KHARKOV, Ukraine, June 29: Ukrainian and Russian borders areas facing adversity clinched a sweeping economic cooperation agreement, but Ukraine's leadership warned against restoring Soviet style ties, reports Reuter.

· The two countries' prime ministers - Leonid Kuchma and Viktor Chernomyrdin met on Monday for the second time in five days, in the Eastern city of Kharkov, to seal the accord

Both men, technocrats rooted in industry, hoped it would mend economic ties broken by the collapse of the Soviet Union.

"We became new states but when we did so, we didn't understand the outcome." Chernomydin told the gather-

"Now is the time to turn back to close economic coop-

Kuchma agreed, saying it made economic sense for each side to work with and complement the other.

President Leonid Kravchuk. The accord appeared It also followed the signa prompted in party by the coal ture last week of nine ecominers' strike this month durnomic agreements hailed by ing which miners and officials both sides as a turning point in in conservative eastern their often embittered post Ukraine demanded closer ties Soviet relations. with Russia. Two-thirds of Ukraines in-

It provided for a free customs zone, liberalised banking regulations and free movement of labour in five regions on

dustrial trade has traditionally been with Russia.

New links have been inhibited by breakdowns in the

each side of the border of the

two most powerful Soviet re-

realism on the part of

of the miners' demands and

the need to win the twin

September referendums of

confidence in parliament and

Ukrainian officials all too aware

The accord represents new

banking system and rows over debt, Russian energy exports, division of the Blacksea Fleet and nuclear missiles - problems being tackled after last weeks talks.

Reforms have been under way for a year more in Russia than Ukraine, where they have been held back by a winter of turmoil in the conservative parliament and a month long constitutional conflict between Kuchama and President Leonid Kravchuk.

The strike underscored the potential trouble between industrial eastern Ukraine and the nationalist west demand ing more rapid integration with the rest of Europe.

#### Tokyo may impose anti-dumping duty on Pak yarn

KARACHI, June 29: Japan s Ministry of International Trade and Industry (MITI) is consider ing imposing an anti-dumping duty on yarn imports from Pakistan, exporters here said Monday, reports AFP.

Following press reports in Japan that Pakistan was dump ing low count yarn to the detriment of Japanese industry, MITI was proposing to start an investigation into the allega-

If the reports were confirmed, anti-dumping duty might be imposed on count 20 yarn imports from Pakistan.

The Japan Spinners Association, comprising 54 textile manufacturers, were reported to have expressed their dissatisfaction with the alleged dumping by Pakistani exporters.

The Pakistanis were allegedly selling count 20 yarn to Japan at prices which 10 to 20 pc cent lower than their own do-

mestic price. Pakistan, the world's larges exporter of cotton yarn, has about a 75 per cent share of the Japanese market. However, the share of count 20 yarn, which is under dispute had about a 79 per cent share, sources said.

The Pakistan spinners are already facing a crisis in exports to other countries because of international recession, which has brought down export prices of count 20 yarn from an alltime high of 450 dollar per 400 pounds to a range of 340-360

### Taiwan's trade surplus with China rises to \$1.95 billion

TAIPEI, June 29: Taiwan enjoyed a 1.95 billion US dollar surplus with China as indirect trade in the first four months of 1993 jumped 25 per cent from the previous year to 2.63 billion dollar, the Board of Foreign Trade (BOFT) said Tuesday, reports AFP.

Exports to the mainland in the first four months of this year surged 33 per cent to 2.29 billion dollar while imports declined 9-3 per cent to 337 mil lion dollar, the BOFT said.

The BOFT attributed the two-way trade rise to increase China-bound investment by the island's manufacturers which in turn spurred two-way trade, expecting the figure to surpass 9.3 billion dollar this year.

The January-April indirect trade, mainly conducted through Hong Kong, accounted for five per cent of Taiwan's overall trade in the period, it

JAKARTA, June 29: The Indonesian government will require all forest concession holders to hire forestry consultants to evaluate their performances starting in 1995, the Jakarta Post daily said here Tuesday, reports AFP.

"Forestry consultants, who

Jamaluddin said the private sector could apply for licenses to operate forestry consulting services.

The most important thing is that their evaluation is acceptable worldwide, so that by the year 2000 their services can be also used to confirm that our wood exports are yielded from sustainably managed forests, "Jamaluddin said.

### after raid on Baghdad age except in the event that

Oil prices put on few cent

top of existing "leakage" in ex

cess of mandated quotas by

LONDON, June 29: World oil prices have put on a few hostilities might opread to cent in reaction to the US raid Saudi Arabia on Baghdad, mostly because lraq's early return to the traders think it diminishes market, on the other hand, on prospects of an early resump-

tion of Iraqi petroleum ex-

threaten any new supply short-

ports, reports Reuter.

(OPEC).

London August futures for threaten a glut. the world benchmark Brent Monday's gain in oil futures blend of crude oil opened on merely retraced losses made Monday up 15 cent at 17.60 late on Friday when sources at dollar per barrel, although they the United Nations said that eased later. Iraqi negotiators might go to Iraq's own exports have New York on July 5 to discuss

been subject to a UN embargo since 1990 when it invaded "I suppose the raid under-Kuwatt, a fellow founder-memlines for the market that the ber of the Organisation of United States is not likely to Petroleum Exporting Countries let the UN allow Iraq to sell oil again soon," said London-based So US raids on Iraq do not

analyst Peter Nicol. It was therefore positive for

But Nicol at Warhurs Securities, added that it was "pretty small beer" when set beside prospects of OPEC over-supply

AN OPEC accord that takes others in OPEC, would effect on July 1 will exclude Kuwait which says the quota it was given was unjustly low.

Prices have lost almost a dollar since OPEC concluded the flawed agree of the

Geneva on June 10. The United Nations has authorised Iraq to sell a limited volume of oil worth 1.6 billion dollar under strict conditions to raise money for humanitar-

Iraq had rejected that offer on grounds that the conditions violated its sovereignty.

# US proposes common G7 goal of 3 pc annual growth

WASHINGTON, June 29: The United States has proposed that the Group of Seven industrial nations set a common goal for themselves of three per cent annual economic growth at next week's summit in Tokyo, monetary sources said on Monday, reports Reuter.

That would be an ambitious target and would be about double the growth rate that the seven-Britain, Canada, France, Germany, Italy, Japan and the United States - achieved last year.

"We're exploring a variety of options that would go into a growth strategy for the G7," a US official said.

The adoption of a specific growth target would mark a radical shift in the way the G7 does business, away from the

loose economic cooperation of the past to more binding pacts. Monetary sources said the

Japan and European nations are resisting the proposal, fearful that it would box them into taking actions to spur growth in the short-run that would prove damaging to their economies over the longer haul.

The would be reminiscent of the much-criticised 1978 G7 summit in Bonn, when Germany and Japan promised specific action to boost growth, but only ended up spurring in-

Europe and Japan have also criticised the US suggestion as unrealistic, arguing that economic growth is determined by a variety of factors, many of them outside government con-

Monetary sources said senior G7 officials discussed the US proposal at a meeting over the weekend in Japan to prepare for the July 7-9 summit in Tokyo.

Perhaps mindful of the opposition of its allies, the United States did not push the proposal hard at the weekend "sherpas" meeting, one source

"It didn't dominate the discussion," he said.

Besides proposing a common goal for growth, the United States has also suggested that G7 set targets from trade, monetary sources said.

Under that proposal, each G7 nation would agree that its current account surplus or deficit should not exceed the equivalent of two per cent of its total economy, or gross domes-

tic product (GDP), in any one year. The current account measures trade in goods and services such as tourism.

That proposal seems particularly directed at Japan, whose annual current account surplus is well over 100 billion dollar and is equivalent to about 3.5 per cent of its GDP.

The US suggestion that the G7 set numerical targets for growth and trade smacks of the same strategy that Washington is taking in its bilateral relations with Japan.

The United States is pressing Japan to set specific targets for reducing its trade surplus and increasing its imports of manufactured goods, but Tokyo is resisting, arguing that the proposal amounts to managed trade.

# S Africa may group with ACP to share European Community aid

Lack of financial regulations in

China causes concern in West

BRUSSELS, June 29: South Africa might be getting ready to line up with the African Caribbean-Pacific (ACP) group of developing nations for a share of European Community aid, an ANC official said here Monday, reports AFP.

He was speaking at a conference on links between the EC and a post-apartheid South Africa, at which South African government officials also said they were willing to see their country classified as a developing one.

It was a startling reversal of policy for the ANC led by Nelson Mandela, which is preparing to take over joint leadership of South Africa after ali-race elections scheduled for next April.

BEIJING, June 29: A west-

ern economist expressed con-

cern Monday about the disor-

der caused by lack of financial

regulation in China but ex-

pressed cautious optimism the

runaway economy could be

brought under control, reports

quested anonymity, said the

evolution of China's legal and

regulatory systems had failed

to keep pace with rapid devel-

opment of the financial sector

since the establishment of a

central bank in 1984, giving

rise to "a lot of informal finan-

and the legal apparatus is not

well-developed so people just

do whatever they want - the

They are in a transition

cial activities."

The economist, who re-

Tito Mboweni, ANC economic spokesman, said his organisation was ready for some kind of associate membership of the ACP, which is the vehicle by which the EC extends aid and trade preferences to 69 developing countries. The ANC, along with the

current white-dominated Pretoria government, has been pressing/for a special relationship, with the EC once apartheid has gone, in order to speed up the repair or the battered South African economy.

The ACP countries have expressed themselves against any special EC-South African deals, fearing that international development aid would be focused on a post-apartheid South Africa at their expanse.

central authority is far away,"

One of the fundamental

problems is regulating the

lending activities of local gov-

ernments and enterprises, in

addition to the financial insti-

tutions, secondary bond mar-

kets and stock markets that

have emerged in recent years,

at 15 per cent in the first

three months of 1993, com-

pared to the first quarter a

year earlier, as provincial au-

thorities ignored repeated

government directives to

clamp down on uncontrolled

lending and the illegal raising

come to light recently. One in-

Two cases of fraud have

The Chinese economy grew

he told journalists.

EC External Relations Commissioner Hans Van Der Brock said at the conference that the community would set up full diplomatic fies once a post-apartheid interim government had been established in South Africa.

He cautioned, however, that EC South African relations would remain dependent on whether South Africa maintained its transitions to a democratic system and an irreversible commitment to human rights.

Public Enterprises Minister Dawie de Villiers said South Africa needed preferential trading access to the EC in order to play its role as economic locomotive for the whole of southern Africa.

volved the issuing of 10 billion

dollar in falsified letters of

credit by a provincial branch of

the Agricultural Bank of China

and the other a nationwide

fraud ring that conned

175 million dollar.

central bank.

100,000 investors out of some

were "thousands" more similar

cases of illegal fund-raising

that had not yet come to light.

about the situation and think it

should be cleaned up," he said,

urging the Chinese authorities

to strengthen the regulatory

role of the Bank of China, the

"not want to kill the goose

that lays the golden egg" by re-

sorting to a clampdown on

He said the government did

He said he suspected there

"We are very concerned

This is in the interests of the EC because if South Africa cannot become viable, I do not believe any other African country would succeed," he said. De Villiers added that he

was willing to see the country reclassified as a developing rather than a developed country because this would mean better trade and financial conditions.

Broadly speaking, South Africa's minority whites live in first world conditions and the country has the financial and physical infrastructure of a developed country.

However the majority blacks live mainly in third world conditions.

Unemployment is estimated at over 40 per cent.

milit on the scale of that im-

posed in 1988 when the

Chinese economy last hurtled

The authorities are trying to

engineer "a soft landing," he

said, by sending officials to the

provinces to lecture authori-

ties and investigate lending

there are a number of mea-

sures now that are probably

much more effective than they

were several years ago, like

raising interest rates," he said.

acknowledged the effective-

ness of such a step was weaker

in China than in a fully devel-

oped market economy because

local authorities were less sen-

some other influential advo-

sttive about the cost of funds.

However, the economist

It think they can do it ...

out of control.

activities.

### Jakarta to introduce new forestry conservation law

will help supervise forests concessionaires' performances in the country, should be credible because their evaluation should be internationally acceptable," the daily quoted Forestry Ministry's Jamaluddin Suryohadikusumo as saying.

### Mehta performs pantomime to prove his point BOMBAY, June 29: Stock broker Harshad cent to the screen, "the bag in which I car-

Metha's attempt to prove bribery charges against Indian Prime Minister PV Narasimha Rao turned into pantomime on Monday as he performed on video with an aide stuffing money into a suitcase, reports

I will do this unpleasant and difficult exercise to demonstrate how 6.7 million rupee (210,000 dollar) or fit in one bag," Mehta said on a pre-recorded video shown at a packed press conference in a luxury hotel in Bombay.

Releasing an audio tape he claimed supported his contention that he made an illegal political campaign donation of 10 million rupee (320,000 dollar) to Rao in November 1991, he added a touch of theatre by displaying a suitcase similar to that he said was given to Rao filled with money. Mehta, the 'big bull' broker at the centre of

India's 1.28 billion dollar securities scandal, has dragged in the Prime Minister, alleging he paid the money in two installments of 6/7 million rupes (210,000 dallar) and 3.3 million (110,000 dollar).

Rao has denied receiving any money. "Please note" said Mihta siting on a stage adja ried money to the Prime Minister was much bigger ... it could carry 10 million rupee [320,000 dollar].

The black suitcase used in the video demonstration was brought along to the press connce without the money and Mehta hald

lan purposes.

it up with a smile for photographers. Mehta - one of 50 brokers, banks and officials

said he was doing this to disprove newspaper reports that 6.7 million rupee (210,000 dollar) would not fit in a suitcase. The reports appeared in some newspapers af-

ed in India's worst financial scandal -

ter Mehta alleged on June 16 that he paid 10 million rupee to the Prime Minister on November 4, 1991, just before Rao's emicial bye-election. The taped conversation, which was presented

as evidence of the payment to Rao, had Mehta referring to a meeting on wovemoer 4, 1991 and asking businessman Sunil Mittal to seek help from "them." Rao is not named to the coversation but a

"Khandekar" is mentioned, the same name as the private secretary to the Prime Minister.



suitcase in which he allegedly handed 6,7 million rupee (US\$ 2,32,000) to Prime Minister P.V. Narasimha Rao in November 4, 1991. -AFP/UNB photo

## Malaysia steps up vigilance to protect forest resources

KUALA LUMPUR, June 29: Malaysia, which has proposed to use military force to check illegal logging, Monday said it was also mulling a plan to jail timber smugglers as it stepped up vigilance to restect its forest resources, reports AFP.

Primary Industries Minister Lim Keng Yaik " ned that the government we resort w a more drastic action of jailing smugglers" if present penalties in fines and withdrawal of li cences were not deterrent "We are recruiting private

enforcers to hierease vigilance at all export points, but we may resort to that drastic action if these smugglers are not deterred," Lim told reporters.

Twenty companies had their licences withdrawn and were fined for smuggling timber out of the country over the past year. "But they have since re-registered new firms to apply for licences," he said.

Lim said the private-sector initiated Maiaysian timber industry development council had been directed to enroll enforcers to assist the overnment in curbing the rampant smuggling of swan timber, mainly to Singapore.

"Furniture manufacturers have told us while we are facing shortage of rubber wood

and rattan raw materials, they are available in Singapore which indicates a lot of smuggling is still going one," Lim

Malaysia, he said, would be reducing its timber sales overseas and raising levies on certain species of timber exported to ensure adequate supply fo. .ocal furniture makers under a new policy that

would be unveiled next month. The government has since September 1990 imposed export levies ranging from 60 Malaysian dollar (24 US) a cubic matre to 120 dollar (48 US) on 21 sawn timber species to control their exports.

voters are eager to pay for

humanitarian assistance in

the Third World. Opinion polls

show increased opposition to

all forms of US foreign aid.

And pressure for reductions in

the comparatively small for-

eign assistance budget is

calls for tax hikes and for cuts

in some domestic pro-

as in this context that

at the sale case of Clinta

derryly impoverished parts of

#### Clinton administration finds itself in political auandary over aid issues Kevin J. Kelley writes from Washington guine in his view that most US

In his presidential campaign Bill Clinton stressed the need for revising United States foreign aid priorities in the post-Cold War era. As President he has so far been reluctant to initiate any major shifts in the 14.7 billion dollar foreign-assistance budget.

In fact, the White House has shown no interest even in debating the question of whether a few favoured recipients, particularly Israel and Egypt, should continue to receive far greater funding than the world's poorest countries. Because of unwillingness to

change aid patterns established during the Cold War, the Clinton administration now funds itself in a political quandary. In the last month alone, the President has pledged to provide Russia with more than two billion dollar in new economic and social assistance. State Department offictals admit they have no idea how to finance this promise.

"We don't know how we're going to pay" for the Russian aid package, said Strobe Talbott, US ambassador-atlarge to the former Soviet republics,in testimony before

Greece

Key lawmakers on Capitol Hill are refusing to approve any Russian aid proposal that would have the effect of increasing the already swollen federal budget deficit. These senior Senators and Representatives insist that the money Clinton wants for Russia will

US Senate's foreign appropriations subcommittee, has suggested that some of the aid given to Israel and Egypt might in effect be transferred

US aid: the 8 front-runners

\* \* \* \* \* \*

Democratic chairman of the

\* \* \* \* \* \* \* 558m

Economic and military assistance - actual obligation (US\$, 1991)

804 million

billion dollar a year now provided to the two Middle East

Referring to the total 5.1 states, Leahy commented: "I

2.25 billion

Top

Democrat in the House, and by

cates of greater aid to Russia. Secretary of State Warren Christopher acted quickly to squelch such talk. In Schate testimony, he declared: "We do not intend to find that money (for Russia) in aid to Israel or Egypt or other of the

addition, Israel has long been viewed as Washington's main strategic partner in the Middle

Committed Zionists in the US - only some of whom are Jewish - have been able over the the years to reward their political allies and punish their Middle East countries at the

Israel groups, is making it clear that he favours a full reconsideration of the assump tions that have underpinned US foreign aid for the past 15 years In a recent speech. Leahy complained about the billions of dollar spent to combat left-wing movements in EL assistance. As well as Egypt and Israel, considerable sums go to countries mac Turkey and Philippines that have hosted US military bases on their soil.

Leahy says: "The American people are fed up with an outdated foreign aid programme

Although President Clinton has argued that US aid priorities need changing in this post-Cold War age, a few favoured recipients continue to get the main share. Among them are Israel and Egypt, which still get have pledged in 1978 at Camp David. Yet Clinton has pledged two billion dollar to Russia and as Gemini News

be needed to assist the

poorest countries as well as

Russia, with emphasis to be

placed on programmes that

provide basic education, pri-

mary health care and environ-

Congress is being asked some-Service reports, the US ambassador-at-large in the former Soviet Union has told Congress "We don't know how to fund Clinton's pledge of rica's national interests." He is proposing that funds

more than two billion dollar aid to Russia. The auministration's failure to propose any re ordering of priorities makes its portical task all of the more difficult. Unless he dares to challenge the might of the pro Israel lobby in the US, Chinion could see experience a highly embarrassing defeat in his efforts to promote capitalmocr in Russia. Gemini News

Kevin J Kelley was born in New York He is Eduor of the International affairs journal Toward Freedom and author of The Longest War, a

El Salvador dollar Nicaragua 175m Source: US Information Service have to be taken either from don't think any foreign aid the Pentagon's accounts or should be so locked in that it becomes an entitlement." from current foreign-assis-Leahy's approach has been entance allocations to other dorsed by Congressman countries. Richard Gephardt, the No. 2 Patrick Leahy, the

present time." And Clinton himself has submitted to Congress a budget proposal for next year that calls for Israel and Egypt to receive the same amount of aid as in 1993. It is largely due to the

how we are going to pay."

strength of the pro-Israel lobby in the US that the President feels compelled to uphold the foreign-aid status quo. The comparatively huge amounts of money given to Egypt and Israel are intended, in part, as a reward for the two countries' acceptance of the Camp David peace agreement in 1978. In

strongly pro-Israel outlook for Unicef." regularly pour large sums of money into Congressional and presidential campaigns. And often enough, these contribupercent of the total feder tions make the differences in

close election races. A significant number of lawmakers thus have no inclination to anger activists working to preserve generous US aid to Leahy is not halting his a lew countries.

Donor organisations with a

campaign. The powerful New England liberal, who receives no campaign funding from pro-

The overall 14.7 billion dollar US foreign aid outlay for 1993 represents about one

"we had to fight to get pennics

budget of nearry 1.5 trimon dollar. Humanitarian and derelopment assistance accounts more where littles of 14.7 billion dollar sum, with the rest of the money devoted to military related projects in

No sub Saharan African na tion is included among the ten top recipients of US foreign

mental protection. No more should he Senator says, on "arming every gang of thugs who put on uniforms, call themselves the

army', and use our weapons to commit atrocities against their own people But Leahy may be too san-

book on Northern Ireland