G-7 leaders admit growth alone can't Tokyo offers talk to support primary goods prices check unemployment

TOKYO, July 10: Group of Seven (G-7) leaders adopted Friday a "global growth strategy" but acknowledged that growth alone would not be enough to end the unemployment crisis plaguing the industrialised world, reports AFP.

"A significant part of the current level of unemployment is structural in nature," the G-7 summit's closing declaration said, acknowledging that economic recovery would not create as many jobs as it has in the

Reducing unemployment, therefore, requires a double strategy: prudent macroeconomic policies to promote noninflationary sustainable growth. and structural reforms to improve the efficiency of markets, specially labour markets."

The need to increase the savings rate, control health care spending and reduce subsidies were also cited, but no specifics were given.

With 23 million people now

officially out of work in the G 7 countries of Britain, Canada, France, Germany, Italy, Japan and the United States, joblessness was the most immediate problem facing most of the G-7 leaders here.

They described unemployment as "unacceptable" and a critical problem which saps the strength of our societies."

But the economic declaration, and the leaders in separate news conferences, declined to forecast how fast and by how much unemployment would fall.

The declaration said progress toward concluding the Uruguay Round of talks under the GATT made here earlier this week was a major step toward boosting trade, which would in turn encourage growth and job

Resolving the ongoing trade dispute, said British Prime Minister John Major, will "break down the barriers to growth and break down the barriers to

The document calls for close economic consultations between the G-7 countries and for their Finance Ministers to meet for a jobs summit" in the United States this northern Autumn.

Even some top G-7 officials were openly skeptical of the likely outcome of such a cau-

"I am in favour of anything that has to do with creating jobs," French Foreign Minister Alain Juppe said."But what

would we do at such a summit? A "summit" alone was "not going to reduce unemployment,"

Short-term forecasts are not encouraging. The Organisation for Economic Development (OECD)-cited in the economic declaration-expects unemployment in its 24 member countries to rise form an average of 8.5 per cent this year to 8.6 per cent next year. That could mean 36 million jobless

in the industrial nations early in 1994

The corresponding figures by the G-7 countries 07.5 per cent this year and the same in 1994 - are only slightly better. and five of the seven G-7 countries have double digit un employment levels expected to persist at least through next year, the OECD says.

According to the declaration G-7 government have already undertaken policies which will pave the way for future growth.

Western European govern ments are committed to bud getary and other measures that will enable interest rate reductions. Deficits are coming down in North America, and Japan has taken stimulative measures, it said.

Apart from improving training and education, the declaration shed no light on how labour markets would be made more efficient.

However, a report by G 7 Finance Ministers released Thursday called for "greater wage flexibility and a review of "elements of social insurance schemes and regulations that unduly discourage job creation.

The G-7 leaders declaration. however, appeared to be a political compromise between countries that want to cut so cial benefits to force more people into less well-paying jobs or training, and their nations which favour stronger social protection, one observer said.

A Japanese official, who worked with the "sherpas" preparing the economic declara tion, said the officials were under some pressure "to put a rosy glow on it."

Some economists worry that the link between economic recovery and job creation has been weakened in the richer industrialised countries because of productivity gains and the increasing shift of manufacturing to low-wage developing coun-

TOKYO, July 10: Japan proposed talks among the Group of Seven (G-7) nations to draw up a new mechanism to support prices of primary products, a foreign ministry official told re-

porters yesterday, says AFP. Foreign Minister Kabun Muto proposed the new measure during a working luncheon with leaders of Britain, Canada, France, Germany, Italy and the United States on the second of three days of summit talks, which end Friday.

The official said Muto's proposal was generally welcomed by his G-7 counterparts.

The current price stabilising mechanism is not functioning properly, Muto said.

We must think of some thing new because many developing countries depend on primary products exports." The official said the proposed

talks would be attended by high-level government officials and experts.

The current market-stabili-

sation mechanism, introduced in the mid-1970s, involves a pooled fund by producers and buyers used to prop up in the market when prices fall below a certain floor level.

The mechanism-covering coffee, cocoa, copper, lead, zinc, nickel, rubber and tropical timber-has collapsed because prices have plunged too low to be recovered with the limited

The official said the new mechanism may involve technical transfers to raise the value of goods and a supply of information on market trends in the

He added that the mechanism may also applied to such primary products as cotton and

The luncheon provided a chance for Muto to call on his counterparts to increase assistance to developing countries which have voiced concerns that former Soviet republics

and Eastern Europe are absorbing too much aid.

US, Japan reach deal on economic framework

Reuter adds: The United States and Japan announced today a deal on a new economic framework aimed at putting their lopsided trade relationship

back into balance. Japanese Prime Minister Kitchi Miyazawa said he and US President Bill Clinton believed the new agreement would

strengthen world free trade. Clinton called the pact an important step for more balanced trade between the United States and Japan.

The announcement made at a joint news conference followed days of bargaining by Japanese and US officials, including Clinton and Miyazawa.

Clinton said the agreement contained specific criteria to measure its success, and added that Japan had agreed to a "highly significant" cut in its tracke surplus

Arab oil producers lobbying hard to block UN-Iraq deal

DUBAI, July 10: Arab oil states, trying to block a deal with Iraq that would further depress world oil prices, are lobbying hard to add new conditions to UN terms for resumed Iraqi oil exports, a Gulf diplomatic source said, reports

The Arab source said Gulf oil exporters wanted the amount of oil that Iraq will be allowed to export to be defined in barrels and not just in US dollar value terms as proposed by the UN.

NEW DELHI, July 10: The

chief of a legislators' panel prob-

ing India's largest securities

scam Thursday accused foreign

banks of committing a

Ram Niwas Mirdha, chair-

man of the all-party Joint

Parliamentary Committee (JPC),

while reiterating his charges

against the foreign banks said

his panel would suggest "full-

a fraud from being repeated.

proof methods to prevent such

PARIS, July 10: French

ministers are free to press

ahead with a massive pro-

gramme to privatise 21 state

companies, including some of

the pillars of the French econ-

Friday, reports AFP.

omy cut of recession.

ceipts from privatisation.

omy, following a vote early on

government, which came to

power at the end of March, sees

the programme as the founda-

tion of its policies to reduce

state debts and boost the econ-

bond issue, which is now un-

derway in anticipation of re-

passed easily by the conserva-

It is linked to a huge state

The privatisation bill was

The French centre-right

1992, reports AFP.

The Gulf states also want UN monitoring of lraqi oil sales to include close scrutiny of the price Iraq will charge to make sure it does not offer discounts that would seriously hurt other producers, the diplomat said.

The talks between Iraq and the UN, which opened Wednesday, are a response to Security Council demands Iraq sell 1.6 billion dollar to pay for its food and medicine, UN weapons costs and a reparations fund to victims of its

Mirdha's accusations fol-

lowed previous reports by the

JPC, which have mainly blamed

the 1.3-billion-dollar stock

market swindle on foreign

Grindlays and Standard

which even their corporate of-

fice prohibited them to do. They

even did what constitutes a

criminal act in their own coun-

tries," Mirdha said of the five

tive majority in the National

Assembly, with 423 Deputies of

the Neo-Guallist Rally for the

Republic and the Union for

French Democracy voting in

favour. Ninety Deputies from

the opposition socialist and

communist parties voted

behind it, the government can

press ahead with its programme

to sell companies such as the

Renault car manufacturer and

Air France. It hopes to raise a

total of 400 billion franc (70.2

billion dollar), and about 40 bil-

several years, beginning in au-

tumn with two industrial giants,

The sale will be spread over

lion franc this year.

With the final hurdle now

"Some of them did things

"criminal" offence by illegally banks American Express,

jacking up share prices in April __Citibank, Bank of America, ANZ

Chartered.

overseas banks.

August 1990 invasion of Kuwait. UN

Bombay bond scam

Probe body chief accuses foreign

banks of criminal offence

French parliament approves massive

privatisation programme

Secretary-General Boutros Boutros-Ghali old Security Council members Baghdad's delegation concentrated on oil production, marketing and sales.

World oil prices, extending a sharp retreat on prospects of a deal with Iraq, on Thursday neared their lowest level since the end of the 1991 Gulf War. Prices have not been lower since early 1991 when the market

"The scam did not mean

that some people were smart

and had beaten the system . . it

four domestic banks and sev-

eral state-owned undertakings

of ignoring economic sentries to

illegally play the market by

ploughing public funds through

selected brokers on worthless

leaders in the who scam and

they initiated it with aggressive

banking practices and even

the oil group Elf Aquitaine and

chemicals heavyweight Rhone

Poulenc, the industry ministry

particularly in France, Italy and

Spain, are expected to be worth

100 billion to 150 billion dollar

in the next five years, according

vestment bank Morgan Stanley

in June, so there is need to

stagger sales because of the

danger of supply exceeding de-

clause whereby foreigners out-

side the European Community

will not be allowed to hold more

than 20 per cent of capital of a

privatise company when it is

The privatisation law has a

to a study by the American in-

European privatisations,

indicated on Tuesday.

"The foreign banks were the

The JPC has also accused

was a criminal act," he added.

sank to 16 dollar a barrel.

The source said Security Council permanent members Russia and Britain, both major oil producers, appeared to share the concerns of Saudi Arabia and some of the other Organisation of Petroleum Exporting Countries (OPEC) states.

"The UN target is just for Iraqi oil sales over six months worth 1.6 billion dollar. But a deal should be based on barrel terms," the source said.

acted as corporate musclemen

in many ways," Mirdha told re-

porters at the release of a book

vent the scam from repeating.

he said operations of foreign

banks should be monitored at

"some strategic points" and rec-

ommended internal brakes in

the institution to prevent cor-

sition of penalties on violators

first put on the market, a pro-

will later be traded freely.

visional protection as shares

Not for sale are state public

service monopolies such as the

EDF Electricity Company and

SNCF, the French railways, nor

ultra-sensitive companies in the

defence sector, like gain-in-

dustries, which makes the

banks lie the Banque National

de Paris and Credit Lyonnais,

companies at the forefront of

technology like Aerospatiale and

Frances last steel maker

Usinor-Saciolor and the last

publicly-owned electronics

manufacturer Thomson SA.

The list includes major

He also suggested the impo-

Suggesting measures to pre-

on the swindle.

ruption.

of local rules.

Leclerc tank.

US bank extends \$227m loan to six African states

ABIDJAN, July 10: The American Development Bank (ADB) and the African Development Fund (ADF) have extended loans and grants to the total of over 227 million dollar to Tunisia, Egypt, Ethiopia, Kenya, Morocco and Namibia, the ADB announced in a communique published here, reports TAP.

The ADF has extended in 83.8 million dollar loan to the Tunis an Bank for Economic Development (BDET) which will help it finance the development of Tunisian small and medium sized industries in the industrial and tourism sectors, the communique stated.

The African Development Fund has extended three loans: 34.7 million dollar to Egypt for the improvement of the quality of it education system, 88.8 million dollar to Ethiopia for the financing of its structural adjustment programme and 12.8 million dollar to Namibia for the training of its teachers.

China's industrial output rises 25pc, threatens

instability BEIJING, July 10: China's industrial output in the first six months of 1993 was 25.1 per cent higher than a year earlier, putting a severe strain on the certain sectors and threatening instability, the China daily said Friday, reports AFP.

Since July 1992 monthly production has grown 20 per cent from the year-earlier month, while in June alone it hit a record 30.2 per cent, the English-language daily said, citing State Statistical Bureau fig-

The daily quoted bureau officials as saying continued rapid industrial growth had led to disorder in relations between certain sectors of the economy, affecting market stability.

It had cause an acute shortage of raw materials and energy, while straining transportation and disrupting the financial market, they said, warning if the rate was not reduced it could spark excessive demand for high investment and high consumption as seen a few years ago.

A general view of G-7 summit in Tokyo on Friday. - Star TV photo First ever non-govt award for environmentalists in China

BEIJING, July 10: China has set up a non-governmental award for environmentalists. said to be the first of its kind in

the world, reports Xinhua. The 'China Green Gold Medal', established by the 'China Science and Technology Daily', will be given annually to those who have contributed to scientific breakthroughs in environmental protection. And a special medal will be awarded every five years for people who are specially outstanding in this

Chinese environmentalists held the largest forum on this subject in Chinese history. "For the past 20 years, since

Last month, hundreds of

China began environmental protection, the government has played the major role in curbing pollution by using administrative measures. Now we turn to scientific and legal means," said Liu Shulin, Deputy Director General of the daily.

He said that Wan Li, former Chairman of the National People's Congress Standing Committee, has inscribed the medal's name, which signifies that only by relying on science and toolinelogy, can environ-mental problems be solved along with economic expansion in the peaceful environment.

According to a report prepared by the State Bureau of Environmental Protection, China's environment, taken as a whole, has experienced 'no serious deterioration' despite an annual growth of 12 per cent in China's 1992 economic devel-

Watchdog body details \$ 500m loss by Kuwait Investment Office

LONDON, July 10: A secret report by a powerful Kuwaiti watchdog body into the stateowned Kuwait Investment Office (KIO) has revealed losses of around half a billion dollar stemming from holdings in the US and UK.

The Audit Board Report which was obtained by Reuters, said the KIO's UK investment arm, St Martins Holding Co Ltd. showed accumulated losses of 201 million pound (297.9 million dollar) for the year ending June 30, 1992.

The KIO's US property company, Foster Lane, showed losses of 219 million US dollar at the end of 1992, the report

The London-based KIO manages Kuwait's offshore wealth. The report, which is extremely critical of the KIO's previous managers, shows the office invested a total 264 million pound in St Martins, which owns some 60 other companies in the property, health, manufacturing, food stuffs and ser-

vice sectors.

The report also alleges embezzlement in two Dutch registered St Martins holding com-

The KIO was forced to make provisions of 192 million pound towards St Martins' losses.

panies, totalling 824,200

guilder. No legal action has been taken to recover this, it KIO losses have sparked a

public outcry in Kuwait, following the collapse of its 5.0 billion US dollar Spanish investments. The report alleges St

Martins' losses stems from its subsidiaries. These included St Martins Hospitals Ltd, which lost 17.6 million pound and St Martins Property Co Ltd, which owned 16 companies but nine of these had ceased trading.

The report said, "their capital was tied up and taxes and other expenses were being incurred".

Saudis boost position as most influential oil producer

The Saudi cabinet, chaired by King Fahd, has dissolved the state refining and marketing organisation, Samarec, and its assets have been taken over by Saudi Aramco, giving birth to the world's largest oil company in terms of production and re-

Aramco, originally an American enterprise, became an entirely Saudi company in the early 1980s. The cabinet decree said: "By this decision Saudi Aramco will become a fully integrated oil company. incorporating the various phases of production, refining, transportation and marketing in one single firm."

The authoritative Middle East Economic Survey, published in Nicosia, said this development was of "momentous significance for the oil indus-

At present, Saudi Arabia is pumping eight million barrels a day and refining 1.5 million barrels a day. Saudi Arabia trades seven million barrels a day - about eight per cent of he world total of 60 million rels a day. Saudi oil re-

es, the largest in the

The merging of Samarec, the Saudi Arabian Marketing and Refining Company, and

Saudi Aramco was easy. Sam-

world, stand at 260 billion bar-

arec had never been legally established or formally incor porated because its creation was opposed by too many vested interests. The cabinet

simply had to cancel the

Super Sheikhs: the world's top ten oil companies

*Index based on ranking of production and refining M

Michael Lansen Writes from Nicosia pending project for the estab-The Samarec project was

lishment of Samarec and shift its assets and operations to Aramco control.

initiated in 1989 as part of an effort by the Minister of Petroleum and Mineral Resources, Hisham Nazer, to restructure the Saudi oil industry. His intention was to bring the domestic refineries. which were operating independently, into one organisa-

Samarec, which employs 12,000, became a very large firm during its four years of operation. The merger brings to Aramco three refineries for domestic production - at Yanbu, Riyadh and Jeddah with a total capacity of 400,000 barrels a day. As a distribution network

covering the kingdom. Samarec's domestic sales of

the output for which it was built, but this was reduced when fire destroyed one of its crude oil distillation units in

The Saudis have set up a special task force to oversee the gradual and methodical implementation of the merger' so that there will be "minimum disruption to other ongoing

more than double - while decreasing fuel oil production from 160,000 barrels a day to 90,000 barrels. This phase is due for completion in 1995-

In the long term, the merger between Aramco and Samarec could enable Saudi Arabia to lay claim to a larger share of the market in refined petroleum products than at

present. The merger, an-

Saudi Aramco has become the world's largest oil production and refining company. This has come about because Saudi Arabia has made its refining and marketing organisation part of Aramco. Saudi Arabia produces eight per cent of the world's total oil output. The change, reports Gemini News Service, strengthens its position as the world's most politically influential producer.

Indeed, in the view of Middle East Economic Survey,

"creation of Samarec might be seen as the first step in the integration of the Saudi oil industry." Work on the merger was,

according to the journal, begun "in conditions of great secrecy, some 10 months ago." Minister Nazer recommended the merger to the cabinet two months ago and his recommendation was endorsed by a ministerial committee before the cabinet met to consider the matter in mid-June.

refined products had reached 247 million barrels by 1991 As an export marketing opera tion for refined products and sulphur it had a capacity of 380,000 barrels a day coming from the government's half share in three export refineries with the Mobil, Shell and Petrola companies.

Before the merger, Aramco operated one refinery, located at Ras Tanura, with a capacity of 300,000 barrels a day. Aramco is investing one billion dollar in the upgrading of this facility so that it can produce 500,000 barrels a day. This is

Because of Aramco's greater expertise, stronger technical capability, access to financial resources and experience in export marketing, Middle East Economic Survey said the "takeover by Aramco augurs well for the future of Samarce's five billion dollar, 10-year programme for expansion and up grading of refineries."

The first phase of this project, with investment of three billion dollar involves upgrad ing the three domestic relineries, to raise gasoline output from 93,000 barrels a day to 208,000 barrels a day

nounced on June 14, is not expected to have an instant impact on the oil market. The Saudis, by putting their own house in order, have strengthened their position as the world's largest and most politically influential producer.

Michael Jansen was born in

the US, lives in Cyprus, and has covered the Middle East for many years. Her books include: The United States and the Palestinian People, the Battle of Beirut, and Dissonance in Zion

