G7 farmers call leaders to protect food markets

TOKYO, July 5: Farmers unions from Group of Seven (G7) nations agreed Sunday to urge their leaders to oppose food liberalisation to protect domestic food security and small-scale farming, Japanese officials said, reports AFP.

More than 40 delegates from agricultural organisations in 13 countries — including G7 nation — Britain, Canada, France, Germany, Italy, Japan and the United States — gathered Sunday in Tokyo to hold their own meeting ahead of the G7 summit from July 7-9.

Participants in the meeting said they would issue a joint statement and deliver it to Japanese Prime Minister Kiichi Miyazawa, who will chair the annual G7 talks.

"The purpose of my visit is to share with the rest of the farmers around the world ... that it is a right of every country to have a domestic food policy," said Leland Swensen, President of the National Farmers Union of the United States.

"We think that goes with a right of a country to ... sustain its economy," Swensen said. "That's the message I will deliver to the participants (at the G7 summit)".

The farmers' union statement is expected to call on G7 countries to reconsider a plan to remove all the trade barriers in line with the aims of GATT.

However, G7 members are expected to shelve food liberalisation issues at the summit, while promising more effort to successfully conclude the deadlocked Uruguay Round of the General Agreement on Tariffs and Trade (GATT).

Andre Herlitska, Secretary General of the Comite des Organisations Professionnelles Agricoles de la C E (COPA), warned that "liberalisation could kill agriculture and kill rural areas."

Herlitska, who represents the European Community (EC) farmers union, said that liberalisation of food products would particularly hurt small-scale farming.

Japanese officials said participants at Sunday's session agreed that Japan should continue to protect its domestic rice market with the continuation of a ban on rice imports.

The long-standing ban on rice imports is one of the major obstacles blocking completion of the GATT talks.

"Terumka Ishikura, Executive Director of Japan's central union of agricultural co-operatives, said a proposal by outgoing GATT Director General Arthur Dunkel to ease the import ban was "meaningless" and "unrealistic."

"Unless each country reviews the proposal and replaces it with a new one, we can't conclude the trade talks within the year," Ishikura said.

Farmers unions taking part in the meeting included France's Federation Nationale des Syndicats d'Exploitants Agricoles, dairy farmers of Canada, Italy's Confederazione Italiana Agricoltori and Spain's Union de Pequenos Agricultories.

Asian farmers unions in attendance included the Federation of Free Farmers of the Philippines and the National Agricultural Cooperative Federation of South Korea.

A Tatar woman prays during the opening ceremony of 'Sabantooi' holiday in Moscow's Izmailovski Park on July 4. Sabantooi is a traditional Tatar Muslim annual holiday which is celebrated at the beginning of July to mark the first stage of crop planting. — AFP/UNB photo

G-7 Logo

TOKYO SUMMIT 1993

The Japanese Foreign Ministry released on April 27 the logo for the upcoming G-7 and EC leaders summit on July 7-9. The logo depicts an earth woven from eight intersecting rings and capped by a heart illustrating 'harmony'. — AFP/UNB photo

Peter Sutherland concerned about summit outcome

LONDON, July 5: GATT Director General Peter Sutherland today expressed strong concern about the outcome of this week's G7 economic summit in Tokyo, reports Reuter.

"I am at this moment extremely worried and concerned about the outcome," Sutherland said in an interview with the BBC's business breakfast programme.

General Agreement on Tariffs and Trade (GATT) trade talks had stalled, not because of developing countries' problems, but because of an apparent inability of major countries to make the push forward to get the talks going again, he said.

The so-called Uruguay Round of international trade talks have dragged on for more than six years as both industrial and developing nations have shied away from taking the politically unpopular steps needed to strike a deal.

The Group of Seven (G7) leaders from Britain, Canada, France, Germany, Italy, Japan and the United States will discuss world trade problems at this week's Tokyo summit.

"At the moment it must be said that some of the signals that have been coming over the last couple of days have been somewhat ominous," Sutherland said.

India needs to spend a lot for social welfare: Central bank study

BOMBAY, July 5: India must spend more on health care, education, and welfare to counter widespread poverty and illiteracy in the countryside, a central bank study says, reports Reuter.

The Reserve Bank of India says India has neglected the countryside in favour of developing costly higher-level institutions such as universities and hospitals in towns and cities.

As a result it has fallen far behind many other developing countries in Asia, including China in terms of infant mortality levels and life expectancy, the bank says.

The corporate sector could be encouraged to take part more actively in financing social sector projects through tax relief, says the report, published this week.

Despite dramatic increases in food grain output, much of the population remains under nourished, according to the study. It recommends refocusing health spending on public health, to improve sanitation, drinking water quality and family welfare.

The study is part of a general reassessment by India of its spending priorities as it adopts a more market-oriented economy and reverses four decades of Indian-style socialism.

In a landmark speech in Calcutta last week, Prime Minister P V Narasimha Rao signalled the end of state domination of heavy industry, arguing that the government should use its resources for health and welfare.

After independence in 1947, India developed huge state-run heavy industries while failing to provide adequate health care or education for the poor of a population that now totals 880 million, half is illiterate.

Despite substantial improvements, India's performance with respect to human development is considered to be allow by international standards ... says the report, compiled by the central banks department of economic analysis and policy.

With regard to both education as well as health, India's achievements pale into insignificance when compared with those of other Asian countries, it adds.

India is in fact in a paradoxical situation of having one of the largest polls of both scientific personnel as well as illiterate persons in the world.

Lack of primary education has impeded economic development, it says.

India's literacy levels are abysmally low even now and it is being recognised, although belatedly, that this factor constitutes a major impediment to the development process, the report says.

The poor levels of attainment with respect to human development in the country may be attributed, amongst other factors, to the distorted pattern of expenditure which favours higher-level facilities located in urban areas at the expense of primary-level institutions in rural areas.

It says 65 to 70 per cent of government education spending should be on primary schools, rather than the current 30 to 50 per cent.

In health, hospital-based facilities take at least two-thirds of spending, leaving only one-third for primary health care against an Asian average of 44 per cent for primary health.

The health sector represents a skewed pattern even with respect to the distribution of infrastructure facilities. Nearly four-fifths of the infrastructure facilities in the country are located in urban areas, the study says. It is not surprising that infant mortality, therefore, is much higher in the countryside than in cities, it says.

Japan- China relationship may soon turn into geo-economic rivalry

MANILA, July 5: Japan and China, East Asia's two dominant powers, may soon become not only geo-political rivals but also geo-economic competitors, analysts say, according to IPS.

Nuclear-armed China, the world's most populous country, has long been a strategic player on the global stage. But until recently, the notion that the Chinese could give the Japanese serious competition in the economic field was unthinkable.

Grappling with its worst recession since World War 11, the Japanese economic juggernaut no longer seems invincible. China, meanwhile, is enjoying a phenomenal surge of double-digit economic growth, igniting speculations it will emerge as the world's next superpower early in the 21st century.

"Relations between China and Japan are the key relationship in the region after US-Japanese relations," said Singapore Premier Goh Chok Tong in a recent Tokyo meeting. "They will become even more important than US-Japanese relations in 15 to 20 years."

Asian countries are understandably keen to see that relationship develop smoothly. But many expect the two powers will compete fiercely even as they deepen their cooperation, says economist Alan Ortiz, senior Vice President of the state-owned Development Bank of the Philippines (DBP): "Asia will be the battleground where a bitter Sino-Japan economic rivalry will be played out."

By most yardsticks, China is still a midget beside Japan. China's manufacturing output, for example, stands at 175 billion US-dollar a year, a tiny fraction of Japan's 1.2 trillion US dollar.

But the gap between the two economies is narrowing. This trend has been highlighted by studies of the International Monetary Fund (IMF) and the World Bank showing that the Chinese economy may be much bigger than previously thought.

According to the IMF's new method for computing the size of economies, which uses purchasing power parities (PPP) to take into account international differences in prices, China's share of total global output is six per cent, which would make China the world's third-largest economy behind the United States and Japan.

Based on the World Bank's new numbers, China is the second-biggest economy, overtaking even Japan, with a gross domestic product (GDP) of almost two trillion US dollar in 1992.

China's per capita GDP would thus be 1,700 US dollar versus 370 US dollar per capita under the present system of computing GDP, which converts its GDP into dollar at the official exchange rate. Thus, forecasts that China may become the world's largest economy anytime between 2010 to 2020 are no longer far fetched.

Unique among the world's reforming socialist economies, China's explosive growth is being financed not only by the country's large domestic pool of savings (the Chinese are second only to the Singaporeans in Asia).

It can also draw from the "bottomless reservoir" of the 55 million overseas Chinese living in Asia, says economist Frederic Clairmont in one of his essays.

He says the 'diaspora' — the overseas Chinese in Hong Kong, Taiwan and many South East Asian countries — can supply 90 per cent of the 350-400 billion US dollar that China needs by the year 2000 to meet its ambitious development goals.

But that very same territory is already 'pax Japonica'. While Europe and North America have been struggling to achieve formal regional integration, Japan has quietly turned the region into production bases for exporting its products to western markets.

Japanese investment in Asia soared in the second half of the 1980s when the rising value of the yen forced Japanese manufacturers to relocate plants to lower-cost sites overseas. With the yen rising even higher in recent months, pressure for more of such industrial migration is increasing. Most observers see another wave of Japanese investment as soon as Japan recovers from its current slump.

World Bank to consider major reforms

WASHINGTON, July 5: The World Bank next week will consider major changes in the way it does business, giving outsiders a say in how it lends tens of billions of dollar to the developing world each year, bank sources say, reports Reuter.

The proposed reforms, which include establishment of an independent inspection panel to handle complaints, are designed to make the global lending agency more open and accountable to the public and enhance the effectiveness of its loans.

"It will make the bank far and away the leader among development institutions in opening up its operations to the public," said Professor Daniel Bradlow of the American University, who's testified to Congress on the issue.

The reforms should soothe critics of the bank's lending practices and help win US backing for new funding for its International Development Association Affiliate.

US lawmakers, particularly Barney Frank, the Massachusetts Democrat who heads a key House subcommittee overseeing the bank, had warned that it would be difficult to approve the 3.75 billion dollar in funding unless the changes were made.

The World Bank's board will discuss the reforms over three days of meetings starting on July 6.

The first day's discussion will centre on proposals to establish some sort of procedure that would allow environmentalists and other critics to voice their objections to specific bank projects such as dams and roads.

Two ideas have been put forward. Some bank directors, including Eveline Herfkens of the Netherlands, have proposed a single inspector who would not only investigate complaints but carry out spot checks of bank projects.

Bank staff have put forward and alternative proposal — establishment of a three-man, independent panel that would only hear complaints from outsiders.

Jo Marie Griesgraber, of the Centre for Concern, an independent social justice research centre, voiced two reservations about the staff proposal.

Outsiders will have to channel their complaints through bank staff and their names will be published. That could discourage them from coming forward.

Pindi to import US wheat on concessionary terms

KARACHI, July 5: Pakistan is to import half a million tonnes of wheat from the United States on concessionary terms, Food Minister Majid Malik said, reports AFP.

The wheat, purchased at 110 dollar per tonnes as against the international market price of 142 dollar, will reach Pakistan by December, he told the parliament Sunday.

Pakistan imported 2.35 million tonnes of what to meet its deficit in the fiscal year to June as against the previous year's imports of 1.64 million tonnes.

Last year's devastating floods destroyed vast areas under wheat crop, causing a loss of nearly half a million tonnes in production.

The Minister said the smuggling of wheat to the neighbouring Afghanistan was another factor causing the shortage of wheat which is the staple food in this country.

Central Asian republics join ECO confce

KARACHI, July 5: Six former Soviet republics today joined Iran, Pakistan and Turkey in seeking insurance links under the auspices of the Economic Cooperation Organisation, ECO sources said, reports AFP.

Representatives from Armenia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan were participating in the three day ECO regional conference on insurance which started here today.

Sources said the conference would discuss ways and means to promote regional cooperation in various fields of insurance.

This is the first time that the central Asian republics, which joined ECO last year, have participated in a regional conference involving the Muslim economic group of 10 countries which also includes Afghanistan.

Political uncertainty in Japan boosts dollar in Asia

HONG KONG, July 5: The Greenback made gains against most Asian currencies this week, with political uncertainty in Japan resulting in dollar buying in many regional markets, reports AFP.

The Japanese yen lost ground after a firm start to the week, while the Australian, Hong Kong, Taiwan and Singapore dollar all fell.

Other losers were the South Korean won and Indonesian and Philippine units, with the New Zealand dollar, Thai baht and Malaysian ringgit the only gainers.

Japanese Yen: The yen kept losing ground from a firm start against the dollar in Tokyo last week while political uncertainty at home weighed heavily on the minds of market players. It closed the week at 107.93 yen, down 1.58 yen from a week earlier.

After opening at the week's high of 105.00 yen, the yen met selling intervention by the Bank of Japan to prop up the US unit.

The yen went on sliding in midweek in the absence of fresh incentives while most investors watched political unrest leading to July 18 general elections.

It took a tumble on Thursday on overnight remarks by US Treasury Secretary Lloyd Bentsen that the US administration was not seeking a further appreciation of the Japanese unit.

The yen hit the week's low of 108.60 yen on Friday when Finance Minister Yoshiro Hayashi admitted he had sought election campaign funds from financial institutions.

Australian dollar: The Australian dollar continued its downward trend although light local buying helped lift the unit towards the week's end for a close of 66.85 US cent, compared to the previous week's finish of 67.53.

Despite Friday's rally, dealers remained unconvinced the currency has recovered from an offshore beating which forced it to six-year lows and bought the Central Reserve Bank into the market as an aggressive buyer.

The currency has fallen from 70.000 US cent to 66.17 US cent in a month and dealers said the market is still trying to pick the bottom.

It managed to drift to a 67.08 US cent high, but lacked the firm backing needed to remain above the figure.

Dealers said the Australian dollar was mostly quietly traded here, repeating a patten of onshore support for the flagging unit after offshore sales.

It was thrashed to a 66.17 US cent six-year low on Wednesday night, when the Reserve Bank intervened continuously through the Federal Reserve Board in New York, and directly in London trade.

Hong Kong dollar: The local unit closed at 7.750-7.752 to the Greenback, down from the previous week's close of 7.7336-7.7346. The effective exchange rate remained unchanged from last week at 112.7.

New Zealand dollar: The New Zealand dollar closed up Friday at 54.24 US cent compared with its previous week's close of 53.65.

The currency touched 54.30 US cent overnight following the budget when offshore investors bought the Kiwi.

Thursday's budget held the government's line on tight fiscal control, and Finance Minister Ruth Richardson said the could bring in a surplus in 1998.

Singapore dollar: The Singapore dollar was weaker against the US dollar at an exchange rate of 1.6235 here Friday against last week's level of 1.6225.

The Greenback hit a low of 1.6195 earlier in the week.

Dealers said the political uncertainty in Japan saw the yen sidelined in favour of the Greenback in Asian money markets.

Demand for the US dollar was stronger Thursday and Friday.

South Korean won: The won weakened to close at 803.40 won against the dollar on Saturday, down 0:50 from the previous week's close of 802.90.

Dealers said demand for the US currency was strong during the week, with an average 600 million dollar being traded daily.

Taiwan dollar: The Taiwan currency fell to close Friday at 26.414 to the US dollar, down 0.9 Taiwan cent from the previous week's finish of 26.405.

Thai baht: The Bank of Thailand's Exchange Equalisation Fund (EEF) on Friday fixed the official mid-rate at 25.29 baht to one US dollar, compared with the preceding week's close of 25.32 baht.

The Greenback was supported by an announcement Thursday by Germany's Bundesbank that it was lowering interest rates, both discount and Lombard, by 0.50 and 0.25 per cent respectively, a currency trader said.

Indonesian rupiah: The Indonesian currency weakened over the week against the Greenback, closing the week's trading Friday at 2,090 rupiah, or two rupiah lower than the previous week's finish.

Malaysian ringgit: The ringgit gained 100 points to end the week higher against the US dollar at 2.5735 from 2.5835 previously.

Dealers said strong bids for the ringgit by a few oil companies to meet their half-year royalty requirements led the local currency to finish stronger against the Greenback.

Philippine peso: The Philippine peso depreciated again to 27.34 peso to the US dollar on Friday from 27.20 peso on June 25.

Earlier this week, officials had said that while a lower peso value would help exports, they were also reluctant to let it fall too drastically for fear this could spur inflation in the import-dependent nation.

Coffee producers will cut export by 20pc

SAN SALVADOR, July 5: Brazil, Colombia and Central American coffee-producing countries agreed Sunday to cut their exports 20 per cent to try and recoup some of the losses from price drops over the last four years, reports AFP.

Concluding a three-day meeting in the capital of El Salvador, government officials and growers from eight Latin American countries adopted a Brazilian proposal to cut exports starting October 1, said Brazilian Trade Minister Eduardo Andrade.

The eight countries produce 64 per cent of the world's coffee, and officials said they hope the coordinated effort can end the long slide in prices.