with the UN's attempts to control the meeting.

The cancellation of the visit by the Dalai Lama is a clear indication that the United Nations is more interested in keeping human rights within an inter-government club than making it an issue that belongs to the global family that constitutes the UN," he said.

He said Asian delegates were also concerned about the cancellation of NGOs who are uncomfortable with their governments.

"An East Timor support group from Japan was refused an invitation. Chinese pro-democracy activists from Tiananmen Square are not here.

Sikh human rights groups have also been kept out . and marsh Arabs from Iraq and these are only the ones we have specific information about."

Asian delegates saw this as clear evidence that "governments are being allowed to dictate the agenda at what is essentially a non-governmental forum," he said.

Further proof of this was the fact that delegates were being asked not to raise specific human rights situations when addressing the forum.

"We think that countries which rape, torture, mutilate and carry out extra-judicial killings should be exposed to international public opinion."

"There should not be a sarong or bamboo curtain now that the iron curtain is down," he declared.

Malaysia urges firms not to raise off-shore financing

KUALA LUMPUR, June 13: Kuala Lumpur is discouraging Malaysian companies from raising offshore financing in an aggressive move to promote its own international offshore banking centre in Labuan, bankers said Friday, reports AFP.

"Although there is so far nothing in black and white from Bank Negara, we were told Malaysian corporations have been counselled to ensure that more loans sourced offshore are channelled through Labuan," a Kuala Lumpur-based foreign banker said.

Labuan, an island off Malaysia's eastern Sabah state, attained the status of International Offshore Financial Centre (IOFC) three years ago.

The foreign bankers said Malaysian companies were urged to use Labuan over Hong Kong or Singapore, two popular sources of financing for Malaysian firms.

Industrialists said Malaysian borrowers would have to prove to the central bank they have exhausted all domestic means before they could turn to other financial centres.

Case in point was the recent award of a 120 million US dollar finance package for national shipping company Malaysian International Shipping Corporation BHD (MISC) to a consortium of lenders led by two Malaysian banks.

Malayan banking BHD and Bank Bumiputra, Malaysia's two leading commercial banks, secured the mandate although they had higher bids than nine international banking groups, bankers said privately.

Malayan banking was said to have bid at about 60 basis points above the London Inter-bank Offered Rate (LIBOR), well above bids of 45 to 48 points over LIBOR offered elsewhere.

"Pricing and yield no longer seem the main determinate for securing Malaysian financing deals," a foreign banker said.

This was the first time such a massive loan facility was awarded solely to Malaysian banks, said banking officials.

However, a central bank official said while borrowings were encouraged from offshore banks in Labuan, "permission continues to be readily given for foreign loans raised on reasonable terms to finance productive activities in Malaysia."

Bankers said Japanese institutions active in servicing some 850 Japanese companies in Kuala Lumpur have also been told to open branches in Labuan.

"At least four such banks, the Industrial Bank of Japan, Fuji Bank, Sumitomo Bank and Tokai Bank, which have representative offices here, are planning to venture into Labuan by year-end," a Japanese Bank official said.

Labuan has attracted only 10 offshore banks, including four foreign and six Malaysian banks in three years.

Others appear reluctant to move in until they are convinced that Labuan has the essential infrastructure for the making of an IOFC.

A fruit vendor dozes off as business came to a standstill with most locals staying indoors due to heat in New Delhi on Saturday. The mercury hits 40 degree Celsius. — AFP/UNB photo

India will continue fertilizer subsidy

NEW DELHI, June 13: The Indian Government said Saturday it would continue its fertiliser subsidy scheme for another year, reports AFP.

Agriculture Minister Balram Jakhar told reporters here that the government would spend 252 million dollar on subsidising fertilizer in the 1993-94 financial year.

The money would reach poor farmers and not be "misappropriated" by middlemen, he said.

The government removed controls on the price and distribution of two varieties of fertiliser last year to save on subsidies in what had been seen as a step towards their elimination.

Muslim trade fair opens in Beijing

BEIJING, June 13: The '93 Beijing International Muslim Trade Fair opened here yesterday in the International Conference Centre in the Asian Games village, says Xinhua.

The trade talks are attended by enterprises producing Islamic products from Beijing and Tianjin cities, the Ningxia Hui autonomous region and Gansu, Henan and Hebei provinces. It has drawn businessmen from 25 countries and regions to attend.

Seypidin Azizi, Vice-Chairman for the National Committee of the Chinese People's Political Consultative Conference, and Ismail Amat, State Councillor and Minister in charge of the State Nationalities Affairs Commission, cut the ribbon at the opening ceremony of the fair.

The trade fair will end on June 16.

Beijing city has 210,000 Muslim residents, making up two per cent of the population. It has over 2,000 restaurants and shops selling Islamic foods and goods. It has the largest volume of Islamic foods in cold storage in Asia. There are over 60 mosques in the city.

Switzerland increases earnings from tourism

BERN, June 13: Switzerland increased its earnings from tourism by 5.6 per cent last year from the figure in 1991 to a record amount of 13.3 billion Swiss franc (9.1 billion dollar), official figures showed yesterday, reports AFP.

This was nearly twice the amount of 6.9 billion Swiss franc earned in 1980.

But expenditure by the Swiss travelling aboard also rose by 5.5 per cent to 10.4 billion Swiss francs.

Switzerland had a surplus on the trade in tourism in 1992 of nearly three billion Swiss franc which was six per cent more than in 1991.

Narmada belt villagers prefer death to move

MANIBELI (India), June 13: Keshubhai Dhedya lives in Manibeli and Bhulabhai Motibhai in Vadgam, two hamlets in two separate Indian states, on either side of the Narmada River in central India, reports IPS.

The Narmada once brought them life. But a gigantic dam is being built there and now the mighty river may bring death instead. Thousands of villagers say they will rather drown in the rising waters than move to another location.

The Sardar Sarovar Dam, India's biggest multi-purpose project, a few kilometres downstream from Manibeli in Maharashtra state and Vadgam in Gujarat, will swallow their villages this monsoon season as the dam starts impounding water.

Keshubhai's mud hut is at least 50 metres above the swiftly flowing Narmada River and will be the first to disappear. Along with it will go Keshubhai's family of five.

They will be joined by Bhulabhai and his family on the opposite bank and by several other families who plan to sit and drown as the dam's waters rise. "Jalhatya (death by the waters) is our biggest weapon against the dam, says Manibeli village headman Naranyanbhai Tadvi.

Asked if they do not fear this death, Narayanbhai says simply: "What is there to fear from the Narmada? It is our mother. We have grown up with it by our side and now we will die in its arms".

"Our fight is for our children and their children to be", he adds. "So why should even they be scared of the waters?"

Until April, the US 3.5 billion dollar project had the support of the World Bank. But now the Indian government will go at it alone, displacing some 150,000 villagers, and turning 130,000 hectares of land into reservoir beds.

United under the banner of the Narmada Bachao Andolan (NBA), the villagers, most of them indigenous people whose families have lived along the river for generations, have decided to die on their land rather than face a strange and uncertain future.

The Sardar Sarovar will submerge an estimated 245 villages in the adjoining states of Maharashtra, Gujarat and Madhya Pradesh.

The 61-metre high dam will also drown temples on the Narmada. One of India's most sacred, a part of the sixteenth century Shoolpaneshwar temple in Manibeli with an idol that is more than 5,000 years old will be underwater once the rains come.

The authorities are planning to shift the idol before the waters rise, but the 60 families who have firmly resisted all attempts to move them to a rehabilitation site 35-kms from Manibeli in Parveta say they will not budge.

Keshubhai says his neighbour and many others who left now wish they had stayed.

According to Parunbhai Tadvi, headman of Manibeli Parveta as the new settlement is called, many villagers have been given rocky land and others land with tree stumps. Twenty two of the 145 families have not been allotted any land, he adds.

The only consolation is Manibeli Parveta has a concrete toilet block and a water tank, unlike the nearby resettlement village of Gadher where 54 families from Gujarat have been living for the last seven years.

Ramanbhai Jaisingh says their problems are immense. Most of the five acres that each family has been given are fragmented and too hard to till, with little water for irrigation. Few outside jobs are available for the village boys and there is no public transport to the nearest town, which is nine kms away and has the only hospital in the area.

The burden of resettlement is hardest on the women. Surajben and Sampaben told visiting journalists they walk for hours for fuelwood and fodder — and then they often fight each other over twigs.

Ramanbhai says the people of his village are tired of broken promises and are now willing to join the anti-dam stir.

Most villagers talk excitedly about the World Bank's departure from the project. India decided to forgo bank aid in April because it could not meet tough stipulations on resettlement and environment. "Finally the world listened to us after being deaf for year", says 70-year-old Gangaram Baba who came to Manibeli more than a year ago to join the sacrifice squads.

But most of the villagers believe the government will now be more determined than ever to push through the project. Narayanbhai's first reaction on being told the World Bank loan was off was," Ab Bahut Marenge (now the government will beat us more)".

Indeed, a 42-year-old tribal woman from Antras, a village in the Gujarat's submergence zone was recently beaten and raped by two policemen and another man for refusing to leave her village and move to a rehabilitation site.

But most villagers say they will not be intimidated into leaving.

Says Manojbhai Tadvi: "Our struggle has just begun. This is a revolution we are initiating. If not today, then tomorrow our demands for a just future will be met".

Oil prices decline as OPEC decides to maintain current output level

LONDON, June 13: Oil prices slid this week after OPEC ministers' meeting in Geneva decided to maintain the present levels of oil output into the third quarter, an agreement Kuwait refused to accept, reports AFP.

Dealers said they expected the quotas would be broken with other OPEC countries following Kuwait's example and opting for production at levels they set themselves.

Precious metal prices fell as doubts grew among investors over the recent hike in prices, with some dealers in the gold sector suggesting the move was more likely speculative than real.

The absence of Japanese buyers, paying more attention to Japan's royal wedding than the platinum markets, also affected the downward trend.

The cocoa price was boosted by rumours that the Ivorian Caisse destabilisation might have revoked the export license of a local shipper for exporting cocoa of inferior quality.

Dealers remained cautious, however, while the International Cocoa Organisation was meeting in London on whether or not to extend negotiations in an effort to stop the collapse of the organisation.

Coffee prices were as largely unchanged with dealers ignoring the fact that Latin-American coffee producers are to meet in Managua later in the month to continue discussions on controlling exports to raise prices.

On the London Metal Exchange (LME) most metals weakened because of rising stocks and the lack of industrial demand.

GOLD: Lower after firm start. The price of gold started the week firmer but then fell back below 370 dollar an ounce on speculative and investor selling from the Middle East and Europe.

The market was also affected by growing doubts among dealers that gold could sustain itself at the higher level. Gold price jumped from 325.85 dollar an ounce in March, its lowest level for seven years, to 384.75 dollar at the end of May, its highest level since January 1991 and dealers feared much of the rise was purely speculative.

PLATINUM: Lower. The price of platinum was affected by gold's fall and the thinness of Japanese industrial buying as Japan turned its attention to its royal wedding, not its markets.

Japan's car industry is the world's largest consumer of platinum and accounts for close to 50 per cent of demand.

SILVER: Lower. The price of silver fell to its lowest level for four weeks, depressed by the fall in gold and platinum prices and the absence of a worldwide industrial recovery.

COPPER: Lower. The price of copper fell over the week, down after a strong rise at the end of last week before recovering slightly on options buying, a fall in sterling and a production cut in Canada.

The market fell back sharply following a strong rise on Friday, caused itself by a technical correction and stronger Chinese and Japanese buying.

Later in the week, copper regained some of its lost ground, supported by the news that Canadian mining group Similco Mines was to suspend operations at its cooper, gold and silver mine in British Colombia because of low copper prices.

A decision on when to resume operations would depend on the return of more favourable copper prices, the group said.

In Tehran, the state-owned copper interest, national Iranian copper industries, said it was planning to expand capacity by 25 per cent at its Sar Chesmeh Copper Complex, with construction work to begin next year.

LEAD: Lower. Lead price fell slightly mid-week and then stayed relatively steady in mostly quiet trading.

The market was depressed by a rise in LME stocks but supported by the announcement that Italians state-owned lead producer Nuova Samim was to close its Kivcet primary lead smelter at Portovesme in Sardinia from July 10 to September 10, removing 30,000 tonnes of lead from the market, dealers said.

The company said the move reflected the current supply surplus in the market arising from prolonged stagnation in lead demand coupled with rising imports from eastern Europe and former Soviet Union.

LME stocks of lead rose 800 tonnes to the record high of 2,59,500 tonnes.

ZINC: Lower. Zinc prices fell back slightly, remaining weak because of the high level of stocks and poor demand, dealers said.

Zinc stocks on the LME rose 7,000 tonnes to 6,71,625 tonnes, a new record for the metal.

ALUMINIUM: Higher. Aluminium prices rose at the start of the week and then stayed firm despite figures from the International Primary Aluminium Institute (IPAI) which showed stocks rising 93,000 tonnes in April.

Some traders suggested that the build-up in stocks reflected some hedge buying in the physical markets against the threat of labour disruptions at US producers Alcoa and Reynolds Metals last month.

On the LME, aluminium stocks rose 5,325 tonnes to 1,820,000 tonnes, again a record high for the metal.

NICKEL: Lower. Nickel price fell this week, forced lower by liquidation selling, mostly from European sources, traders said.

Nickel's price has been erratic for several weeks and European dealers "seemed to have decided to move out of the market for a while," one trader said.

On the LME, stocks of the metal fell by 795 tonnes to 94,830 tonnes.

TIN: Lower. Tin price fell sharply on Monday and then drifted for the rest of the week, with little real news emerging to shift the market.

Tin prices are low at the moment following an increasing surplus of tin on the world market and in Washington, the US defence logistics agency was forced to defend itself against charges that its daily tin sales programme had weakened prices.

On the LME, tin stocks fell 175 tonnes to 19,950 tonnes.

COFFEE: Uneven. The price of coffee traded in a narrow band this week with dealers cautious about the effectiveness of the recent agreement among South and Central American coffee producing countries to limit output.

Brazil Colombia and five Central American countries, which account for 640 per cent of the world's coffee output, agreed recently to form a working group to regulate coffee supplies and support prices on the world market.

Brazilian Minister of Trade and Industry Jose Andrade Vieira, said the working group would meet in Managua from June 23 to 26 to continue its discussions on creating a Latin-American coffee organisation.

COCOA: Higher. After a hesitant start, Cocoa prices strengthened following rumours that the Ivory Coast Cocoa authorities had bared a local exporter from trading because the poor quality of his crop.

Rumours also circulated that some Indonesian exporters were unable to meet their commitments, sending prices higher again.

However, traders remained cautious ahead of a decision of the International Cocoa Organisation (ICCO) to meet for talks in Geneva to stop the international stock regulator being dissolved at the end of September.

The ICCO meanwhile agreed two projects, one in Ghana and the other in Japan, to boost cocoa demand directly and indirectly. The projects lasting three and four years respectively, are to be financed by commodities funds from the United Nations and local cocoa associations.

SUGAR: Uneven. Sugar traded unevenly this week, dealers still digesting the announcement from Cuba last week of a temporary suspension of its exports.

Dealers, who have for some months predicted a shortfall in sugar production this year, were divided on the effects of the Cuban initiative, and several withdrew from the market while they assessed the move.

The market also failed to react to estimate from the Indian sugar planters which said Indian sugar production would fall to 10.6 million tonnes in 1992/93 from 13.41 million tonnes the previous year.

VEGETABLE OILS: Uneven. The price of vegetable oil traded narrowly, though supported by news of the agreement, France has given to the US EC accord on oilseeds.

The price of colza oil fell following statistics from the specialist review oil world which predicted a 4.1 per cent rise in world output in 1993/94 to 27.47 million tonnes following a boom in Canadian harvests, offset by a slight fall in the EC crop.

OIL: Lower. The price of oil fell below 18 dollar a barrel for the first time in four months with dealers disappointed at the OPEC deal reached in Geneva on third-quarter production and Kuwait's refusal to sign it.

The OPEC countries agreed to maintain their production at the level set in February with an overall production limit of 23.582 million barrels a day but Kuwait rejected the deal.

OPEC leaders offered Kuwait a 10 per cent increase in its production limit to 1.76 million barrels a day but the rebel country said it was going to increase its out put to between two and 2.6 million barrels.

RUBBER: Lower. The price of rubber fell, depressed by speculative and industrial selling with dealers predicting prices will continue to fall until the end of the year.

The market was also hit by comments from the main producer countries predicting the collapse of the International Natural Rubber Organisation (INRO).

The producer and consumer countries are to meet in November to attempt to negotiate a new accord, but dealers believe there is next to no chance of success for the negotiations and the present INRO agreement runs out at the end of the year.

COTTON: Lower. The price of cotton fell to its lowest level for four months on the Liverpool market, affected by a fall in Asian buying and a gloomy analysis of the market from the FAO.

World cotton output will rise to 24.7 million tonnes, the FAO said, with demand stuck at 24 million tonnes as more textile producers turn to synthetic fibres rather than cotton.

WOOL: Stable. The price of wool, sharply lower in recent months, was steady on the bradford market with little likelihood of a jump in prices, dealers said.

According to the FAO, the tea market is likely to see a modest surplus over the next few years and prices are likely to see a modest surplus over the next few years and prices are likely to weaken.

GRAINS: Lower. The prices of wheat and barley fell to their lowest levels since last November after a warning from the UN's Food and Agriculture Organisation (FAO) that the world's grain trade will soon stop growing.

According to the FAO, the rate of growth in the size of the world's grain trade will fall to 0.8 per cent per year by the year 2000, down from 2.4 per cent per year in the 1980s.

A lower rate of growth in demand from developing countries and a drop in Russian and Chinese imports will put a block on the development of the market, the FAO said.

The fall in prices was limited by a rumour that the US Department of Agriculture (USDA) was negotiating with China over a deal to send three to four million tonnes of grain under its exports supports programme.

TEA: Steady. After the losses suffered in recent months, the price of team stabilised at around the levels it showed at the same time last year.