Full text of report on Uruguay Round agreed at Tokyo summit

TOKYO, July 8: The following is the full text of the report on the Uruguay Round of global trade talks agreed to on Wednesday by Trade Ministers from the United States, Canada, the European Community and Japan, according to AFP.

1. As ministers responsible for the Uruguay Round negotiations for the United States, Canada, the European Communities and Japan, we believe we have within our reach a far-reaching and comprehensive market opening package on goods and services which will help spur worldwide economic growth, increase employment and strengthen our fight against protectionism.

We look toward a prompt re-engagement of the multilateral negotiating process in Geneva to be concluded by the end of this year.

2. The realisation of this objective will require a fair and equitable sharing of commitments by each of us. Our efforts must be matched by binding market opening measures by other participants. Mutually agreed solutions will also need, to be found to outstanding draft final act issues. Of course, final agreement on a global and balanced package can only be concluded when everything is agreed.

Industrial goods:

3. In respect of trade in industrial goods, our negotiations have focused on the liberalisation of tariffs and non-tariff measures and on market-access binding commitments.

Subject to appropriate contributions by other major producers and exporters and satisfactory resolution of specific non-tariff measure issues, we want to build upon existing market access offers contained in our draft schedules of concessions through a comprehensive and integrated approach, recognising the desire of some participants to move further in various areas such as wood, paper and pulp and scientific equipment.

4. Specifically, we intend to build on the following minimum elements to achieve an overall balanced package in the market access negotiations.

(A) Tariffs and non-tariff measure eliminations: In the context of a far-reaching and balanced market access package, we have thus far identified a common list of product sectors for complete elimination of tariffs and non-tariff measures (pharmaceuticals, construction equipment, medical equipment, steel — subject to the MSA (multilateral steel agreement) — beer and, subject to certain agreed exceptions, furniture, farm equipment and spirits). We shall seek to add to this list as many sectors as possible.

(B) Harmonisations: We have identified chemical products for harmonisation of tariffs at low rates, including, in some cases, zero, and further negotiations may lead to the harmonisations of tariffs in additional product areas.

(C) For tariffs of 15 per cent and above: We will negotiate the maximum achievable package of tariff reductions, recognising the objective of reaching 50-per cent reductions, subject to agreed exceptions and to other exporting countries agreeing to provide effective market access through tariff reductions and appropriate non-tariff disciplines.

(D) Other tariff cuts: For products other than those subject to (A) to (C) above, we will negotiate tariff cuts by an average of at least one-third. We have also identified a number of sectors where tariffs could be reduced substantially beyond this level, in some cases, possibly beyond 50 per cent.

B) Agriculture:

5. We look forward to immediate re-engagement of the multilateral negotiations to complete expeditiously the agricultural market access package, including processed products, as an essential component of the agriculture agreement and of a global and balance Uruguay Round package.

C) Services:

6. We believe that achieving a substantial package of services trade liberalisation commitments is an essential part of a global and balanced Uruguay Round outcome.

It is also necessary to ensure that the new multilateral framework (General Agreement on Trade and Services, or (GATS) for services trade will be based on meaningful and concrete market access commitments.

We note the extensive list of existing offers covering a broad range of services sectors such as insurance, banking, securities, construction, distribution, tourism, software and computer services, professional and business services, including consulting, engineering, accounting and legal services.

We have looked to ways to further expand our respective offers and to reduce limitations inscribed in our respective draft schedules.

7. Subject to appropriate contributions by other participants: We want to build upon existing market access offers in order to successfully complete the services negotiations. Specifically:

(A) In financial services, we made progress toward more open financial markets on the basis of liberalisation commitments. We will continue our efforts. We are looking to a greater level of commitment from other participants, including commitments which offer a real prospect of liberalisation.

(B) In basic telecommunications services, we will pursue a multilateral liberalisation of this sector within the framework of the draft GATS with the participation of other countries including those with major telecommunications markets.

These negotiations should go forward as soon as possible on the basis of a common detailed agenda we have developed.

Questions of modalities to enable the negotiations to continue beyond the Uruguay Round, including the handling of MFN exemption requests, should be resolved by the end of the Uruguay Round negotiations.

'India's growth will fall short of target'

BOMBAY, July 8: India's economic growth will fall short of the government forecasts of up to six per cent in the current financial year despite the prospect of a favourable monsoon and increased agricultural output, a leading think-tank said on Wednesday, reports Reuter.

The independent Centre for Monitoring the Indian Economy (CMIE) said religious riots last December had a sharper impact than expected and a revival in industrial output was likely to be lower than government estimates.

The CMIE said in its half-yearly forecast for the economy that overall growth in real gross domestic product (GDP) was likely to be 4.5 per cent in 1993-94 ending March.

This compare with official forecasts of 5-6 per cent, against 4.2 per cent in 1992/93. The government, in the middle of a major liberalisation programme that has reversed four decades of Indian-style socialism, says the economy is picking up, inflation is under control and exports are forecast to grow at 22 per cent in the current year.

But the CMIE said it had revised downwards its estimate for 1992/93 GDP growth to 3.0 per cent because of a sharp downturn in growth in industrial output in the final quarter of the financial year.

The economy's performance during 1992/93 turned out to be much worse than our earlier expectation, the reports said. "A substantial reversal in the growth of the industrial sector during the fourth quarter of 1992/93 has contributed the most to the revision."

The Bombay-based CMIE said the economy was hard hit by Hindu-Muslim riots which flared in December, and then erupted again in January in the commercial capital of Bombay.

"The slide-down in the economy during December 1992-March 1993 following communal and other disturbances was steeper than feared," the report stated.

According to government figures, while industrial output overall grew 1.3 per cent in 1992/93, against a contraction of 0.2 per cent in 1991/92, year-on-year production showed a fall of 5.4 per cent in March. Falls were also recorded in the first two months of 1993.

The decline in industrial output during the fourth quarter was sudden, sharp, persistent month after month and widespread across industries, the CMIE said.

Advance information on the production performance of selected industries indicates that the weak trend continued during the first two months of the current financial year as well.

CMIE said favourable monsoon rains meant that agricultural output was forecast to rise by 3.9 per cent in 1993/94, against 3.3 per cent last year.

But despite the good agricultural scenario, CMIE said it had still scaled back its overall estimate for GDP growth to 4.5 per cent from its earlier 5.0 per cent forecast for 1993/94 because of the problems facing industry.

It said that exports were unlikely to achieve a government target of 22 per cent growth in the current year.

"According to our estimates, exports are more likely to grow by a rate between 15 and 10 per cent, the latter being the more likely case," it said.

CMIE forecast exports at 19.8 billion dollar against a government forecast of 21 billion dollar. Imports would hit 24.9 billion dollar, against 21.7 billion dollar in 1992/93.

The trade deficit would grow to 5.09 billion dollar from the 1992/93 level of 3.3 billion dollar.

It said the deficit would be financed by multilateral assistance flows from the International Monetary Fund, the World Bank and major aid donors.

Major donors meeting in Paris last week pledged assistance totalling 7.4 billion dollar for 1993/94.

Yen rises in European trading

LONDON, July 8: The yen rose in trading on European exchanges as pressure rose because the Group of Seven (G7) leading industrial nations, meeting in Tokyo, had made no statement on exchange rates, reports AFP.

In London, the dollar fell to 107.6 yen from 108.55 at the close in Tokyo and 108.3 in London on Tuesday.

Banque Paribas economist Amanda Grantham-Hill said that the absence of a G7 statement on exchange rates, principally for the dollar-yen rate, had increased the pressure on the Japanese currency.

The G7 leaders had been expected to make a statement defending the lower rating of the yen.

Against the mark, meanwhile, the dollar was slightly down at 1.7 mark from its Tokyo close of 1.7024 mark, following a comment from German Chancellor Helmut Kohl that the mark remained the 'key' European currency. Among the other European currencies, the French franc fell further to 3.383 franc for one mark from 3.3816 franc on Tuesday. The pound also fell on profit taking following a sharp rise last week and was at 1.5033 dollar from 1.5095 on Tuesday and 2.5549 mark from 2.5658.

Public investment expected to boost Thai economy

BANGKOK, July 8: The Thai economy will pick up in the second half of the year after a relatively sluggish first half with public investment spending worth almost seven billion dollar boosting growth, Deputy Prime Minister Amnuay Virawan was quoted as saying Wednesday, reports AFP.

Amnuay also predicted lower interest rates would stimulate investment but he warned that Thailand would continue to feel the effects of a sluggish world economy, the Bangkok Post reported.

He acknowledged that the agriculture sector was doing poorly with growth this year expected to be only 2.6 per cent compared with 3.1 per cent in 1992.

"The decline of farm product prices will cause negative impact on the overall economy because agriculture is the work of the majority of Thais — and this will be followed by the poverty problem," he said.

The decline in the agriculture sector had hit farmers' purchasing power and this in turn had slowed growth in the industrial sector, which was already suffering because the world economy had not yet recovered, he said.

"The most affected industries are hotels, of which profits during the first three months this year dropped by 30 per cent," he said.

The textile industry had suffered a 12 per cent drop in profits this year, he added.

Recovery in the second half of the year will be boosted by government investment spending of 170 billion bath (6.8 billion US dollar), he said.

Amnuay warned that if world economic growth this year is only 2.2 per cent, as predicted by the International Monetary Fund (IMF) the growth of Thai exports would be lower than the predicted 14.7 per cent.

Thailand's central bank, the Bank of Thailand, predicts an overall growth rate this year of 7.8 per cent.

Silver price reaches 35-month high

LONDON, July 8: Silver was fixed in London at 5.07 per dollar ounce, a 35-month high and sharply up on yesterday's setting of 4.8850 dollar, according to Reuter.

Dealers said the metal, tracking gold's recent speculation-based upward trend, had built on gains earlier in Asia. It now has risen about 40 per cent in value since it was quoted at just under 3.60 dollar in March.

China's foreign debt stands at $ 69.32b

BEIJING, July 8: China announced Wednesday that its foreign debt at the end of last year totaled 69.32 billion dollar, up 14.5 per cent from 1991, reports AFP.

The increase of 8.76 billion dollar was attributed to China's record economic growth last year.

The figures, reported by the Xinhua news agency, were released by the state administration of exchange control.

Speculative buying propels gold to 400-dollar an ounce mark

LONDON, July 8: Gold braced for an assault on 400 dollar an ounce on Wednesday, propelled by speculative buying by US investment funds which seem determined to push the price higher, says Reuter.

"The specs won't be happy until they've broken 400 dollar, and it looks very likely later today", one London dealer said.

Gold was fixed at 397.25 an ounce on Wednesday, a fresh high since the 1991 Gulf War and 21 per cent above seven-year lows of 326 dollar hit in March. It reached just under 400 dollar earlier in the day but quickly fell back on mild profit-taking.

Dealers said the price could well push past 400 dollar on Wednesday, with the rally carried forward by its own momentum.

"But a move back down a couple of dollar can be expected pretty quickly after that", one said.

Other precious metals followed gold higher overnight and on Wednesday morning. Silver was fixed at 5.1675 dollar an ounce, a fresh high since August 1990, and platinum fixed earlier at 408.75 dollar, its highest since March 1991.

Dealers said gold had reclaimed centre-stage from silver but that both metals attracted overnight speculative buying from the Middle-East which followed the strong US fund interest.

However, they also said that as the gold price rose in the morning, dealers who had written call options with strike prices around 400 dollar were running to cover themselves by buying on the spot market. "There's a lot of exposure at 400 dollar," one said.

Call options give the buyer the right to buy and take delivery of physical gold from the seller at a pre-determined price — the strike price — usually at a set time. Dealers said there were a large number of options in the market currently that expire this month and next.

US investment funds started buying gold futures and options earlier this year on forecasts that the market was finally turning the corner, helped by strong demand from the Middle-East and Asia and peaking world output. Fears that a world economic revival would rekindle inflation as well as bullish historical price charts supported sentiment.

But the spark for the rally came at the end of April, when it emerged that Hungarian-born investor George Soros had bought 10 per cent of US gold producer Newmont mining from Anglo-French financier James Goldsmith. The latter bought gold call options with the money.

Last week Goldsmith announced he would sell a further tranche of shares in Newmont and that some of the proceeds from the sale were slated to buy physical gold.

The news coincided with a cut in German interest rates, a move followed by other European nations. This was seen as being bullish for gold as it makes other financial markets generally less attractive to the investor by comparison.

Analysts also saw the move as an inflationary sign, with Europe possibly concerned more with growth than keeping a lid on prices. Gold is traditionally held as a hedge against inflation.

Indian hoodwinks bank cashier

DUBAI, July 8: An unidentified Indian left a bank in Dubai with 100,000 dirham (27,000 U.S dollar) in a bit of a hurry, according to Reuter.

The cashier soon found out why. The money beloved to the man behind him in the queue.

"A man who works in a jewellery shop came to the bank with a cheque for 100,000 dirham (27,000 US dollar) to cash, when the cashier called for the owner of the cheque to come forward, a man did took the money and left," Al-Ittihad newspaper quoted a bank official as saying.

"When the turn of the second man in the queue came he asked about his 100,000 dirham. The cashier and the customer realised the trick and ran after the man who cashed the money, but he had escaped," it said.

An exchange dealer flashes a sign at the Tokyo foreign exchange market yesterday. The yen rose to the 107 level against the US dollar as the G-7 summit of industrialised nations continues in Tokyo. — AFP/UNB photo

Oil prices fall sharply on prospect of limited Iraqi sale

LONDON, July 8: World oil prices fell sharply on Wednesday while talks between the UN and Iraq were in session and the market mulled the possibility that Iraq might be allowed to sell a limited amount of oil, reports Reuter.

But prices held relatively steady and even moved up from the day's lows after the first round of talks concluded, Iraq's top delegate said he had found nothing adverse in the meeting.

The talks on conditions for allowing Iraq to sell 1.6 billion dollar worth of crude oil will resume in New York on Thursday.

The market has for several days been gearing up for the possibility that Iraqi oil will appear on the market and upset a fragile supply/demand balance.

The International Energy Agency, the west's oil watchdog, has lowered its forecast for the call on OPEC oil in the fourth quarter of 1993 down to 23.9 million barrels per day from 24.2 million BPD.

The IEA and a Reuter survey before that estimate OPEC's June production at around 24.3 million BPD.

Prices for world benchmark crude oil, North Sea Brent Blend, lost some 70-80 cents in just two days last week after Washington's UN Ambassador Madeleine Albright said the US would have no objection to Iraq selling oil under a UN accord.

Brent blend was on Wednesday trading around 16.90 dollar a barrel, more than 15 cents down after falling to a low of 16.82 dollar.

In a sign of a jittery market, prices attempted a rally in the afternoon to reach a high of 17.20 dollar a barrel after tough talking by Iraq's parliament speaker implied Iraq would not bend its position to comply with UN demands.

The gains were short-lived and prices moved down swiftly.

Chen, one of five Deputy Heads of the Peoples Bank of China, also said adjustment of interest rates would become the main tool for guiding China's monetary policy.

China would continue to strengthen the central bank's adjustment of the foreign exchange market, stabilize the Renminbi's exchange rate and establish a reasonable exchange rate mechanism so that the Renminbi will gradually become an internationally convertible currency, he told an international finance conference.

The Central Bank has previously used artificial ceilings to prevent fluctuations in the yuan, and the decision to intervene took China a step closer to falling in line with international banking practices.

The bank would rely mainly on economic and legislative means to adjust monetary and fiscal policy, Chen said.

Raised fields more efficient for farming

LONDON, July 8: Raised fields used for centuries by farmers in the Andes are more efficient and environmentally friendly than modern methods, ecologists and anthropologists reported today, says Reuter.

They recommended that farmers consider a return to the pre-Colombian tilling methods, dating to before the Spanish and Portuguese conquest of Latin America.

The group of scientists, headed by ecologist Heath Carney of the University of California, studied fields used by Indians on the Bolivian side of Lake Titicaca in the Andes mountains.

"In this system of agriculture, crops are cultivated on a series of raised beds, which are separated from one another by deep water-filled channels," the article in the science journal Nature said.

China again rejects IMF ranking as the third largest economy

BEIJING, July 8: China played up Wednesday its status as a low-income developing country, rejecting its ranking by the International Monetary Fund (IMF) as the third biggest economy in the world, reports AFP.

"Evidently, China faces and arduous road to prosperity," the Xinhua news agency quoted a state Statistical Bureau spokesman as saying, in China's most comprehensive rejection yet of the Purchasing Power Parity (PPP) system of calculating the size of a country's economy.

Without mentioning the IMF by name, the spokesman said China's ranking behind the United States and Japan by "certain international organisations" was an over-estimation of its economic strength. The IMF in May revised country ranking after recalculating the size of economies according to the PPP system.

Under the new system, which compares purchasing power in each country, China shot up the rankings from 10 to three, despite IMF assurances, the move sparked fears here the new ranking would affect loan policy.

The official was quoted as saying a country's economic strength should be calculated on the basis, not only of gross domestic product (GDP), but social, cultural and environmental factors.

"This is especially the case in China," he said, adding its economy remained relatively weak in light of its 1.1 billion population, vast territory, limited per-capita energy resources and low degree of urbanisation and industrialisation.

He said although China's GDP hit 2,393.8 billion yuan (458.6 billion dollar at the prevailing official rate) in 1992, per capita income stood at less than 400 dollar with wide discrepancies in urban and rural areas.

He said the urban population made up only 28 per cent of the population against a global average of 50 per cent, adding only 1.4 per cent of the population had a college education and that adult illiteracy stood at 15.9 per cent.

The spokesman said while the PPP method could in theory reflect the real purchasing power of a population, problems like the difficulty in obtaining highly accurate statistical data created weaknesses.