Strong G-7 commitment to end Uruguay Round by year-end

Major trading powers ready to resume GATT talks without delay

TOKYO, July 9: Major trading powers were poised today to resume the Uruguay Round of world trade talks in Geneva without delay following a strong commitment by the Group of Seven summit here to complete them by year-end, reports AFP.

European Commission Vice President Sir Leon Brittan said he was going to Geneva on Monday for contacts with other participants in the 108-nation round to help reactivate the talks following the progress achieved here.

Sir Leon said this was proof of the urgency attached by the European Community (EC) to getting on with the negotiations, adding he believed they could be concluded by the end of the year "because everyone wants to do it."

The G-7 leaders in their final economic declaration said their "highest priority" was the "successful conclusion of the Uruguay Round" and that they were "determined to curb protectionism in all its manifestations."

They welcomed the recent significant progress made towards the immediate resumption of multilateral negotiations in Geneva.

The text was referring to a preliminary accord setting ambitious objectives for market access package in the Geneva negotiations in the General Agreement on Tariffs and Trade (GATT). The agreement was hammered out Wednesday by top trade officials of the U.S. the E.C. Canada and Japan.

The declaration, read out by Japan's Prime Minister Kiichi Miyazawa, said "this progress must be matched by comparable market opening measures by other participants."

"We urge all our trading partners to negotiate constructively on all subjects, recognising that nothing is agreed until everything is agreed," the text also said.

Little hope for increasing ODA

Reuter reports: Group of Seven (G-7) nations, facing financial problems at home, said it would be hard to boost aid to developing countries although they were aware of need to do so, a Japanese government official said.

Briefing reporters on a G-7 leaders' working lunch, the official said, "some member countries said G-7 should ease conditions for debt repayment by developing countries and that they should provide loans to more countries."

The officials said the G-7 leaders mostly agreed on the importance of improving Official Development Assistance (ODA) to developing countries but also felt that recessions at home would not enable them to do so.

Indonesian President Suharto, Chairman of the 108-nation Non-aligned Movement, visited Japan just before the G-7 summit meeting and asked Japanese Prime Minister Kiichi Miyazawa to convey the developing nations' view to the other G-7 leaders.

More debt cut for poorest states likely

Another report adds: France and Britain are confident rich countries will increase to two-thirds from one-half the amount of official debt reduction they offer to the poorest and most indebted states, a senior French official said today.

Briefing reporters on the economic communique issued at the end of the summit of Group of Seven (G-7) industrial powers, the French official said there was no explicit commitment to a two-third debt's reduction in the summit declaration.

Russian President Boris Yeltsin (L) and Japanese Prime Minister Kiichi Miyazawa (R) prior to their talks at the premier's official residence in Tokyo on Thursday. Yeltsin arrived on the same day to attend the G-7 plus one meeting. — AFP/UNB photo

$ 16.6m siphoned off from BCCI

NY court charges three for defrauding five banks

NEW YORK, July 9: The Bank of Credit and Commerce International (BCCI), accused of the biggest bank fraud in history, was a victim itself, prosecutors said on Thursday, reports Reuter.

They announced the indictment of three men for an international bank fraud scheme which allegedly cheated five banks in three countries out of 28.1 million dollar including 16.6 million dollar from the scandal-plagued BCCI.

Authorities said the defendants were equipped with a truckload of phony documents. Their scheme also involved paying bribes to bank officials in exchange for the loans.

Their targets were said to be banks in India, Oman and North Carolina.

Without detailing the circumstances, the indictment said one bribe was paid to the brother of India's minister of petroleum.

Two of the defendants, one from the United States and the other from India, are charged with using false information to get loans from five banks and with bribing officials.

A third defendant is a former bank of Oman Ltd official who is accused of taking a bribe to help the other defendants get a 1.5 million dollar loan from his bank.

The indictments, announced by Manhattan District Attorney Rober T Morgenthau identified the mastermind of the scheme as an Indian Ponnapula Sanjeeva Prasad.

Morgenthau said his office is seeking Prasad's return from India where the 47-year-old dependant is now living.

Prasad's organisation operated in Greenville, North Carolina from the beginning of the conspiracy in August 1989 until 1990.

Australian investment in Vietnam gets a boost

SYDNEY: Australia will soon become the biggest foreign investor in Vietnam.

Australia's largest corporation heads the consortium which will sink roughly 1,800 million US dollar into the development of Vietnam's rich offshore Dai Hung oilfield.

The move will dramatically strengthen the up till now somewhat tenuous relations between the two countries.

It reveals some positive evidence of the often spoken but rarely demonstrated commitment by Australia to closer commercial, trading and investment links with Asia, especially South-East Asia.

The Broken Hill Proprietary (BHP) — also known as the "Big Australian" — and its partners won the development contract ahead of nine other groups which included oil majors such as Shell and British Petroleum.

According to one report published here, BHP won the rights to develop Dai Hung "because its world-class, home-bred technology and project management skills enabled it to promise the Vietnamese government it could put cash from Dai Hung into Hanoi's coffers faster than any of its competitors."

BHP owns a 43.75 per cent stake in the venture. The Malaysian national oil company, Petronas Carigali, has a 20 per cent interest. Petro Vietnam, owned by the Vietnamese government, has a 15 per cent stake.

A so far unnamed partner owns the remaining 21.25 per cent. It is believed to be a United States group waiting for the lifting of the US government's embargo on trade and investment in Vietnam.

It is understood that Vietnamese officials were agreeably impressed with the inclusion of Malaysia's Petronas Carigali in the BHP consortium.

Early estimates suggest that Dai Hung contains no less than one billion barrels of oil and between two and three trillion cubic feet of gas.

Oil is expected to start flowing from Dai Hung in February 1994 at a rate of about 30,000 barrels of crude a day. By 1997, production is expected to be 120,000 barrels. By the turn of the century it should be producing 200,000 barrels a day.

The prospect was discovered some 155 miles southeast of Vung Tau in 380 feet of water in the Con Son Basin in 1988 by Vietsovpetro, a Vietnamese-Russian joint venture enterprise. It is south of the Bach Ho field which produces about 80,000 barrels of crude a day.

The Dai Hung field has the potential to become a prolific and strategically important hydrocarbon province in Southeast Asia. According to BHP, the area "must be classified as one of the more exciting opportunities to emerge world wide in recent years."

A report issued by the company states that the oil quality is "typical of the region, being a light, sweet, low sulphur and low to moderate wax crude."

Oil was first discovered in Vietnam in 1975. It still has to import something like two million tons of oil each year to satisfy annual consumption of about three million tons.

The Dai Hung operation will be the largest oil project to be controlled by BHP. It will put the corporation in the top 10 non-government oil and gas companies in the world.

BHP is Australia's only steel maker. It has extensive oil and gas reserves in Australia, and owns vast mineral deposits, including coal and iron ore. It has manufacturing and shipping interests.

The company is involved in the exploration and development of oil, gas and mineral resources around the world. It has outgrown its Australian base and is looking to foreign markets and resources for future growth.

BHP is committed to expansion in Asia. In its latest report, the company states: "Asian markets are expected to show solid growth, with North Asia continuing to outperform the rest of the world."

— Depthnews Asia

Iraqi oil sale talks a positive step, says Ghali

UNITED NATIONS, July 9: UN Secretary-General Boutros Boutros-Ghali said he viewed the current negotiations with Iraq on limited oil sales as a positive step towards improving relations with Baghdad, reports Reuter.

"I believe that it is a very positive step that the delegations are there," he told reporters.

"They have already had three meetings and I hope they will overcome the difficulties and will be able to find a solution," he said. "In the case that we find a solution this will create a new atmosphere in the relations between Iraq and the United Nations."

He said he did not know how long the talks would last but "it will take time because it is a very complicated problem."

Boutros-Ghali convinced Iraq to resume the talks on selling 1.6 billion dollar worth of oil to pay for its own humanitarian supplies and other UN costs. He met Iraq's Deputy Prime Minister Tareq Aziz in Geneva last month.

Iraq had refused previously on grounds the UN monitoring of its oil contracts, proceeds and distribution of supplies was too stringent. The talks began on Wednesday with one morning session and continued on Thursday with a meeting in the morning and the late afternoon.

Britain's Ambassador Sir David Hannay, this month's Security Council president was asked whether Iraq needed to ship all its oil through the Turkish pipeline rather than its own Gulf port at Mina al-Bakr.

He said that at the time the Security Council adopted resolutions two years ago the pipeline was the only route but if Iraq made a case for another terminal the council would consider it. "It is not a closed issue, it will have to be discussed," he said. Diplomats said Britain and the United States would insist on most of the oil going through Turkey though no one was sure how much.

European unity must not stop at the Urals

By Jeff Heinrich

Every year since revolutions swept eastern Europe in 1989 and later the USSR, leaders from countries as diverse as the Czech Republic and Uzbekistan have met at a Swiss golf resort to talk politics and economics.

What has emerged from this litmus test of post-revolutionary reform is a veritable scorecard of progress — and setbacks — on the road from centralised to market economies.

This year's three-day summit in the mountain-ringed village of Crans — organised by Swiss thinktank — had a different twist. With economic recession entrenching itself in western Europe, eastern Europe finds itself at best kept waiting and at worst shut out completely for what some have dubbed Fortress Europe.

> ***As the economic recession entrenched itself in western Europe, eastern Europe finds itself at best kept waiting and at worst shut out completely from what some have dubbed Fortress Europe. Countries like Kyrgyzstan, Albania and Russia are all calling for more accessibility to Western markets.***

In speeches, presentations and off-the-cuff observations, leaders of the new democracies complained of being marginalised-an thwarted in their drive to shake off economic stagnation. And the culprit, they said, is the same western Europe they once emulated and considered a friend through the long, dark years of the Cold War.

This is how eastern Europe feels these days about the West:

- The Czech Republic, which imports twice as much from the west as it exports, complained of being restricted to trading freely only with other central and eastern European nations, instead of with the West. Prime Minister Vaclav Klaus said: "What we criticise is the attempt to push us into a mini-Europe instead of opening all of Europe to us."
- Uzbekistan warned that "Europe must not stop at the Urals" and called for greater Western investment in the central Asian country. "We are taking our first steps as an open and democratic country," and should be rewarded with aid, said President Islam Karimov.
- Romania called for equal opportunity alongside Hungary and others to become a member of the European Community. The president, former top Communist officials Ion Iliescu, said Europe must be larger than just the 12 member states.
- Albania, by far the poorest and most isolated of former East Bloc countries, spoke of the frustration of pulling itself out of an economic abyss. "It's a vicious circle," said Finance Minister Gene Ruli. "We have no basic infrastructure that would encourage Western investment, but in order to have that infrastructure we need Western investment."
- Russia, angry at EC condescension and disbelief in Russian free-market advances, threatened to retaliate by limiting EC imports. "The West must open its markets," said Foreign Trade Minister Serguei Glaziev. "That would be much more important to the East than the granting of credits and aid, which have done little for us so far."
- Ukraine suggested it and eastern Europe should form a trading bloc to take on the West — just like in the old Communist days of COMECON, and similar to the Lome Convention, the association of 68 African, Cribbean and Pacific countries.
- Some central Asian republics of the former USSR, predominantly Muslim, are abandoning Europe altogether. Instead they are turning their sights south to other Muslim states such as Iran, Turkey and Pakistan. "The western Europeans understand us central Asians even less than they do the eastern Europeans," complained Kyrgyzstan Prime Minister T Tchyngyshov.

Some former Soviet republics have pulled back from association with the so-called rouble zone of the Commonwealth of Independent States (CIS), the successor to the Soviet Union. Most want to start printing their own currency. In the meantime, they are turning their gaze southward for help and advice.

"We have established a friendly and businesslike relationship with Iran which we hope will strengthen the sovereignty of our republic," said Turkmenistan Vice-Prime Minister Boris Sheikh Moradof. "As for Turkey, it ensures our window to Europe and so we have established relations there too."

Said Shamshad Ahmad, the Pakistani secretary-general of the regional bloc called the Economic Cooperation Organisation (ECO): "Our new partners from central Asia have been the most deprived area of the former Soviet Union. In general their status was that of producers of raw materials."

The ECO was founded in 1985 by Pakistan, Iran and Turkey and expanded in November 1992 to include Afghanistan and the newly independent republics of Azerbaijan, Turkmenistan, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.

The bitterness of the neglected East comes at a time when an economically unified Europe is letting its continental weight sag and stagnate in the face of a worldwide recession that shows only slow signs of lifting.

The developing countries, which after the fall of the Berlin Wall in 1989 worried about losing development aid and investment to the emerging market economies of eastern Europe, now find themselves on an equal, if unsatisfying footing.

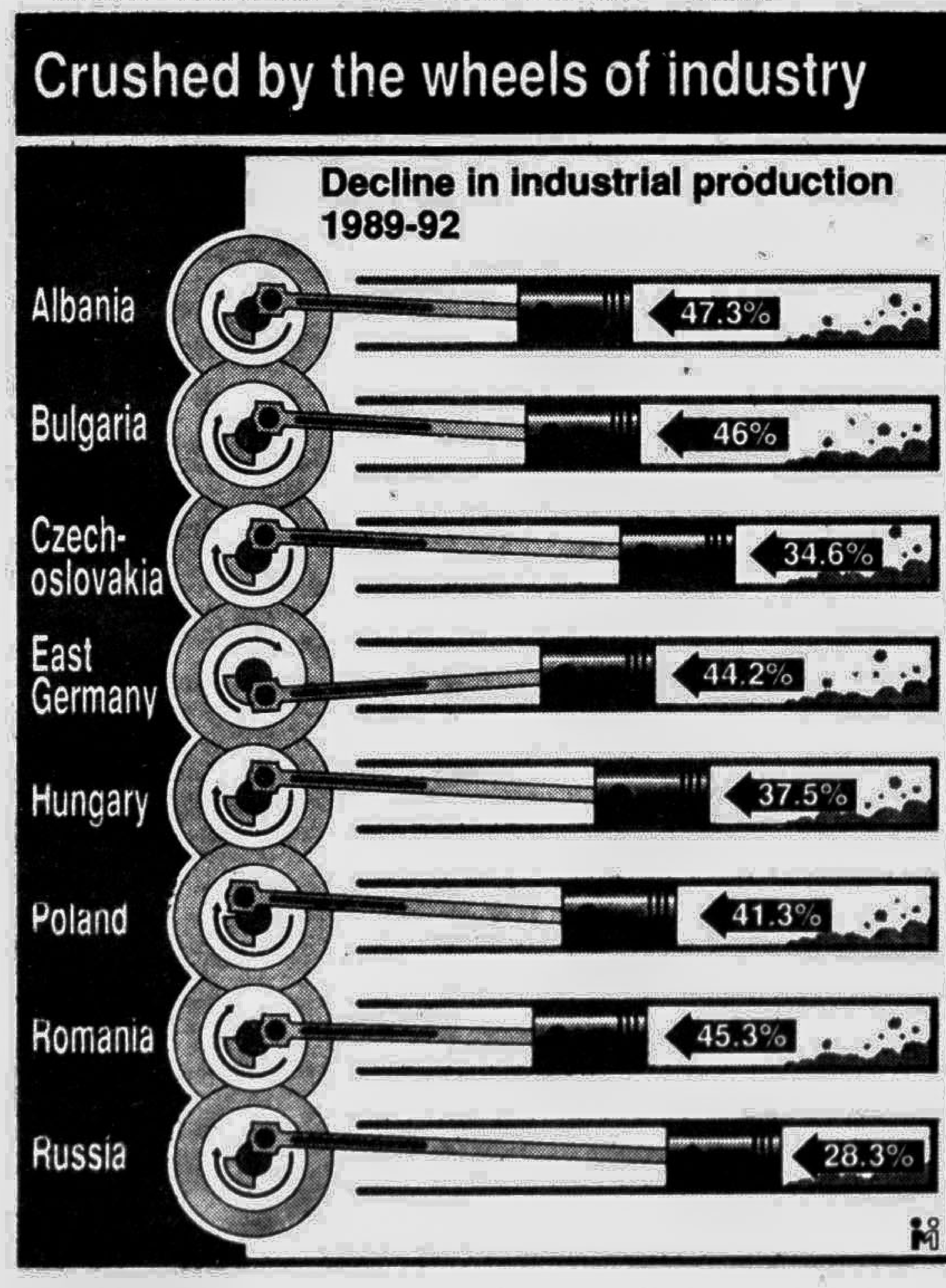
For example, development loans from the World Bank are easier to withhold now than they were in the heady days following the fall of the Berlin Wall — especially if small and medium-sized businesses want them.

"What they need is equity and faith, not hard currency that they can't pay back," said Ronald Freeman, Senor Vice-President of the European Bank for Reconstruction and Development. In Russia, he said, an estimated 60 to 70 per cent of entrepreneurs are expected to default on loans of foreign capital.

As for EC loans, "The conditions they set are so difficult to meet that it's hard to see it as assistance," said Kyrgyzstan Prime Minister Tchyngyshov. "Maybe it comes from a desire to make our lives even more difficult than they already are."

European Commissioner Christiane Scrivener would not go that far, but she did admit to the mid-June summit that the EC has fewer resources now to help. She said: "1993 is the year of the opening of the greater European market. But it is also a year of strong economic preoccupations." — Gemini News

Jeff Heinrich is a Canadian journalist based in Paris. He has worked for the Ottawa Citizen and Montreal Gazette.



Australia risks becoming net importer of processed foods

SYDNEY, July 9: Australia, one of the world's major exporters of food, risks becoming a net importer of processed food unless it adopts measures such as investing in Asian agri-business, a new report warned Friday, reports AFP.

The report, released by Primary Industries Minister Simon Crean said the country was already lagging behind Asia in processed food exports, regarded until now as one of Australia's areas of richest export potential.

It said Australia has slipped in its ranking as a world food exporter over the last two decades while South East Asian countries have increased the world standing.

The report, by trade consultants in state, also warned against placing too much faith in current circumstances and in forecasts that Australia was set to become the food bowl of Asia.

"Far from improving its international ranking as an exporter Australia is at risk of slipping into the status of becoming a significant processed food importing nation," it says.

South East Asian countries are rapidly developing their own agri-business sectors, with large investments being made by major United States, Europe and Japanese multinationals as well as domestic Asian conglomerates.

Growth was being driven not only by strong income rises in Asian economies but by explicit domestic policies aimed at value adding and high technology development.

The report endorses Canberra's push for more sophisticated marketing and value adding in the food industry but recommends investment in Asian Agri-business as the key to winning a share of the market.

"The message for Australia is that policies based on old fashioned concepts of static comparative advantage are doomed to failure."

Releasing the report, Crean said he believed if Australia took prompt and effective action it could still become the preferred supplier to discriminating markets for healthy, high quality foods.

"We clearly face a major challenge in capturing a significant share of the rapidly growing Asian food market, estimated to be worth 200 billion Australian dollar by the turn of the century," Crean added.

"Although some Australian companies are making successful ventures into Asian markets.

Ukrainian President, officials row over energy price hike

KIEV, July 9: Ukrainian government officials, hitting back at President Leonid Kravchuk's criticism of their decision to raise energy prices for consumers, said ministries had long been authorised to do so, reports Reuter.

Kravchuk, in a note to Prime Minister Leonid Kuchama shown on Ukrainian television, denounced this week's increases for gas, fuel oil and electricity. He said they had been drawn up without a collective government decision.

"Punish guilty parties," read the note. "Inform public opinion already concerned that government is unaware of what people in its command have done."

The Economics Ministry sent telegram this week to local authorities advising of price increases of 2.5 to three times. It was not yet clear whether the new prices were being imposed.

Deputy Economics Minister Viktor Kulnik said the government had been authorised to raise energy prices if Russia increased the prices of gas and oil exports by at least 20 per cent.

"Russia raised prices for gas and fuel oil by a factor of more than two and we took this decision to ensure our energy industry was not totally stopped," he said by telephone.

He said the entire cabinet would examine the increases this week.

Kravchuk's critics say many of his recent actions are at odds with market mechanisms, taken with a view to keeping voters happy ahead of twin September referendums on confidence in the president and parliament.

Last month, the government raised prices for various goods by a factor of two to five, citing large increases in the price of imported Russian oil and gas.

The price increases were the nominal reason behind strikes in eastern Ukraine that paralysed much of the country's heavy industries. But the strikers also made political demands and returned to work when parliament voted to hold the referendums.

Negotiations are continuing between the two most powerful former Soviet republics, with the aim of raising energy prices to world levels by next year. Russia wants world prices introduced faster than Ukraine would like.