

Washington for imposing oil embargo

Tripartite talks for tougher sanctions against Libya on

LONDON, July 29: Britain, France and the United States are holding talks about the possibility of increasing sanctions against Libya after the country's failure to hand over two intelligence agents indicated in the 1988 bombing of Pan Am flight 103, the Foreign Office said late Wednesday, reports AFP.

As long as the Libyan government refused to hand over for trial the two men suspected of committing the atrocity, there was no question of lifting or easing existing sanctions, a spokesman said.

The three countries were now discussing a range of possible further sanctions which would be imposed when there was no other option, he added.

All 259 occupants and 11 people on the ground were killed when the Pan Am airliner crashed on the Scottish border town of Lockerbie after a bomb exploded aboard the aircraft in

December, 1988.

The Foreign Office said Libya had also failed to cooperate fully with a French inquiry into the mid-air bombing of UTA flight 772 over Niger in 1989 in which all 171 people aboard were killed.

No decisions have been taken yet during the current talks, and no information was being disclosed about what the tougher sanctions might involve, the spokesman said.

The United Nations has imposed an air and arms embargo on Libya, but they are due to expire in August. He US State Department has also been seeking an embargo in Libyan oil exports, Tripoli's main source of hard currency.

European countries such as Italy that rely on Libyan oil supplies have been cool to such a move.

Meanwhile, Libya has put forward a new proposal for resolving the dispute over the

1988 Lockerbie crash, UN Secretary General Boutros Boutros-Ghali said Wednesday.

Libyan Foreign Minister Omar Mustafa Al-Mountasser arrived in New York Wednesday and presented the proposal, which Boutros-Ghali declined to detail.

Al-Mountasser said Saturday in Tripoli that Libya was ready to cooperate with the UN Security Council.

Following the meeting with Boutros-Ghali, the Libyan Foreign Minister told reporters that Libya was not opposed to trials for two intelligence agents accused by Washington and London of being involved in the bombing of Pan Am flight 103 over Lockerbie.

We will always be glad to put them or to convince them to put themselves before any trial, he said.

Asked if that meant Tripoli would accept a trial in the United States or Britain, Al-

Mountasser responded, that I don't know, that depends on them.

On August 15, the UN Security Council is expected to reconsider an air and military embargo imposed on Libya last year. Washington, London and Paris had planned to ask for tougher sanctions, the British foreign office said.

Washington in April mentioned the possibility of hitting Libya with an oil embargo if the suspects are not extradited.

France also wants Libya to aid in an investigation with the 1989 bombing of a UTA DC-10 over Niger that killed 170 people. Four Libyans are wanted in connection with that attack.

The Libyan Foreign Minister said he would remain in New York for several days and hoped to meet with Boutros-Ghali again.

The UN Chief said talks with Tripoli would continue.

Value of farm produce rises in Australia

CANBERRA, July 29: Price rises for wheat and sugar helped lift the value of Australian agricultural produce by more than an estimated three per cent in the last June 30 financial year, according to figures released by the Australian Bureau of Statistics here Wednesday, according to AFP.

A preliminary estimate of the gross value of agricultural commodities produced for 1992-93 was 21.55 billion Australian dollar (14.65 billion US dollar), and increase of 3.3 per cent compared with 1991-92.

The total gross value of crops increased by 5.6 per cent to 10.42 billion dollar. The increase was fuelled mainly by a 37.4 per cent rise in the value of wheat for grain to 2.88 billion dollar, brought on by an increase in production because of a return to improved growing conditions, particularly in western Australia.

Other crops to rise in value included sugar cane cut for crushing, up 37.9 per cent to 831.2 million dollar, and oats for grain, up 14.5 per cent to 204.2 million dollar.

China to set up 20 new wholesale markets

BEIJING, July 29: China will set up 20 new wholesale or futures markets in the near future, Internal Trade Minister Zhang Haoruo was quoted Thursday as saying, reports AFP.

The aim was to form a relatively complete market network by the end of 1995, Zhang said, according to the China Daily. China has set up 26 major commodities markets so far.

The Internal Trade Ministry was officially founded Wednesday by merging the Commerce and Materials Ministries. It is in charge of the domestic flow of consumer goods and industrial material such as lumber and steel.

The minister said that despite the expansion of markets, some key materials would be reserved for state purchases. He did not elaborate.

The ministry would also grant export and import trading rights to 200 large and medium-sized state commercial enterprises to let them compete directly with their foreign counterparts, Zhang said.



British Airways held a reception at a local hotel recently to introduce Richard Englemann the new manager in Bangladesh who look over from Mike Osborn. Picture shows (from right) Jacqueline Englemann, Richard Englemann, Dawn Osborn, Air Commodore Shamsur Ali, psc Chairman, Civil Aviation and Mike Osborn.

NAFTA negotiators predict no quick settlement of disputes

WASHINGTON, July 29: Three top NAFTA negotiators from the United States, Canada and Mexico held their first joint meeting on Thursday, hoping top-level talks can settle the free-trade disputes that stymied their negotiators, reports Reuters.

Nobody is predicting quick breakthroughs.

These will be intense, ministerial working meetings. But there is no expectation that things will be wrapped up by Friday, said a US trade official.

The talks are due to run through Friday, with a second ministerial meeting likely next week and further top-level negotiations an option for late August.

It is the first time that US trade representative Mickey Kantor, Canadian Trade Minister Thomas Hockin and his Mexican counterpart Jaime Serra Puche will all sit down together, seeking to put the finishing touches on controversial side deals to the North American Free Trade Agreement, or NAFTA.

NAFTA was engineered during former President George Bush's administration and gingerly endorsed by current President Bill Clinton when he was a candidate last year.

Clinton has thrown his weight behind free trade but

proposed supplemental agreements to assuage an army of US labour and environmental critics.

Passage of the plane is proving tough, despite a string of negotiations from Ottawa to Washington to Mexico City aimed at finding ways to protect workers' right and the environment.

The key sticking point has been the use of sanctions to punish persistent violators of the pact, and ideas endorsed by Washington and roundly rejected by its two partners.

This is the nut of the talks, said a Canadian Embassy official. We are not in favour of sanctions to ensure compliance. The Mexicans are somewhat of the same view.

A range of financial penalties - Mexico is pushing for government to government fines - are being floated in an effort to break the sanctions impasse.

As for funding a clean-up of the heavily polluted US-Mexican border, an issue of growing importance on the US side, the official made clear this was not a top Canadian concern.

We have serious fiscal and financial constraints on what we can lay out in the way of additional funds, he said.

A plan for a North American Development Bank to clean up pollution along the Border is

pickling up steam in Congress but has yet to hit the table. It's at the level of comment but it's not an official proposal, said the Canadian official.

But time is running very short, with the world's biggest free-trade zone due to open its gates next January.

Both sides are digging in their heels on sanctions. There may have to be more ministerial meetings to crunch out the crucial matter, said a Senate aide closely involved in trade policy.

The aide said the new meetings should spur efforts to achieve the goals while also saving face. But both sides are pretty staked out in their positions.

A diplomatic source close to the talks said Clinton could not afford to make key NAFTA decisions before consulting top legislators, who are all embroiled in reaching agreement on the US budget.

After the budget US legislators are likely to tackle health care reform.

About 100 House Democrats have warned Clinton not to send up NAFTA legislation until health care reform clears their desks. US officials say both can run simultaneously, but it is clear that all scheduling problems lie on the US side.

Brazil to have new currency August 1

BRASILIA, July 29: Brazil announced Wednesday that it was dropping three zeros from the country's currency, issuing new cruzeiros worth 1,000 of the old notes, reports AFP.

The new cruzeiros will go into circulation August 2 under an order signed by President Itamar Franco, the central bank and the presidents' office announced.

The current cruzeiro was trading Wednesday at more than 69,000 to the dollar in official exchanges and 75,000 to 76,000 to the dollar in unofficial exchanges.

The change was taken to make accounting easier and will not affect anti-inflation efforts, said Treasury Minister Fernando Henrique Cardoso.

Because of high inflation, Brazil issued new currencies in 1967, 1986 and 1989, the current cruzeiro was issued in March 1990.

US imposes penalty on cigarette makers

WASHINGTON, July 29: US congressional negotiators on Wednesday voted to impose penalties on cigarette makers if they use too much foreign tobacco, reports Reuters.

The provision, backed by legislators from tobacco-producing states, would require cigarette makers to use at least 75 per cent US tobacco.

If they failed, they would be subject to a penalty based on the price difference between US and imported tobaccos as well as being required to buy enough US Tobacco to offset the failure to maintain the 75 per cent annual rate.

On a 13-8 vote, negotiators in the House of Representatives and Senate tentatively agreed to put the tobacco provisions into the agriculture section of a massive deficit-reduction bill.

Ambassadors from 13 Africa and Latin American nations signed a letter this month op-

posing the restrictions, which were proposed earlier this year by the Senate.

Representative Charles Rose of tobacco-producing North Carolina defended the proposal by pointing to a proposed tax increase of 1 US dollar or even 2 US dollar per pack of cigarettes to help pay for health care reform.

But opponents said the bill was likely to bring retaliation on US exports.

I didn't realise this had to do with health care, said representative Sam Gibbons of Florida, who said the tobacco bill violated trade rules and invited relation against US exports.

Nearly three dozen nations export raw tobacco to the United States, according to Agriculture Department statistics. Major suppliers are Brazil, Turkey and Greece.

Angry French farmers destroy foreign produce

TOULOUSE, France, July 29: Several hundred French farmers destroyed about 10 truckloads of foreign fruit and vegetables late on Tuesday after stopping and searching lorries ferrying foreign produce into southwest France, local officials said, reports Reuters.

They said some 400 to 500 farmers from across southern France, angered at having to destroy surplus production at low prices while France imports foreign produce, stopped and searched dozens of trucks at a tollgate south of Toulouse.

Crates of South African apples, New Zealand kiwi-fruit, Greek onions and Spanish pork loaded in some 10 trucks were reported strewn across the road and set alight in the second such protest in the last week by the farmers.

Four people were injured in Bordeaux last week when 250 angry farmers stomped a municipal market to destroy foreign produce.

Ethnic conflict in Sri Lanka retards growth

COLOMBO, July 29: The ethnic conflict which has killed 30,000 people in the last decade must end before Sri Lanka can achieve sustained economic growth, a top businessman said, according to Reuters.

A settlement of the war is of paramount importance for a stable macro-economic environment, to achieve sustained growth of 7.5 per cent to 9.0 per cent, said Harendra De Silva, Chairman of the Ceylon Chamber of Commerce, at its annual meeting.

All our hopes... to achieve IC (Newly) Industrialised Country status by the year 2000 will remain only a dream if we do not put a stop to the war.

Tamil Ceylonians have been fighting since 1983 for a homeland in the north and the east for minority Tamils.

De Silva said defence spending now running at 20 billion rupee a year was the root cause of the large budget deficit and all its attendant ills of inflation, high interest rates and unrealistic exchange rates.

US Ambassador Teresita Schaffers said the burden of defence spending and insecurity would hold back Sri Lanka's efforts at expansion. The north and the east of the country, in contrast to this region, are economically depressed, with no investment and tremendous unemployment, she told the meeting.



Managing Director of the London-based Market Shotters Ltd. Jeremy Barrett (L) gestures during a press conference in Bombay on Tuesday as Indian stockbroker Harshad Mehta (S) and his lawyer Mahesh Jethmalani look on. — AFP photo

Mehta produces taped phone talks

BOMBAY, July 29: Stock broker Harshad Mehta, at the centre of India's worst financial scandal, produced a taped telephone conversation on Tuesday and said it proved his charges of corruption against Prime Minister P V Narasimha Rao, reports Reuters.

I know that they (Mehta and his brother) went to prime minister... and yes something was paid also... into party funds, said the tape of a telephone conversation between Mehta and a former employee, Mdhan Khandelwal.

Mehta told a packed news conference he has taped the conversation with Khandelwal in January this year.

The government was after me and I collected evidence to support my case when I started hitting back, said Mehta.

Khandelwal, who once headed Mehta's Delhi office, last week denied before a Parliamentary panel investigating the 1.28 billion dollar securities scandal that any money was paid to Rao.

Mehta alleged that Khandelwal had been put under

pressure to deny the payoff. So I have to establish not only that I paid money (to Rao) but also establish that a major cover-up operation is under way, he said.

It was Mehta's third news conference since he first alleged on June 16 that he had paid a illegal donation of 10 million rupee (320,000 dollar) to Rao.

Rao had immediately denied the charge but opposition parties demanded his resignation saying a prime minister embroiled in corruption charges ought to resign.

10 states allowed to attend GATT trade body

GENEVA, July 29: The top organ of the Uruguay Round agreed to allow 10 states negotiating to join the GATT trade body - including Russia, Taiwan and Saudi Arabia - to attend meetings of the trade round, officials said, reports Reuters.

Trade envoys said this paved the way for nations knocking on the door of the world trade body to be involved in the shaping of the future multilateral trading system.

The Trade Negotiations Committee (TNC) took the decision at closed-door talks following a proposal by new GATT Director-General Peter Sutherland, according to a statement issued by the General Agreement on Tariffs and Trade (GATT).

The point is to allow the Russians, Taiwanese and Saudis to attend the meetings and get documents from the meetings, to be associated with the round, one trade source told Reuters.

Of the 116 countries taking part in the round, 111 are members or contracting parties of the Geneva-based GATT, whose rules cover some 90 per cent of world trade in goods.

The 10 countries and territories affected by the decision are: Albania, Bulgaria, Ecuador, Mongolia, Nepal, Panama, the Russian Federation, Saudi Arabia, Slovenia and Chinese Taipei.

Political upheaval turns Japanese financiers cold

TOKYO, July 29: The political revolution taking shape in Japan has left the world of high finance largely cold as markets ended Wednesday with Tokyo stocks mildly lower and the yen only modestly firmer, reports AFP.

Financiers and investors remained largely aloof despite the conclusion Wednesday of a political accord between seven Conservative and Socialist parties lined up against the Liberal Democratic Party (LDP), which has been the sole ruling party for 38 years.

On the Tokyo Stock market where volume was a slim 180 million shares, the key Nikkei index drifted 61.81 points, or a negligible 0.3 per cent, to 19,829.58 and the broader to pix index of all first-section issues slipped 3.17 points to 1,622.28 in a day of flat, uneventful trade.

On the lifeless foreign-exchange market, the US dollar lost little ground to the yen, ending at 106.05 yen Wednesday, barely changed from 106.74 close on Tuesday in Tokyo.

According to professional investors, the stock market has the benefit of major public sector support from retirement funds. Meanwhile, big investors

are keeping to the sidelines. However, the Nikkei is solidly defended at the 19,500 to 20,000-point level, brokers say.

Foreign exchange dealers are awaiting jolt to the European Monetary System, which would greatly bolster the dollar as well as the yen.

Many observers believe the new political coalition to come into power in August is largely conservative despite its socialist element, which has only a slightly reformist bent.

Socialist suffered the heaviest losses in Japan's general election on July 18.

The chief concern is the fragility of Japan's economic growth and decisions which need to be taken as early as this summer to spur the economy anew.

The manner in which Japan's powerful administration works with the new political power will be the determining factor, observers say in Tokyo, where concern has emerged that the coalition will become mired in political compromise owing to its broad structure.

It will be very difficult for seven different parties, including the Socialist Party, to have a common policy, an official with Japan's powerful business fed-

eration Keidanren said.

However, business circles have an axe to grind with the LDP over spending its energy locked in scandal after scandal while demonstrating a pronounced inability to stimulate economic growth over the past two years.

Today, they are tempted to try their luck with a new conservative team, said Joel Jevuill, Director of Credit Lyonnais Securities in Tokyo.

The Keidanren official said the first coalition cabinet will have a very short shelf life and new elections will be organised quickly.

The coalition has said it favours a new recovery programme based on spurring investment and household consumption, both sluggish of late. A revenue tax reduction is also on the cards.

Meanwhile, pragmatism is gaining ground. The Keidanren, after having supported the LDP without fail, greeted Wednesday the emergence of a possible political changeover with two conservative powers.

According to the Japanese press, the association of stock brokers, which groups large securities houses, has made it known it will finance the new conservative parties.

Russia's failure to consult IMF Unfortunate

WASHINGTON, July 29: An International Monetary Fund official said Wednesday that Russia's failure to consult the organisation before announcing its recall of roubles in circulation was unfortunate, reports AFP.

The official, who declined to be identified, said that the lack of consultation "at a time when the IMF is supporting the stabilisation and reform programme in Russia... is regrettable."

This measure also has caused an unnecessary degree of uncertainty in various states of the former Soviet Union, the official added.

Russian President Boris Yeltsin on Monday issued a decree easing the restrictions for the rouble swap.

Growing inflation bites people in Yugoslavia

BELGRADE, July 29: The elderly, well-dressed man sobs quietly at the back of the Belgrade store after discovering he would need his entire monthly pension to buy a new toothbrush, says Reuters.

A woman in her 70s fills her basket in a supermarket with goods and sneaks out past a cashier busy with another customer bystanders notice, but say nothing.

Two businessmen out for lunch in a restaurant order their meals by the time they come to pay, the price has risen by 50 per cent.

These and similar stories appear regularly in the Belgrade press as people in rump Yugoslavia try to cope with nightmare inflation of 20 per cent a day, the result of civil war, sanctions and mismanagement by the ex-communist

government. The growing crisis is causing bewilderment and growing anger, among a population accustomed to periods of economic hardship during four decades of communist rule.

The inflation rate is already being described as the worst since that in Germany between the wars, when the mark fell at one point to 4,200,000,000,000 to the dollar.

Last week the government mint, which has been working around the clock for months printing increasingly worthless money, issued a new 50-million-dinar note, worth just 3 dollar at the black market rate.

The previous highest denomination was five-million-dinar note, now worth about 20 US cents when it was issued in May it was worth 12.25 dollar. Average salaries have

slumped to between 5 dollar and 10 dollar in real terms: pensions are around 4 dollar.

On Wednesday the Belgrade daily Politika reported that a pair of men's shoes imported from Greece was on sale in the central department store for 400 dollar, a kilo of lemons was going for 7 dollar.

Last week a national bank official was reported as saying a redenomination of the dinar, dropping three noughts from the currency, could be expected in late September.

It would be the fourth redenomination since World War two, the third since 1990. The last one took place on July 1.

There have also been three devaluations of the dinar this year, the last, by over 80 per cent, a week ago. Some of Belgrade's larger stores have already introduced

their own unofficial redenomination, dropping three zeros, as their computers and cash registers cannot cope with so many noughts.

Shops change the prices at least twice a day, in the morning and the afternoon, moving them up any where between 100 and 700 per cent, Tanjug News Agency reported on Tuesday.

In many shops this is an empty exercise since by the afternoon most shelves are empty as people buy everything in sight while their money has some value, or speculators snap up goods for resale at a profit.

The crisis is increasingly driving ordinary people to deal in currency on the black market.

A 40-year-old architect who tried it out reported earning a profit of 12 dollar in hard cur-

rency in a few hours of buying and selling German marks for dinars on a busy downtown street.

Such easy pickings have not surprisingly attracted a growing number of hard-core criminals and introduced an element of violence in a city awash with arms from two years of civil war.

One man, who declined to give his name, said that while dealing in a popular money-changing street he had been approached by two men who pulled guns and demanded his takings.

When he in turn pulled out a hand grenade and threatened to let it off, the two gunmen left muttering warnings that he would be in trouble if he showed his face again.

The crisis has already

prompted thousands of car, metal and construction workers to go on strike, and unions have called a general strike for August 5.

An organisation representing Serbia's 1.2 million pensioners, who are worst hit by the inflation, is threatening to bring the elderly out into the streets in protests that would include refusing to pay rent, water or electricity bills.

But a 68-year-old woman pensioner, recalling previous attempts to organise mass protests, commented: "I don't understand what people are waiting for to think that in a city of two million, not even 50,000 will come out onto the streets to protest."

"All that remains is for us to die but we won't even have enough money for a funeral."

Concord offers round the world trip in 32 hrs

NEW YORK, July 29: The Concord superjet is offering a round - the world trip in 32 hours for revelers who want to ring in the new year twice, the head of the Concord spirit tour charter Donald Pevsner announced Wednesday, reports AFP.

The Air France flight, which will leave Paris December 31 with seats for 80 passengers, will carry a pricetag of 23,800 dollar.

The Concord will head east and make six stops before returning to Paris January 1, 1994 after travelling 39,864 kilometers (24,915 miles).

Pevsner, who organized a similar trip out of Lisbon in 1992, said passengers would be able to watch the sun rise