China accuses US of violating bilateral, int'l trade pacts

BEIJING, Sept 5: A senior Chinese trade official said late Saturday that US demands for stricter penalties in a new textiles agreement violate bilateral and international trade pacts, reports AP.

Jennifer Hillman, chief textile negotiator for the US Trade Representative's office, said Saturday that China must crackdown on trans-shipment of its textiles through third countries before a new textiles agreement can be reached to replace the one that expires the end of this year.

She said that without a new agreement, the United States could limit textile imports unilaterally whenever Chinese goods are found to cause market disruptions.

"The Chinese government resolutely opposes the US action to unilaterally reduce quotas for China without consultation with the Chinese side and without presenting clear evidence," the official Xinhua news agency paraphrased the trade official, Zhou Keren, as saying.

Zhou, Director of the trade ministry's Foreign Trade Administration Department, headed the Chinese side in the two days of talks.

Xinhua said he objected to the US demand that the new agreement give the United States the right to reduce the textile quota by three times the amount of textiles transhipped through a third country.

According to Zhou, the Untied States wants to reduce the quota if it has "substantial information" showing that illegal trans-shipment has occurred or if China fails to provide information requested by the US side within a required period of time.

Zhou said such requirements "seriously violate" a draft agreement on textile trade negotiated by the General Agreement on Tariffs and Trade and the principle of cooperation in the bilateral agreement.

"Such requirements are definitely not acceptable to China," Xinhua paraphrased him as saying.

US trade figures show six billion dollar in textiles imported from China last year, of which 4.57 billion dollar was covered by the bilateral agreement first negotiated in 1988.

Hillman said two billion dollar in Chinese textiles were trans-shipped through about 40 countries and territories to avoid quotas set under the accord. Large volumes went through Hong Kong, Taiwan and Macao, he said.

Vice Trade Minister Shi Guangsheeng was quoted by Xinhua as saying that China bans illegal trans-shipment of textiles and has formed investigation teams to deal with the problem.

But he said China and the United States need to seek cooperation from third countries to crackdown on illegal textiles trans-shipments.

India merges 2 state-owned banks

NEW DELHI, Sept 5: India merged two state-owned banks as part of financial reforms, modestic news agencies said, reports Reuter.

The government merged the Punjab National Bank — one of its largest — with the loss-making New Bank of India.

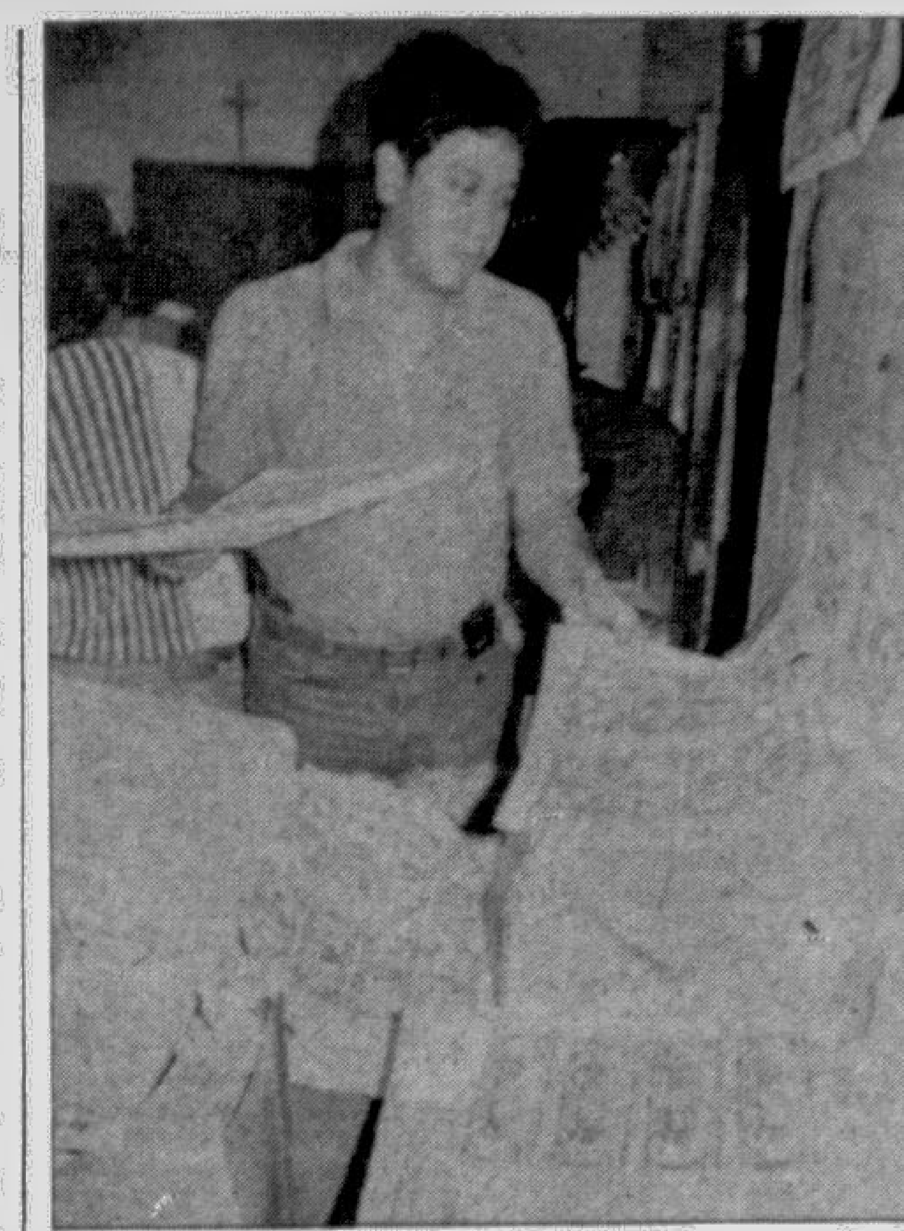
United News of India quoted the governor of the Reserve Bank of India, Chakravarty Rangarajan, saying the merger was "in the long term interest of the depositors." He said the measure was necessary to give greater stability to the financial system.

Financial sector reforms are part of India's economic liberalisation programme that has cut a deep swathe through decades of socialist-type economy for a free market system.

UNI said Saturday's merger of the banks was the biggest India's banking history. India nationalised major banks in 1969.

Rangarajan said the New Bank of India, one of the smallest banks, was posting losses in the last four years.

The Punjab National Bank has total deposits of 182.4 billion rupee while New Bank of India's total deposits are near 23 billion rupees, UNI said.



A policeman in Manila examines some of the counterfeit 20 dollar bills seized Friday when authorities busted a major counterfeiting ring in separate raids in this city. About 20 million dollar in fake bills were found. — AFP photo

Sakhalin battered by reforms

NEVELSK, Russia, Sept 5: There's something wrong with the map on Vladimir Godunov's wood-paneled wall at the Nevelsk Fishery Corporation, reports AP.

It's the height of the fishing season in the rich waters off Sakhalin island, and Japanese and Korean clients are clamoring for the catch. But the map shows only 15 of his 60 trawlers actually fishing.

The rest are tied up in port waiting for fuel, repairs or to be sold as scrap.

Godunov's map illustrates the problems in the Russian economy and why even an island eight time zones away cannot shelter itself from the political and economic storms in Moscow.

Sakhalin's former governor, Valentin Fvodorov, promised three years ago to build capitalism on a single island — an ironic play on Josef Stalin's pledge to build socialism in one country.

Before Stalin, Communist Party doctrine maintained that full socialism (also called communism) was possible only on a worldwide scale. Stalin shifted party doctrine in 1936 when he said this goal could be reached in only the USSR.

India's foreign investment jumps to $1.6b

NEW DELHI, Sept 5: Foreign investments in India has jumped in the first seven months of the current year to 1.6 billion dollars from a total investment of 1.2 billion in 1992, a government report said yesterday, according to AFP.

The report said India's growing popularity reflected its "appreciation as a sound business destination" and added that the United States was the leading investor with 863 million dollars sunk between January and July.

The increase in investment follows a series of market reforms launched in June 1991. Finance Minister Manmohan Singh the architect of the reforms has ushered in sweeping changes ending four decades of quasi-socialistic market curbs and introduced a free-floating rupee to boost trade.

Foreign projects worth 2.4 billion dollar were cleared between August 1991 and July 1992 against 650 million dollars a year earlier the report said, nearly a four-fold rise.

The United States invested 61.9 million dollar in India in 1991 and 416 million dollar in 1992, it said.

Japanese investments rose to 203 million dollar in 1992 from 17.5 million a year earlier, the report said, and added that Japanese funds put into the country in the first seven months of 1993 have totalled 34.8 million dollar.

Meanwhile the German ambassador to India Frank Elbe, told a chamber of commerce here Thursday that his country was set to overtake the United States as the leading foreign investor in India.

Clinton vows to save defence industry

WASHINGTON, Sept 5: President Bill Clinton is determined to save the US defense industry, even at the cost of unneeded weaponry, to preserve tens of thousands of jobs in a sector of the US economy hard hit by cutbacks, reports AFP.

In presenting an outline for Pentagon spending in the coming five years, Defense Secretary Les Aspin spelled out what impact military spending should have on the economy. "One of the things we would like to do is to make the US economy create more jobs, be more competitive internationally," he said.

Overall, the Pentagon's goal during its six-month review was to design a leaner, more mobile military able to win two regional conflicts at the same time.

But Clinton's decision to approve construction of a third Seawolf nuclear- powered submarine was a clear boost to an industry reeling from cuts in defense spending following the dissolution of the Soviet Union and the end of the cold war.

Militarily speaking, the United States has no need for a third Seawolf, the Pentagon has said that the two it has were enough.

And Aspin, as Chairman of the House of Representative Armed Services Committee, was the Seawolf's biggest foe. The submarines cost 2.4 billion dollar each.

But now the administration is arguing that new submarines will likely be needed in a decade so and it would be more expensive to rebuild a new submarine-construction industry than to keep the current industry on a financial life support system.

The new Seawolf, promised by candidate Clinton, is also due to intense lobbying by lawmakers from Connecticut, where the industry is based.

The Pentagon estimated last

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year that 800,000 civilian and military employees dependent on defense spending would lose their jobs by 1997 because of budget cuts. Electric Boat in Groton, Connecticut which builds the Seawolf, is expected to lay off 9,500 of its 17,000 workers in 1997, even with the construction of third submarine.

The principle is the same for aircraft carriers: The Pentagon ordered a new carrier from News Shipbuilding in Newport News, Virginia, five thousands jobs depended on it.

US cost- saving report recommends 252,000 federal jobs cut

WASHINGTON, Sept 5: A cost-saving report due on Tuesday from US Vice President Al Gore recommends eliminating more than twice the number of federal jobs already slated to be cut, the Washington Post said on Sunday, reports Reuter.

The report recommends President Bill Clinton cut 252,000 federal jobs, reducing the civil service by 12 per cent and bringing it below the two million employee mark for the first time since 1966, the Post said citing unnamed sources.

Clinton earlier this year proposed reducing the federal work force by 100,000.

The newspaper said excerpts from the report "show that the administration intends to dump regulations that affect virtually every corer of the bureaucracy and carve deeply into headquarters staff, supervisors, budget analysts, accountants and procurement and personnel specialists."

Those include 22 billion dollar gained by changing the method of purchasing supplies and services, 5.4 billion dollar by modernising government computer an information systems and 3.3 billion dollar by simplifying paperwork.

Because the administration would probably be unable to meet its job-reduction goal solely through attrition, the Gore report recommends congress offer early retirement and buyout packages, according to the newspaper.

US workers want more flexibility

NEW YORK, Sept 5: A five-year study of the American workforce has come up with findings that most working people already know too well - many feel burned out by the end of the day. They don't have enough time with their families and they fear they will be laid off, according to AP.

The study released Thursday by the Families and Work Institute was commissioned by 15 companies and foundations that said they needed to find out worker feelings so they can begin to address their problems.

"We think we can use it to help us identify the needs of our employees, especially in the areas of benefits and job satisfaction", said Judd-Everhart, a spokesman for Xerox Corp .. one of the sponsors.

The study "validates what we have known in our hearts for a long time," said Burke Stinson, a spokesman for American Telephone and Telegraph Co.

It shows that when workers are given more freedom to take care of family concerns, productivity does not suffer, he said. To the contrary, employees feel like they are being treated fairly and want to give back at least what they have received, Stinson said.

The study, based on hour-long interviews with a national sample of 3,381 workers, paints a portrait of a hard worker who feels burned out from balancing work and family life yet cares intensely about performing well on the job.

That employee cares more about the quality of the work environment than money or professional advancement. Workers want control over their work and their schedules and given that freedom are more productive and satisfied.

Employees want to change the balance between work and personal life, shifting time and energy to themselves and their families, the study found.

Young workers, especially those with children, would rather make sacrifices in their education, careers and jobs than in their personal and family lives.

And despite the larger numbers of women in the labour force, women's responsibilities within the home have not changed much, the study found. They still take the most responsibility for household duties and the children.

Overall, employees with children believe they are not coping as well as workers without children. Sixty-six per cent say they don't spend enough time with their children. And of all the workers surveyed, 42 per cent feel used up by the end of the day.

On the job, there's uncertainty. Twenty per cent of those surveyed fear losing their jobs, and another 42 per cent have survived downsizing in their companies and 28 per cent have seen cutbacks in managers over the past year.

In supporting the research, sponsors hoped to discover: why workers take jobs and why they leave; whether women and men think differently about work issues; whether young workers differ from their older counterparts in attitude; how comfortable workers are with the increasing diversity of the workforce and how workers manage their dual responsibilities of home and work life.

The survey, conceived in 1988 and conducted last year, grew out of a period of significant business turmoil and change.

Labour Department research shows that in 75 per cent of American families both the husband and wife work and of all mothers with children under one year of age, more than 50 per cent now work.

By the end of the century, about two-thirds of new workers are expected to be women, 30 per cent will be minorities and the average age of the workforce will have increased from 36 to 39.

Thus, such issues as child care, health care, elder care, flexible scheduling and cultural diversity are increasingly important for workers and employees, said Chip U Ren, associate general manager of Salt River Project.

Some of the findings of the Families and Work Institute study on the attitudes of America's workforce:

— Workers feel significant job insecurity. Besides the 20 per cent who fear losing their jobs, 42 per cent have survived downsizing in their companies and 28 per cent have seen cutbacks in managers over the past year.

— At the end of the work day, 42 per cent of employees feel "used up" and 40 per cent feel tired when they get up for work in the morning.

— Between regular work hours, overtime, commuting, chores and attending to children the average worker in a dual-earner household with children puts in about 14.8 hours daily.

Prices of gold continue to decline while tin plunges to 20-year low

LONDON, Sept 5: The price of gold continued to fall on the commodity markets this week, while around the world the tin industry came under pressure with prices collapsing on threats of a flood of new stocks on the market, reports AFP.

The gold market, pulled lower by a fall in silver, lost two per cent over the week, taking its fall since the start of August to 11 per cent. The slowing up of jewellery demand combined with investor reticence depressed the market.

On the London Metal Exchange (LME), base metals fell in price, with tin down to a 20-year low because of increased Chinese exports and fears that a possible breakup of the association of tin producing countries would cause a flood of metal onto the market.

Brent North Sea crude oil also fell, below 17 dollar a barrel, as the strikes in Nigeria against the new interim government, chosen by the outgoing military, had little impact on exports.

The prospects of a resumption of Iraqi oil sales if arms control talks between Iraq and the United Nations succeed in finding common ground added to the downward pressure on prices.

Among soft goods, coffee and cocoa fell back on profit-taking after their recent jumps in price.

Representatives of the main coffee-producing countries are to meet later this month in Brasilia to agree the details of their stock-withholding scheme, which has sent prices up 40 per cent since July.

Cocoa, which gained 20 per cent between June and August, was also hit by profit-taking, but the losses were stopped by news that the Ivory Coast will again withhold part of its cocoa harvest next year.

Gold: Sharply down. The price of gold fell sharply, losing two percent from the previous week, as US investment funds bailed out of the metal and rumour circulated of central bank sales.

The slowing up of jewellery demand, choked off by the leap in prices between March and July, and a new reluctance among investors because of the market's volatility, pushed prices lower.

Silver: Sharply down. After a firm start, silver prices fell sharply, losing five per cent from the previous week, on a wave of speculative selling.

The losses were increased by the poor outlook for demand from industry and the lack of activity in the holidaying market, dealers said.

Platinum: Slightly lower. Platinum prices, rose early in the week following industrial buying but fell back later in the week in line with the other precious metals.

The difficulties of the international car market, the major user of platinum in the manufacture of catalytic converters, continued to weigh on prices, dealers said.

In Japan, the leading platinum purchaser, trade sources said new car sales in Japan were down 8.7 per cent in August from the number sold last year, the fifth consecutive monthly fall.

According to the Japanese business daily Nihon Keizai Shimbun, the main Japanese car makers will have to cut their predictions for 1993 output because of the effect of the yen's rise on exports and the weakness of sales at home.

Copper: Higher. The copper price continued its steady rise this week as a technical squeeze continued to keep prices high for the London Metal Exchange's most traded metal.

Copper prices have risen by three per cent since mid-August with the metal subject to a squeeze that has pushed spot prices ahead of forward prices since early August, dealers said.

Analysts said that the current run-up in prices has little connection to the state of the physical market, where consumption remains stalled and stock surpluses have risen steadily.

"Once this (options) squeeze is over, I think we'll see prices head down," one dealer said.

The LME board has voiced its concern about the possible manipulation of its flagship contract by twice giving warnings it has the authority to take action to maintain an orderly market.

Meanwhile, physical demand for cooper continued sluggish and on the LME copper stocks rose by 7,250 tonnes to 524,500 tones, the highest level since June 1978.

Lead: Lower. Contrasting with copper, lead prices fell as technical pressure remained slight and stocks continued to mount in a sluggish market with few signs emerging of new demand.

On the LME, lead stocks continued to rise, climbing by 2,275 tonnes to a new record of 280,275 tonnes.

Zinc: Lower. Zinc prices also fell, depressed by the steady rise in zinc stocks on the LME, with dealers dismissing more positive news on world producer stocks as insufficient to revive the market.

The statistics from the European Zinc Institute said world producers' zinc stocks in July fell by 3.97 per cent from June to 390,540 tones.

World zinc production in July fell by 4.95 per cent from June to 447,830 tonnes, the institute said.

However this was not enough to reverse the trend in zinc prices, which eased back over the week to a six-year trading low.

Aluminium: Lower. Aluminium prices fell slightly with little news emerging in the market beyond the continuing rise in worldwide stocks of the metal.

Prices rose slightly on Thursday on hopes that the LME would unveil a fall in stocks on Friday, only to have those hopes spectacularly dashed Friday when stocks rose by more than 70,000 tonnes.

Dealers said the market remained sceptical about a recent EC attempt to limit Russian exports of aluminium, blamed in Europe for the fall in prices.

On the LME, stocks rose by 71,475 tonnes to a record 2,113,175 tonnes.

Nickel: Higher but falling back. Nickel price rose at the start of the week on strong technical and trade buying after sharp falls the previous week which took nickel to new six year price lows.

Concern mounted, however, over the continuing rise in stocks, the topic dominating almost all metals markets, and prices eased back, losing most of the gains by the weekend.

LME stocks of nickel rose by 1,176 tonnes to a record 197,436 tonnes.

Tin: Lower. Tin price sank to a 20-year low in London this week, down to an all-time low in Kuala Lumpur, with dealers reacting to poor demand, a rise in stocks and doubts hanging over the main export control scheme.

A ministerial meeting has been called for the Association of Tin Producing countries (ATPC) on October 25-26 to discuss the fate of the association's scheme, ATPC Executive Secretary Redzwan Sumun said.

The ATPC, which comprises Australia, Bolivia, Indonesia, Malaysia, Nigeria, Thailand and Zaire, accounting for 60 per cent of global tin production, has attempted in vain to reduce global stocks to 20,000 tonnes from 38,200 at present.

Increased tin exports from China and the United States have plunged the tin market into crisis and Malaysia and several ATPC countries have called for scraping the stock control scheme to allow free market forces to determine tin's future.

Tin prices headed down again after the calls on fears of a fresh flooding of tin onto the world market later this year.

"Current prices are way below the cost of production," Redzwan said, and several analysts predicted the imminent collapse of the tin industry in Malaysia and Bolivia, two of the world's major tin producers, if prices did not rise.

On the LME, tin stocks fell by 55 tonnes to 21,355 tonnes.

Coffee: Lower. The price of coffee fell slightly, after profit-taking emerged following the sharp rise in coffee price earlier in the summer and ahead of the putting in place of a producer's export control scheme due next month.

The coffee price, which has risen by close to 40 per cent since July, fell because of doubts about Brazil's financing of the scheme and rumours that Brazil had increased its exports in the last few weeks.

The market remained unaffected by estimates from the Colombian Departmental coffee planters Committee (CDC) which said the country's output would fall by 19 per cent in 1992/93 to 14.5 million bags.

Dealers were looking ahead of the meeting of producer countries in Bogota September 13 to 15 to discuss implementation of the export control scheme.

The countries are then to meet in Brasilia from September 23 to 24 to formally ratify the creation of the new organisation of coffee producers.

Cocoa: Uneven. The price of cocoa traded unevenly, losing a little ground from the previous week after profit-taking emerged.

The market showed little reaction to a report from the analysts fish which predicted that the main Ivory Coast cocoa harvest would reach 610,000 tonnes in 1992/93.

The Ivory Coast said it would withhold between 40,000 and 43,000 tonnes of its 1993/94 production in line with the policy decided by producer countries.

In Ghana, the strike at the Ghanaian cocoa organisation Cocobod continued to affect cocoa sales.

According to sources at the organisation, some 24,000 tonnes of cocoa have piled up in warehouses at the port of Tema, and since the start of the dispute last week eight ships have left the port empty.

Sugar: Steady. The price of sugar remained stable in a tense market where the uncertainty over controversial deliveries of hybrid Brazilian sugar continued to restrict buying.

Dealers feared that the New York exchange's authorities might not be out of the woods over the affairs if the end buyer refuses to accept delivery of the sugar after it was initially deemed by the market to be of inferior quality.

Traders said they would wait to see what happened to the sugar and whether Brazil would impose the same tax on it as on the raw sugar. Around 200,000 to 300,000 tonnes of Brazilian sugar were set for delivery in October.

The general trend for sugar remained firm, dealers said, because of the likelihood of a shortfall of production in 1993/94, the second consecutive annual shortfall.

Vegetable oil: Lower. After a firm start based on threats of frost in the US soya-producing regions, the price of soya oil fell back when weather forecasters predicted temperatures would ease.

However, the losses were minor with dealers cautious ahead of the publication next week of the US Department of Agriculture (USDA)'s quarterly report on US agricultural production and worldwide demand and supply.

The price of coconut oil slipped slightly with dealers indifferent to statistics showing the production of copra was weak this year because of poor harvests in the Philippines, the world's leading producer.

According to specialist review oil world, the worldwide production of copra would drop to 4.6 million tonnes in 1993 from an average annual production of 4.85 million tonnes between 1987 and 1991.

The Philippines will produce 1.85 million tonnes this year against an average of two million tonnes in each of the last five years.

In 1994, world production will fall again with Philippino production down to 1.8 million tonnes, the review said.

Crude oil: Lower. The price of brent North Sea crude oil fell below 17 dollar a barrel after strike action in Nigeria failed to affect the level of oil exports as the market had expected.

Prices rose last week as tension increased in Nigeria but then slipped back after several oil companies, including the Nigerian National Petroleum Corporation, said their exports had not been affected by strike action.

For its part, the oil sector union said it had managed to slow output and exports.

Nigeria, a member of OPEC, produces 1.9 million barrels a day.

Meanwhile, news that negotiations had restarted between an Iraqi delegation and the United Nations in New York on arms control measures added to the downward pressure.

Dealers feared that an agreement on arms controls would increase the likelihood of a lifting of the UN embargo on Iraqi oil sales. The embargo has been in place since Iraq's invasion of Kuwait on August 2, 1990.

Rubber: Higher. The price of natural rubber rose to its highest level for five months, boosted by a fall in the pound and threats from producer countries to quit the International Natural Rubber Organisation (INRO).

The six producer countries, which have tried for two years to renegotiate an accord with consumer countries, met in Bangkok during the week to discuss the INRO's future and were thought to be planning a new producer cartel to control production and boost prices.

The president of the Indonesian Rubber Association last week said Indonesia was considering quitting INRO because of its inability to maintain prices at fair levels.

Grains: Lower. The price of wheat and barley fell, hit by news of an improvement in the weather in the United States and fears that the USDA would revise upwards its estimates for agricultural production.

The market was also depressed by the revision of the Australian Wheat Forecasters (AWF)'s estimate for the Australian wheat harvest.

The AWF predicted the harvest would reach 15 million tonnes in 1993/94, against its previous prediction of 14.9 million tonnes. In 1992/93 the harvest gathered 15.33 million tonnes.

Meanwhile, Argentinian producers said their output would reach 11.4 million tonnes in 1993/94 against 10 million this year, with exports of between 5.5 million and six million tonnes, up from 5.45 million tonnes previously.

Tea: Steady. Because of a general holiday on Monday in Britain, the London sales were not held this week. On the world market, tea prices remained steady while figures from India showed production was up again in the first half of 1993 after the sharp fall in output in 1992.

According to local sources, Indian tea output, the largest in the world, rose to 263.11 million kilos in the first half of 1993, up 26 million from the amount produced in the same period last year.

Analysts predict a total for the year of 740 million tones following the 703.9 million tonnes produced in 1992.

Cotton: Lower. The price of cotton fell to its lowest level since November 1992 on the Liverpool market, hit by the weakness of industrial demand and worldwide overproduction.

At the start of the weak, the market was boosted by news of hurricane Emily, threatening the cotton producing regions of the United States.

The brief passage of the hurricane limited the damage and prices fell back, dealers said.

Wool: Lower. The price of wool top fell to its lowest level since January 1991, hit by the continuing threat of a liquidation of New Zealand and Australian official stocks.