# New GATT chief attacks West for protectionist sentiment

GENEVA, July 6: The world trade watchdog GATT on Monday launched a counter-offensive against rising protectionist sentiment in the United States and Europe, arguing that free trade would save jobs and boost the international economy, reports Reuter.

The body's new chief, Peter Sutherland, told trade diplomats and journalists this week's G-7 summit in Tokyo must agree on "specific, concrete measures" to rescue the long-stalled Uruguay Round of talks on a new world trade treaty.

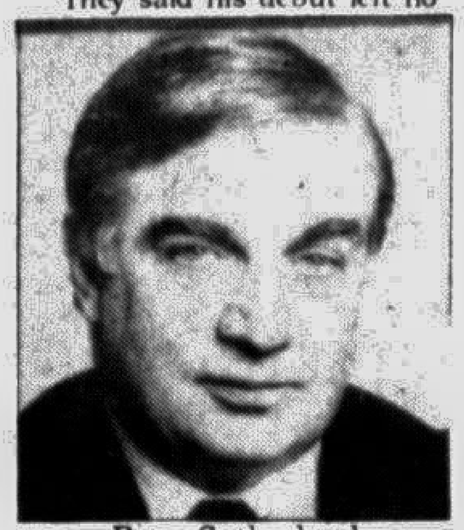
Economists at GATT, the General Agreement on Tariffs and Trade, issued a statistics-backed study insisting that millions of existing and potential jobs in all the major economies would be lost by a collapse of the open trading system.

"If the G-7 leaders are serious about tackling long-term unemployment, reigniting growth and prosperity and creating a new dynamism, the way to do it is by actively assisting in the conclusion of the round," Sutherland told a news conference.

Earlier the 47-year-old Irishman, former European Community Competition Commissioner, told the round's guiding trade negotiations committee (TNC) that wrapping up an accord was "one of the defining moments of the latter half of the century."

The address to negotiators from 116 countries and the news conference were seen by trade diplomats as a clear signal that Sutherland, who took over as GATT Director General on July 1, would be firmly pushing the open trade doctrine.

They said his debut left no



Peter Sutherland

doubt that he would be more outspoken and combative than his predecessor Arthur Dunkel of Switzerland, who was often criticised for taking a too diplomatic approach in the round negotiations.

Sutherland said the G-7 — the United States, Japan, Britain, Canada, France, Germany and Italy — "should go beyond the generalisations and statements of intent" on completing the seven-year round expressed after earlier summits.

"The expectation is for something specific and concrete," he told the news conference.

The GATT study, a five-page survey of G-7 trade, clearly sought to counter arguments gaining ground in the US and France that domestic employment was protected by slashing imports, especially from low-cost producer states.

# Pak foreign reserves fall

KARACHI, July 6: Foreign reserves fell to 346 million dollar in June from 388 million dollar in May and 917 million dollar in June 1992, State (central) Bank of Pakistan figures showed, reports Reuter.

The bank also had gold coin and bullion worth 632 million dollar in June, down from 637 million dollar in May and compared with 705 million dollar in June 1992.

The bank gave no reason for the fall, one banker said reserves fell because of year-end (fiscal 1992/93 July-June) payments and a higher import bill. The import figures are to be released next week.

The fall was partly due to withdrawals from foreign currency accounts amid political uncertainty because of a power struggle between President Ghulam Ishaq Khan and Prime Minister Nawaz Sharif, said an official of the Chamber of Commerce and Industry.

The reserves included 209 million dollar held abroad 4.8 million dollar special drawing rights held with the International Monetary Fund and 132 million dollar foreign exchange within the country.

# Scam : Monmohan Singh denies ministry's failure

NEW DELHI, July 6: Indian Finance Minister Monmohan Singh denied charges that India's dollar 1.28 billion financial scandal could have been avoided if he had effectively imposed government guidelines, the Press Trust of India (PTI) reported today, says Reuter.

Singh has been severely criticised by a joint parliamentary committee probing the scandal for his ministry's failure to implement existing regulations.

In its draft report the committee said: "The (Finance) Ministry's failure to ensure adherence to its own instructions contributed significantly to irregularities in securities and banking transactions."

The draft said that if guidelines set by the government were followed, bankers and brokers could not have siphoned off funds from inter-bank dealings to artificially inflate the Bombay Stock Exchange.

Singh told PTI in an interview that the charges against him by the parliamentary panel were "hardly sustainable."

"How could the finance minister prevent them (irregularities) until somebody brought to his notice that such things were happening", PTI quoted Singh as saying.

He said it was at this instructions that the Reserve Bank finally discovered the fraud.

Singh said that as soon as irregularities came to his notice he set up a committee under the Deputy Governor of the Central Bank to look into the workings of financial institutions.

PTI adds: The Joint Parliamentary Committee holds a crucial meeting here today and is likely to consider the issue of examining some persons mentioned by big bull Harshad Mehta during his last week's deposition before the JPC.

Mehta, during his ten-hour marathon deposition before the committee on June 30, had mentioned the names of Sunil Mittal and others in connection with his alleged pay off to Prime Minister P V Narasimha Rao.

Ram Niwas Mirdha, Chairman of the Committee probing the securities scam, said the question of calling more persons for evidence is likely to come up for discussion today.

Non-Congress-I members of the JPC say they would insist to examine all the persons to ascertain the veracity.

# Tokyo to double ODA, contribute to ESAF programme

TOKYO, July 6: Japan plans to double its Official Development Assistance (ODA) and is ready to contribute to the enhanced Structural Adjustment Facility (ESAF) at the International Monetary Fund, senior government officials said, reports Reuter.

Tokyo is expected to meet strong demands from its Group of Seven (G7) allies this week to cut its current account surplus and stock domestic demand — and will retort by showing how much money it is funnelling to developing nations.

The ESAF gives low-cost, long term loans to the world's poorest nations.

These initiatives will promote the flow of private sector capital to developing nations in the long term, officials said.

Prime Minister Kiichi Miyazawa will give the other G7 leaders details of Japans funds for development initiative totalling 120 billion dollar that the unveiled in late June.

Through this initiatives, Japan pledged to double the amount of ODA to dollar 70-75 billion and increase the amount of grant aid in that assistance.

Most of this money will go to Third World countries that are anxious they are losing money and attention to Russia and other Eastern European states following the collapse of communism, the officials said.

Leaders of G7 countries — the United Stats, Japan, Germany, France, Britain, Italy and Canada - meet on July 7-9 to discuss global growth, world trade and support for Russia's economic and political reform and aid to developing nations.

The G7 are expected to discuss how to enhance ODA both in terms of quality and quantity, said a senior official at the Ministry of Foreign Affairs.

Japan is prepared to make a substantial contribution to the ESAF to provide capital liquidity to developing countries, a senior official of the Ministry of Finance (MOF) said.

The ESAF was set up six years ago and has so far committed about seven billion dollar to 22-low-income nations, mostly in Africa, to assist economic adjustment efforts.

The current 8.5 billion dollar ESAF expires at the end of November. IMF Managing Director Michel Camdessus has said he wants to create a new fund of about the same size.

"The G7 nations are likely to agree at the summit to make a concrete effort to extend the ESAF," the senior foreign ministry official said.

Also included in Japan's initiative is lending by the Japan Export-Import Bank in Tandem with the IMF's extended fund facility (EFF) and stand-by loans, the MOF official said.

"There is a general shortage of capital in developing nations and we need to address this problem," he said.

# Delhi reports sharp rise in foreign investment

NEW DELHI, July 6: Foreign investment in India is up significantly in the first half of 1993, according to official figures released here Monday, reports AFP.

"The first five months this year investment worth 33.20 billion rupee (1.1 billion dollar) was approved by the government as against 38.90 billion rupee (1.29 billion dollar) in 1992 and 5.3 billion rupee (176 million dollar) the previous year," an official release said.

More than 90 per cent of the investment was in high priority areas such as power, oil, food processing, chemicals, electrical and electronics equipment, telecommunications, transportation, industrial machinery and hotels, it added.

The United States is the biggest investor in India, with projects worth 19.42 billion rupee (647 million dollar) in the pipeline for the first half of this year. US investment in the country last year was worth 12.31 billion rupee (410 million dollar), according to the release.

Investments from Australia, Britain, Germany, Italy, Japan, Malaysia, the Netherlands, Singapore, South Korea, Sweden and Switzerland have also shown a significant increase, the release added.

India has been opening its doors to foreign investors since Prime Minister PV Narasimha Rao took power in June 1991 and launched a series of economic reforms.

# CARICOM plans for common currency still alive

NASSAU, July 6: Caribbean leaders begin a summit meeting here today at a critical time for their economies and their relationship with the rest of the world, Bahama's Prime Minister Hubert Ingraham said here, reports AFP.

Caribbean community (CARICOM) countries are struggling with slow economic growth, high unemployment and inadequate performance in both the public and private sectors, Ingraham, who is also Bahama's finance minister, told CARICOM finance ministers' meeting ahead of the summit.

But they also face balance of payments problems "which are sometimes exacerbated — rather than relieved — by the stringent policies of external funding agencies, and international entities with whom we trade," Ingraham said.

Among items of concern to CARICOM are the effects of the proposed North American free trade agreement on the regional organisation and changes in the regulations governing banana imports into the European Community.

CARICOM fears a few system allowing cheaper Latin American bananas into EC countries under a quota system will further depress prices, already affected by fluctuations in sterling's value.

Also on the agenda at this week's meetings will be plans for a common currency, which have been complicated by recent decisions to float the currencies of Trinidad and Tobago, Guyana and Jamaica.

CARICOM Secretary General Edwin Carrington said Sunday that this did not mean plans for a common currency were being abandoned.

Another report adds: Plans for a common Caribbean currency have run into problems because of the decision to float several regional currents, Caribbean Finance Ministers said here Monday.

The Finance Ministers were meeting ahead of the annual summit of CARICOM heads of government due to open here later Monday. The summit ends Thursday.

Trinidad and Tobago's decision earlier this year to float its currency has created a disruptive element in the whole situation.

# OPEC oil supply remains above ceiling

LONDON, July 6: OPEC oil supply remained some 650,000 barrels per day above the agreed ceiling in June, a survey found on Monday, reports Reuter.

Wellhead production was estimated to be up by 150,000 BPD to 24.29 million. Supply to the market under OPEC quota rules — which exclude movement to, but not sales from, producer storage — was seen not much changed around 24.25 million.

This compares with a supply ceiling of 23.6 million BPD set by the Organisation of the Petroleum Exporting Countries.

Failure so far this year to comply with quotas is among reasons why the market is sceptical about OPEC's ability to cope with likely resumed exports by Iraq. Talks open in New York on Wednesday on terms under which Iraq, whose oil has been embargoed by the United Nations since it invaded Kuwait in 1990, would resume limited, UN-supervised sales.

Oil prices have dropped two US dollar in a month, to around 16.65 dollar for the benchmark Brent blend, on OPEC excess and fears of a glut when Iraqi sales resume.

The Reuter monthly OPEC survey seeks a best estimate of wellhead volume from information from Reuter correspondents, industry officials and analysts in OPEC and consumer nations.

Saudi Arabia seems largely to have accounted for the June wellhead gain. It is assessed at 9.05 million BPD — up 150,000 — which is both the mid-range of monitors' estimates and also the Saudis' own number, industry sources said.

But the Saudis were producing below the level of their 8.0 million BPD quota in April and May, making up sales volume from storage. In June, western industry sources said, while wellhead volume rose, they again seemed to be matching supply to quota.

Particular uncertainty again attends estimates of Iran's production. Officials say Iran continues to produce to quota of 3.24 million BPD, but no monitor can be found to support that. Some views ranged above 3.7 million, based on an assessment of likely exports obtained from tanker tracking data and estimates of domestic refinery throughput.

The Reuter survey uses a mid-range estimate for Iran of 3.62 million BPD which is regarded as being subject to revision.

Views on Kuwait in June are in a range of 1.65-1.7 million BPD, just up from May. But "closer to 1.8" was heard.

Nigeria is seen higher than previously reported in May, above 1.9 million BPD, but down by about 50,000 in June.

Output by other OPEC sellers was broadly unchanged.

Former Soviet President Mikhail Gorbachev welcomes German film director Wim Wenders during the Moscow film festival on Monday. Wenders directed Mikhail Gorbachev playing himself, in his last film " Faraway, So Close" on the fall of the wall in Germany. —AFP/UNB photo.

# Japan's business leaders dragging feet about financing LDP

TOKYO, July 6: Just when the ruling Liberal Democratic Party (LDP) needs their money most, Japan's big companies, financially strapped and uncertain about the political future, are dragging their feet, industry sources said on Monday, reports Reuter.

Japan hit the campaign trial on Sunday for the July 18 snap elections Prime Minister Kiichi Miyazawa called last month after a no-confidence vote toppled his government. The vote came after Miyazawa failed to enact the political reforms he had repeatedly promised.

"Leaders (in major industries) must feel troubled about how to cope with the current political situation," said an export-oriented industry source. "If the LDP were to continue to have a majority in the lower house, it would be no problem."

As well as donations made to the LDP through the People's Political Association, which pools funds from business groups and individual companies, big companies have traditionally funded LDP politicians with direct donations.

The Japan Federation of Economic Organisations (Keidanren), as secretariat for the People's Political Association, decides how much each company must donate to the 12 billion yen (110 million dollar) to 13 billion yen (119 million dollar) total given annually to the LDP.

But Keidanren chairman Gaishi Hiraiwa, said individual company donations to the LDP dwarf those of the association.

"The reality is that the money needed for political activity is so huge that funds through Keidanren are small," he told reporters.

Business sources estimate that political donations funnelled through Keidanren account for only about 10 per cent of total corporate donations.

On Friday, both the Finance Minister and the Construction Minister said that they had asked for political funds from industries within their jurisdiction.

Japan's laws on political funding for politicians and cabinet ministers do not bar them from accepting funds from industries, even those within their own jurisdictions.

Japanese newspapers also reported last week that the LDP had asked for three billion yen (27.5 million dollar) each in election funds from six major industries — banking, automobile, electronics, construction, electric power and steel.

No industry official has so far confirmed the report. But a Japanese daily, the Mainichi Shimbun, reported on Saturday that Yutaka Kume, chairman of the Japan Automobile Manufacturers Association, told Keidanren chairman Hiraiwa that his industry could not meet the request.

On Saturday, Nippon Steel Corp Chairman Hiroshi Saito was quoted by business daily Nihon Keizai Shimbun as saying that the steel industry, hurting from the economic slump, is in no position to provide new campaign funds to the LDP.

Hiraiwa said on Monday he had no direct knowledge of the LDP's requesting funds from the six industries in addition to the usual People's Political Association contributions.

# Iran , India meet to discuss pipe gas project

NICOSIA, July 6: Iranian and Indian oil ministers met in Tehran on Monday to discuss a project of pipe gas to India, the official Iranian news agency IRNA said, reports Reuter.

Satish Sharma, Indian State Minister for Petroleum and Natural Gas, asked Iran to contribute to the project at a meeting with Iranian Oil Minister Gholamreza Aqazadeh, it said.

It gave no details of the project but quoted Aqazadeh as saying Iran was ready to expand its oil cooperation with India.

Besides Iran, Oman and Qatar are also considering projects to pump natural gas to India from the Gulf.

The proposed Iran-India pipeline was discussed during a visit to New Delhi by Iranian Heavy Industry Minister Mohammad Hadi Nejan—Hosseinian in April.

# China's new economic czar plans crackdown on financial sector

BEIJING, July 6: China's economic Czar and new central bank chief, Vice Premier Zhu Rongji, convened a national meeting here to crack down on the country's chaotic financial sector, an official report said, according to AFP.

Zhu warned the national finance work meeting that "some glaring problems" have emerged and said the central government would increase its controls over the financial sector, the national Evening News said in its lead story.

Financial discipline and management would be stepped up, Zhu said.

The main purpose of the meeting was to "rectify order", the leader said, but he stressed that the tool for doing so would be deepening market reforms.

China's financial woes were to blame on over-spending, he said. China's economy grew 14 per cent in the first five months of year and the government has acknowledged that the economy has become overheated.

China axed the head of People's Bank of China, Li Guixian, last Friday and named Zhu as his replacement.

Zhu has been quick to act.

The central government has issued a tough 16-point plan to restore economic order, a Beijing-controlled Hong Kong newspaper, Wen Wei Po reported Saturday.

The main focus of the plan is reducing inflation and cutting out-of-control investment.

Measures included increasing interest rates on savings deposits this month, reducing capital construction projects and freezing price reforms in the second half of the year.

The government will slash spending by its administrative organs by 20 per cent, while banks were given a deadline to call in loans to fund speculative ventures and will be strictly limited in new lending.

# Unemployment rises in US

WASHINGTON, July 6: The US unemployment rate rose 0.7 per cent in June from 6.9 per cent a month earlier due to a drop in manufacturing jobs, the Labour Department reported Friday, according to AFP.

The report also showed a net gain of only 13,000 jobs, though analysts had expected a larger gain, while the aircraft, electronics, food and clothing industries all reported losses.

Some 200,000 jobs were created during both April and May.

June's increase in the unemployment rate was the first this year, pushing the jobless rate back to its level from February through April.

It was the fourth consecutive monthly decline in manufacturing jobs, according to the report which cited defence spending cuts as the primary cause.

# Portraits of G7 leaders who are meeting in Tokyo

TOKYO, July 6: Leaders of the Group of Seven (G7) richest nations meet in the Japanese capital at an economic summit Wednesday amid scepticism over whether they can achieve anything meaningful for the world economy, reports Reuter.

Most of them face tough political battles in the domestic arena, and may be more concerned with their standing at home. Here are brief open portraits of the G7 leaders and Russian President Boris Yeltsin who will join them.

**Britain**

John Major became Britain's youngest Prime Minister for nearly a century when he succeeded Margaret Thatcher in 1990.

At first he impressed with his coolness under pressure and a conciliatory style that contrasted with his predecessor.

But after he retained power in the April 1992 general election, his leadership was plagued with misjudgments, and his popularity has been eroded by policy u-turns in the face of a sluggish economy.

**Canada**

Kim Campbell, the newest recruit to the ranks of G7 leaders, became Canada's first woman Prime Minister when she won the conservative party leadership last month, overcoming controversy about her abrasive character and two divorces.

She will be the first woman to sit at the summit table since Margaret Thatcher left office as British Prime Minister. She must call a general election by November and the conservatives are trailing in the polls.

**France**

Francois Mitterrand, President since 1981, saw his power dwindle rapidly after a centre-right landslide election victory in March, as his socialist party fell into disrepute because of a stalling economy and soaring unemployment.

In 1992 he had gambled on a referendum to approve the Maastricht Treaty on European Union. However, the wafer-thin public endorsement was insufficient to revive his standing and the disclosure that he had prostate cancer added to an 'end of reign' mood in Paris.

**Germany**

Chancellor since 1982, Helmut Kohl wept for joy when Eastern Germany came into the western fold after 40 years of communism. As first Chancellor of a reunited Germany, his place in the history books is secure.

Just three years after the Berlin wall burst open, however, the country has plunged into its deepest recession since World War Two. Kohl has so far weathered the plunge in his popularity partly because of the weakness of the opposition Social Democrats (SPD).

**Italy**

Carlo Azeglio Ciampi became Italian leader in April after the previous government crumbled under the weight of a corruption scandal. He got the job largely because of his lack of connections with the tainted world of Italian politics.

A political novice, the soft-spoken Ciampi was governor of the nation's central bank for 14 years, where he won praise for his drive to modernise Italy's financial system.

**Japan**

Perhaps the most vulnerable of all the G7 leaders, Kiichi Miyazawa hosts the summit on the eve of a general election, called after his government lost a confidence vote triggered by his failure to take promised steps to curb rampant political corruption.

It is unlikely that the deeply unpopular Miyazawa will hold on to his job, even if his Liberal Democratic Party manages to form a coalition government after the July 18 general election and continue its 38-year rule.

**United States**

President Bill Clinton took office in January 1993, and raised hopes that a swift enaction of his promised economic programme would bring new prosperity to a country that had suffered four years of slow growth and recession.

But he quickly became entangled in a series of controversies, from the issue of allowing homosexuals to serve in the armed forces to his bungled nominations for the post of Attorney General. He also failed to steer a 16-billion dollar economic stimulus package through the Senate, and his job rating fell to the lowest of any new US President.

**Russia**

President Boris Yeltsin emerged as first among equals in the Commonwealth of Independent States that succeeded the Soviet Union, when mentor and rival Mikhail Gorbachev was forced into early retirement in December 1991. This followed an attempted coup to which Yeltsin displayed heroic resistance.

Yeltsin and his advisers are now winning high marks abroad by sticking with painful economic reforms, freeing many prices last winter and sending the average Russian's buying power plummeting.

# China's trade gap stands at $3.54b

BEIJING, July 6: China registered a trade deficit of 3.54 billion dollar in the first half of the year as imports surged, according to customs figures announced Monday, reports AFP.

Total trade increased 13.4 per cent to 77.84 billion dollar. Exports grew a weak 4.4 per cent to 37.15 billion dollar, while imports ballooned 23.3 per cent to 40.69 billion dollar.

The figures, announced by state-run television, were further bad news for China. The huge growth in imports appeared largely fuelled by China's excessive economic growth. The economy grew 14 per cent in the first half.

Officials have said that the bulging deficit would not affect imports. An official forecast in January predicted China's trade deficit would reach about six billion dollar this year.