GATT talks resume in Geneva

GENEVA, July 12: Long stalled talks aimed at liberalising world trade are to resume here today with a glimmer of hope that an accord will be reached by the end of the year, reports AFP.

The negotiations, held under the auspices of the General Agreement on Tariffs and Trade and involving 111 nations, have been deadlocked for nearly two years.

But at the talks resuming today delegate from the world's major trading powers are expected to inform negotiators from elsewhere of progress achieved several days ago at the Tokyo summit of the seven leading industrial nations — the United States, Japan, Britain, France, Germany, Canada and Italy.

At the summit, the United States, the European Community, Japan and Canada unexpectedly reached agreement on a series of measures to reduce or eliminate customs duties in 18 product categories, most of them industrial.

But the breakthrough will be put to the test here, where its provisions must be accepted by the rest of the participants in the GATT talks.

GATT sources have warned that some newly industrialised nations could raise objections.

In addition the draft agreement worked out in Tokyo does not cover all trade questions, several of which — notably agricultural trade — are still capable of provoking deep disagreements.

Other potential flashpoints, according to experts here, include the finance, maritime transport, audiovisual and textile sectors.

Negotiators must also reach agreement on reforms to GATT as well as strengthening procedures under which trade disputes can be settled.

A number of countries, notably members of the European Community want the United States to overturn legislation that allows it to impose severe unilateral measures against any country deems to be an unfair trading partner.

Negotiators relaunch efforts to conclude world trade treaty

GENEVA, July 12: Negotiators from 116 countries this week relaunch efforts to conclude an international trade treaty billed by economists and political leaders as offering world prosperity for the 21st century, reports Reuter.

Fired by a tariff-cutting accord between the four major trading powers in Tokyo last week, diplomats involved in the seven-year-old Uruguay Round negotiations gather to plan how they can complete an agreement by the end of the year.

But although the Tokyo decision appeared to rescue the round from shipwreck on the rocks of recession amid rising protectionism, major problems remain and there appears little chance of a real break though in the next six months.

Officials at the world trade watchdog GATT, the forum for the troubled negotiations whose original target date for completion was December 1990, said intensive efforts to shape a deal would be pursued throughout July.

But there seems little doubt that despite the signal they flashed form the Tokyo G-7 summit, leaders of the United States, the European community and Japan would not go for the final push for some months.

"Domestic political concerns make it difficult for any of the big three to do more than prepare the groundwork before September," said one trade analyst in Geneva, headquarters of GATT - the General Agreement on Tariffs and Trade.

The round, opened in September, 1986, aims to bring world trade in farm produce, services, patents and textiles under multilaterally-agreed GATT rules for the first time along side traditional industrially-produced goods.

A final accord has to balance interests of producers and service providers across this entire spectrum in all 116 countries involved in the marathon discussions, effectively stalled for the past 18 months.

International trade experts say a treaty could within 10 years be injecting an extra 200 billion dollar into the world economy by stimulating export production as barriers come down and boosting consumption as imports become cheaper.

They say the earlier seven trade liberalisation rounds since GATT's creation in 1947 were largely responsible for the post-war international economic boom, and a failure could return the world to the trade wars and depression of the 1930s.

Announcing the Tokyo accord, US President Bill Clinton and Britain's Prime Minister John Major said it opened the way through the round of creating millions of new jobs worldwide and putting millions back in employment.

But Major hurdles remain to a treaty, for which negotiators face a deadline of December 15 imposed by the US Congress when it set that date for Clinton to present a final text for approval as a whole.

In Tokyo the so-called "Quad" powers — the United States, the European Community, Japan and Canada - agreed to abolish tariffs entirely under a round treaty over eight major industrial sectors and to cut them by up to 50 per cent in four others.

Even in these areas, problems still abound — especially in textiles where the US apparel industry is determined Clinton should not give too much without pledges from developing states to open their markets wide to American clothing products.

But the Quad did not touch the issue of agriculture, where France threatens to sink a vital agreement on cutting subsidies to farmers reached between the EC and the United States last November. Paris says it wants the accord renegotiated.

Japan insists it cannot open its rice market to foreign competition but now faces elections that could reshape its entire political system and either strengthen or diminish the clout of the rice farmers.

Trade diplomats say these problems alone point to a delay in the real push in the round until later in the year, when Clinton's budget should be through Congress and anti-GATT French farmers can no longer disrupt the summer tourist traffic.

US first Lady Hillary Clinton poses for a picture with an unidentified US soldier from the 2nd infantry division at Camp Casey in South Korea on Sunday. US President Bill Clinton addressed the troops before the couple departed for Hawaii. —AFP/UNB photo

China's metal industry announces major restructuring, 330,000 job cuts

BEIJING, July 12: China's metal industry is the latest state-owned giant to announce a major restructuring, promising to cut 330,000 jobs during the next seven years, reports Reuter.

But few if any of the workers to laid off by the China National Nonferrous Metals Industry Corp (CNNC) will actually end of jobless, the China Daily said on Monday.

"Workers made redundant are to be re-employed in service industries and other profitable businesses set up under collective ownership by CNNC's subsidiaries," the official newspaper said.

"At the same time, surplus workers have been encouraged to leave their jobs to run their own businesses."

The corporation now has some 1.01 million workers.

China's leaders know that massive overstaffing in the state sector is a major problem for government finances.

But they fear social unrest if they abandon workers who have depended for decades on the cradle-to-grave welfare provided by their workplaces.

Workers get everything from housing and medical care to food and transport subsidies.

The president of CNNC acknowledged that his firms' productivity was only one-tenth of that in foreign firms because of the huge number of underemployed workers.

"The oversized workplace has already become glaring problem and was holding the corporation back," China Daily quoted Fei Ziwn as saying.

CNNC manages all of China's metal industry except iron and steel, which is separately undergoing its own restructuring.

The giant Wuhan Iron and Steel Works pledged earlier this year to slash 80,000 from its 120,000-worker payroll by 1995 by shifting workers to dozen nominally independent companies.

AFP reports: China had gold reserves of 400 tons at the end of last year, The China Daily's business weekly said Sunday.

It bought 150 tons of gold on the international market last year, it added.

The newspaper, quoting an earlier report in the southern daily, also said that Guangzhou, the capital of Guangdong province, was studying the possibility of setting up a gold market.

Until now, gold trading has been strictly controlled by the state.

Foreign investors returning to India

SINGAPORE, July 12: Foreign fund managers have begun to tap India's huge stock market after avoiding it in the wake of the country's biggest financial scandal last year, analysts in Singapore said, reports Reuter.

They said the recent launch of offshore equity funds in Singapore and Hong Kong and the inflow of foreign portfolio investment underscored renewed confidence of investors.

"The scandal was very positive for financial regulations," said Tristan Clube, Director of the Edinburgh-based Martin Currie Investment Management Ltd.

"Recent market regulations and good economic fundamentals have brightened the investment climate. We believe that India represents a tremendously exciting investment opportunity at the present time."

Earlier this week Clube announced a 50-100 million US dollar Indian Opportunities Fund (IOF), managed by Martin Currie and India's merchant bank Indbank, to tap institutional funds.

IOF was the first ever offshore-managed open-ended investment fund and a first tax-free vehicle, Clube said.

The Hong Kong based Carr Indosuez Asia and Barclays de Zoete Wedd Investment Management (Hong Kong) Ltd also announced in Singapore this week a 50 million US dollar Bombay fund.

The survival of Prime Minister Narasimha Rao's minority government in the face of the 1.28 billion dollar securities scandal and a recent charge of bribery levied against Rao himself helped to restore investors' confidence, analysts said. Rao has denied the charge against him.

Analysts said foreign portfolio investment, although approved in September, totalled over 30 million dollar, all in the past three months, licensed foreign institutional investors, who are allowed to buy local shares now total 39.

The Indian government has approved direct foreign investment totalling 900 million dollar in the first four months of this year, up from just 300 million dollar in the same 1992 period.

Investors who once had reservations about India's settlement system and lack of transparency have welcomed some new reforms.

"The SEBI (Securities and Exchange Board of India) is now trying to protect investors and improve standards of disclosures," and analyst at WI Carr said.

SEBI now wants companies floating new issues to provide three-year-financial projections and disclose critical information like risks associated with a project. Other reforms proposed include scripless trading.

"We are seeing some of the tangible results of economic reforms undertaken since July 1991," said Sanjoy Chowdhury, Merrill Lynch's chief economist for Asia-Pacific.

He said India's gross domestic product is expected to grow at 5.4 per cent in fiscal 1993-94 ending March against 4.1 per cent last year and just 1.3 per cent in 1991-92.

Exports, buoyed by partial convertibility of the rupee last year and its devaluation in 1991, grew at 11.1 per cent in the first four months of calendar 1993 against a construction of 0.8 per cent in the same 1992 period. India's year-on-year inflation rate fell to 6.5 per cent in April from 14 per cent a year ago due to tighter monetary policy, he said.

Clube said the Indian stock market was attractive with more than 6,000 listed securities across some 20 stock exchanges and a total market capitalisation of over 60 billion US dollar.

Allison Blasch, analyst at Merrill Lynch, said the Bombay stock exchange (BSE) index price earnings ratio has come down to a more acceptable level of around 21 times estimated 1994 earnings against 32 times a year earlier.

"We maintain a positive outlook on the market because we expect the BSE-30 sensitive index to rise by up to 30 per cent by mid-1994," she said.

Other attractions include a 25 per cent national savings rate, a huge consumer market of more than 150 million middle class Indians and an expected 25 per cent growth in corporate profits for the next three years.

Indians protest US-based firm's plan to build salt plant

NEW DELHI, July 12: Campaigners protesting against plans by a US-based multinational to build a salt plant in western India are threatening to blockade the country's third-biggest port, reports Reuter.

Opposition Parliamentarian George Fernandes says the plant, proposed by international trading giant Cargill near the Port of Kandla in Gujarat state, would rob India of jobs and sovereignty.

"In the first week of October we shall start a blockade of Kandla Port," he told reporters last week, stepping up an eight-week-old civil disobedience campaign which models itself on Mahatma Gandhi's fight against British colonial rule.

But supporters of the salt scheme accuse him of twisting facts for political mileage to woo voters in state elections due late this year in four important northern regions.

"They'll just milk it for what it's worth in the monsoon session of Parliament and then let it drop," one Indian business source said.

Trade sources say the government would be ready to use force to clear any obstruction at Kandla, India's third-biggest port after Bombay and Madras, which handless big fertilizer and scrap metal imports and virtually all the country's grain exports.

Cargill officials declined to comment.

Number of immigrants in Australia falls

CANBERRA, July 12: Australia's sluggish economy has pushed immigrant numbers to a 17-year low, official figures released on Monday showed, reports Reuter.

Only 15,914 immigrants came to settle in Australia in the three months to March, down 36 per cent from 24,756 in the same period of 1992, the Bureau of Immigration Research said in a report.

This is the lowest quarterly figure since 13,817 settlers arrived in the three months to September 1976, it said.

"A lot of people, particularly in the professional fields, are not choosing Australia because they've heard how bad the economic situation is," said Richard Derewlany, of Immigration Consultants Ray Brown Migration Services.

The Bureau said that between July 1992 and March 1993, settlers from Hong Kong, Britain and Vietnam recorded the biggest falls.

The largest drop was in Hong Kong settlers — to 5,667 from 10,403 in the year — earlier period.

Kathmandu announces $724.8m aid dependent budget

KATHMANDU, July 12: The Nepal government announced a 1993/94 fiscal budget of 35.5 billion rupee (724.8 million dollar), heavily dependent on foreign aid for the year starting July 16, reports AFP.

In a more than one hour speech broadcast over radio and television Minister of State for Finance Mahesh Acharya earmarked 22.6 billion rupee (462 million dollar) for development expenditure.

A further 12.9 billion rupee has been laid aside for regular expenditure out of which, 3.38 billion is earmarked for police, defence and other civil service salaries.

Acharya said at least 68.9 per cent of the development expenditure would be met from foreign aid and loans.

The government hopes to collect 18.08 billion rupee in revenues which include fresh tax proposals, land revenues, increased sales taxes and tourism.

The visa fee has been raised 100 per cent to 40 dollar for 30 days.

Similarly, an additional 100 rupee has been added to the 550 rupee embarkation tax. Earnings from the added embarkation tax will be used to tackle environmental problems.

Acharya also announced increased duties on cigarettes, roasted tobacco, bee and liquor.

Duties have been lowered on goods from India, Tibet and the South Asian Association for Regional Cooperation (SAARC) to make imports from these countries cheaper than those imported from European and other Asian countries like Japan, Hong Kong, Thailand and Singapore.

One of the significant points announced by Acharya included the abolition of controls on imports of items like zeepers (fastners), cosmetics, imitation jewellery, wheel bearings, dry fruits including cloves, cardamom and beetle nuts.

Acharya has earmarked 6.32 billion rupee for economic services like agriculture, irrigation, land reform and forestry development.

An estimated 3.28 billion rupee has been set aside for public utilities like transport development, bridge construction, aviation and the development of other facilities.

Various industries are to get 5.8 billion rupee, while 810 million rupee were earmarked for communications development and 7.8 billion for social services like education, health, local development, clean drinking water and leakage control projects.

Under the proposed budget, education up to seventh grade (lower secondary) has been made free benefiting more than 348,000 students nationwide.

Gulf Arabs, EC will meet again to discuss energy tax

ABU DHABI, July 12: Gulf Arab states and the European Community will meet again in Brussels next week to discuss a controversial energy tax proposed by the EC to help protect the environment, Gulf officials said, reports AFP.

The July 16 meeting was recommended by the foreign ministers of the two groups when they discussed the carbon tax in May and agreed to pursue talks through their experts to reach a compromise.

"The coming talks will cover energy cooperation and other issues, including the carbon tax," a Gulf oil official told AFP. "We will try to reach a common ground for resolving the tax problem, which affects our ties."

Gulf Cooperation Council (GCC) states, which control 40 pre cent of the world's proven crude reserves, have attacked the tax on the grounds it will hit demand for oil and depress their incomes.

They accused the EC of trying to tackle budget deficits by seeking additional revenue from the tax, which will add three dollar to the price of a barrel of oil, to rise gradually to 10 dollar by the year 2000. But the EC says the tax is intended to contain the emission of carbon dioxide.

The row has marred GCC-EC relations and cast a shadow on negotiations for a free trade agreement, long sought by GCC nations to ensure free access of their petrochemical exports to the European market.

At talks in Muscat on Saturday, GCC energy officials discussed the tax and a common strategy ahead of the meeting with the EC the region's main economic partner.

"The imposition of the carbon tax with such excuses amounts to a trade war through a diplomatic style," the chairman of the Abu Dhabi Chamber of Commerce and Industry, Al-Hajj Ibn Abdullah Al-Muhairbi, said.

"The EC should not risk the loss of 33 billion dollar worth of trade with the GCC."

If enforced, the tax will undermine plans by GCC states — Saudi Arabia, Bahrain, Oman, Qatar, Kuwait and the United Arab Emirates — to expand their oil production capacity and cost them between eight and 14 billion dollar a year.

UN-Iraq oil talks deadlocked

UNITED NATIONS, July 12: Talks on allowing Iraq to sell oil to obtain food and other humanitarian goods were deadlocked with UN officials ready to break off negotiations if prospects did not improve, sources said on Sunday, reports Reuter.

The negotiations, which began last Wednesday, continue on Monday but no one is certain if they will last throughout the week.

"Things are not going well and I would not be surprised if they came to a complete stand still," said one source close to the talks who spoke on condition of anonymity.

The Iraqi team, led by Riyadh al-Qasyi, a foreign ministry Undersecretary, was expected to consult Baghdad over the weekend on the strict UN monitoring involved in allowing Iraq to sell 1.6 billion dollar worth of oil over six months.

The Security Council in two 1991 resolutions ordered Iraq, under sanctions since its troops invaded Kuwait in August 1990, to sell limited quantities of oil to pay for its own humanitarian supplies, including those for rebellious Kurds in the north now supported by international agencies.

One third of the proceeds were to go for UN costs in destroying Iraq's weapons and a reparation fund for war victims.

Iraq so far has baulked at the strict UN monitoring of its economic lifeline and broke of talks in Vienna a year ago.

UN Secretary General Boutros Boutros-Ghali convinced Iraq's Deputy Prime Minister Tareq Aziz in Geneva last month to resume the oil sale negotiations. UN officials thought Boutros-Ghali might personally intervene to prevent the most recent talks from collapsing.

Diplomats said the negotiations, conducted by UN Undersecretary General Carl-August Fleischhauer, had concentrated on a UN paper prepared in Vienna last year, which Iraq came close to accepting.

Jakarta hopes to meet gas demand for another 20 years

BONTANG, Indonesia, July 12: Indonesia, the world's biggest supplier of liquefied natural gas (LNG), said it would be able to meet demand for at least another 20 years despite last week's surprise cancellation of a huge offshore gas project, reports Reuter.

"There are reserves in East Kalimantan that can be used to defend our LNG market," said Baharuddin, in charge of marketing for the state oil company Pertamina.

He was speaking to visiting journalists late last week at a gas complex in Bontang city in East Kalimantan.

US dollar gains ground against yen, other Asian units

HONG KONG, July 12: The US dollar gained some ground against the yen after leaders of the Group of Seven industrial nations did not specifically press in their economic statement for the Japanese currency to get stronger, reports AFP.

The Greenback was mostly stronger against other Asian currencies during the week on prospects of improvements in the US economy.

Only the Australian, New Zealand and Malaysian dollar rose during the week.

Japanese yen: The yen lost ground moderately to close at 108.33 yen to the dollar on the Tokyo foreign exchange market this week, down 0.40 yen from the 107.93 yen finish the previous week.

Investors sold yen for dollar Friday, following an economic statement issued here by the Group of Seven (G-7) leaders who did not specifically press for a higher yen to help slash Japan's huge trade surplus, dealers said.

A further rise in exchange value of the yen is not expected as Japan is ready to make further efforts to boost domestic demand for imports, they said.

Australian dollar: Solid onshore support helped the Australian dollar to a firmer weekly finish here Friday, with dealers confident the currency will push higher next week.

The unit closed at 68.20 US cent here Friday from a 66.85 cent finish the previous week.

Hong Kong dollar: The local unit closed marginally down against the Greenback at 7.754-7.755, compared to the previous week's finish of 7.750-7.752.

Malaysian ringgit: The ringgit closed higher against the US dollar this week at 2.5687 from 2.5735 previously.

Added commercial demand helped boost the ringgit which had been overwhelmed by the Greenback's strength for two weeks, money market dealers said.

Taiwan dollar: The Taiwan currency slid to close Friday at 26.529 to the US-dollar on hectic trading, down 11.5 Taiwan cent from the previous week's finish of 26.414.

Wednesday saw the local unit hit a 22-month low of 26.53 in response to the decreased trade surplus and seasonal demand on the island.

Singapore dollar: The US dollar was generally traded higher for the major part of this week on Singapore money markets, dealers said.

At the close of trading Friday, the Greenback was firmer against the local currency at 1.6260 compared to 1.6235 but climbed steadily throughout the week.

Thai baht: The central bank's Exchange Equalisation Fund (EEF) on Friday fixed the official mid-rate at 25.33 baht to one US dollar, compared with the preceding week's close of 25.29.

The Greenback gained against the baht because of expectations that the US economy will soon recover and because the dollar rose against the yen during the week, a currency trader said.

Philippine peso: The Philippine peso depreciated this Friday to 27.485 from last Friday's 27.34 peso to the Greenback.

Trade Undersecretary Tomas Alcantara had earlier recommended a slight depreciation of the peso to make exports more competitive. But other officials warned that too sharp a fall might push up inflation.

Indonesian rupiah: The Indonesian currency weakened over the week against the Greenback, closing the week's trading Friday at 2,092 rupiah, or two rupiah lower than the previous week's finish.

New Zealand dollar: The New Zealand dollar closed Friday worth 54.98 US cent compared with its close last Friday at 54.24.

The Kiwi opened the week at 54.30 cent and steadily appreciated on offshore buying. At Friday's peak it traded as high as 55.13 cent.

South Korean won: The won weakened to 805.10 against the dollar on Saturday, its lowest level since 1987, when the won hit a low of 805.30 to the dollar.

It was down 1.70 won from the previous week's close of 803.40.

Training course on Japanese wet rice cultivation

HANOI, July 12 : Training courses on Japanese wet rice cultivation and farm machinery maintenance were attended here recently by 123 Vietnamese officials and technicians in charge of agricultural production, reports Xinhua.

The trainees are expected to pass the knowledge on to farmers.

According to the Vietnam news agency, the courses were funded by the Association of Overseas Training Services of Japan, with the help of Mitsubishi, Meiwa and Kubota companies of Japan.