

Pak cotton crop under threat for 2nd yr

KARACHI, Sept 12: Pakistan's cotton crop is under threat for the second successive year as locusts swarm across much of the southern Sindh and Punjab, experts and officials here said, reports AFP.

The country's main source of revenue suffered a setback last year due to devastating floods in autumn and a pest attack.

The country produced 9.33 million bales against the target of 12 million bales, showing a decline of about 25 per cent, officials here said.

The country's southern region bordering India is currently in the grip of a locust plague, which is being battled with the help of army and UN experts.

Farmers have urged the government to declare an emergency in the worst affected areas of Sindh province as the swarms reportedly drifted towards the Punjab.

A western agriculture expert told AFP Thursday that mid-September would be the worst time for a locust invasion as the maturing cotton dried before the expected harvest in late October through December.

"The plants will be totally vulnerable. September would be a very bad time," said the expert who did not want to be named.

The cotton crop in Pakistan is still recovering from last year's white fly virus attack.

"Some 200,000 to 300,000 hectares (500,000 to 740 million acres) of a total 2.8 million (6.9 million acres) has already been lost to the white fly," the expert said.

Pakistan was planning a bumper cotton crop this year to offset the losses sustained last year, but the locust invasion could upset the plans, officials acknowledged.

Last year Pakistan earned 268.7 million dollar by exporting about eight million bales of cotton.

Islamic Research Centre in Jeddah wins IDB award

JEDDAH, Sept 12: The Islamic Economic Research Centre of King Abdul Aziz University in Jeddah has won the prize of the Islamic Development Bank in Islamic economy for the year 1413H, the IDB announced recently, reports Xinhua.

The bank said the prize was awarded to the centre for its "pioneering and creative" services it has been rendering describing it as "the first and the most important centre of its kind in the Islamic world".

The bank said the centre has been endeavouring to promote Islamic economy as a scientific subject.

The IDB initiated in 1408H two special prizes to be awarded every year in the fields of Islamic economy and Islamic banking.

Starting this year, the IDB decided to grant only one prize alternately instead of giving the two prizes together.

Next year the prize will be given to excellence in the field of Islamic banking. It also raised the cash award from 15,000 US dollar to 30,000 US dollar.

During the past six years, eight prizes were given. They consisted of five for Islamic economy and three for Islamic banking.



US President Bill Clinton addresses Texas officials gathered at the Texas Surplus Property Agency while Vice-President Al Gore (R) looks on Saturday. Clinton announced plans to streamline government and save billions of dollar. Later on while meeting the press, Clinton said that Israeli Prime Minister Yitzhak Rabin and the Chairman of the PLO Yasser Arafat would both be in Washington today to sign mutual recognition documents. — AFP photo

WB unveils \$ 5.5b plan for West Bank, Gaza

WASHINGTON, Sept 12: Quick on the heels of the peace agreement between the Palestine Liberation Organisation (PLO) and Israel, the World Bank unveiled a 5.5 billion dollar plan for the West Bank and Gaza, reports PTI.

Of this amount, three billion dollar is "conservatively estimated for the public sector over the next ten years, of which about 1.3 billion dollar is needed in the next five years," the bank said.

Including the need for financing some recurrent expenditures during the early years, total external requirements are estimated at about 350 million dollar a year, it added.

The focus of investment in

the early years would be on the rehabilitation and upgrading of public infrastructure and services in water supply, sewerage, solid waste, road transport, electricity, education and health.

The priorities for the longer term include power generation, expansion of health, education and transport facilities, the modernisation of educational curriculum and the strengthening of universities.

Generating sustainable development in the occupied territories will also require substantial private capital flows, totalling about 2.5 billion dollar over the ten years period, it said.

Iran raises 50 pc passenger fares on trains

NICOSIA, Sept 12: Iran has announced an average 50 per cent rise in passenger fares on trains and 100 per cent on freight rates, a railway official was quoted as saying, reports Reuter.

The official was quoted by Tehran radio as saying on Saturday the price hikes would take an effect on September 23.

The radio, monitored by the British Broadcasting Corporation, said first class express fares, will increase by 100 per cent, ordinary first class by 30 per cent, standard second class by 30 per cent and ordinary second class by 50 per cent.

Last week Iran's government announced a 50 per cent rise in telephone charges and bottled gas prices, part of free-market reforms to cut state subsidies for public services. It said then that no other major prices would be raised before March.

Experimental rocket makes second flight in southern Mexico

WHITE SANDS MISSILE RANGE, (N. M.) Sept 12: For 66 seconds Saturday, hundreds of people on this southern New Mexico missile range gaped in awe as a small experimental rocket went through its maneuvers, reports AP.

The Delta Clipper-Experimental, a 42-foot (12.6-meter) prototype for a new generation of reusable spacecraft, climbed to about 300 feet (90 meter), hovered, moved laterally about 350 feet (105 meter), then made a vertical landing.

"My God, that's amazing," one spectator said quietly.

It was only the second vertical landing made by a spacecraft on Earth. The first came after the DC-X's maiden flight last month.

That test was closed to the public, but for Saturday's event hundreds of dignitaries, engineers and other were invited to watch. They watched silently as the ship rose into the air, and broke into cheers and applause as it settled gracefully back to Earth.

Japan will hypnotise world financial markets soon

LONDON, Sept 12: The world's financial markets will remain hypnotised by Japan next week, with the government preparing to unveil its economic package and speculation over an interest rate cut reaching fever pitch, economist say, reports Reuter.

Senior members from the Japanese ruling coalition will meet on Monday to discuss economic proposals, and details could be released on Thursday, according to a socialist party official.

"The package is likely to be similar to the previous one, in tone if not in size," said Yamaichi International's chief economist Nigel Richardson in London.

In April 1993, the Japanese government launched a 13.2 trillion yen stimulative plan, focused on the infrastructure.

On Friday, Economic Planning Agency (EPA) Minister Manae Kubota said Prime Minister Morihiro Hosokawa wants one trillion yen to improve the social infrastructure.

Other stimulative steps are expected to be included in the package but economists say tax cuts are unlikely to feature.

"There will be nothing on tax reform this time," said Eric Fishwick, economist with the International Bank of Japan.

But many analysts say an Official Discount Rate (ODR) cut is on the cards, may be even before the package is announced.

"An ODR cut is likely soon after the package is announced, but one can't rule out an imminent easing, even on Monday," said Yamaichi's Richardson.

He added that the bond market has already discounted a half point cut in the 2.5 per cent ODR.

"A cut is imminent," said IBJ's Fishwick. "Hosokawa must have something to take to talks with Clinton."

Hosokawa will hold trade talks with President Clinton in New York at the end of September.

Elsewhere, the UK sees a welter of economic indicators released next week and all should show recovery on track.

"Next week's numbers will confirm recovery in the UK economy," said Paribas, London-based economist Amanda

Grantham-Hill. "The rebound is being led by domestic demand and increasingly fed by domestic production," she added.

Forecasts centre on a 0.8 per cent rise in July's industrial production with manufacturing production up 0.6 per cent.

Unemployment is expected to have remained flat in August, with retail sales up 0.2 per cent. The headline inflation rate is seen skulking at 1.5 per cent year-on-year.

"The UK seems to be enjoying low-inflation recovery," said Grantham-Hill.

In continental Europe, there are fewer figures of note but in France, Monday's and Thursday's regular repos will stand out.

91,000 may be benefitted from Maharashtra Rural Credit Project

ROME : More than 91,000 people in the Indian state of Maharashtra are expected to benefit from a 48.3 million US dollar project designed to liberalise credit schemes for landless families living below the poverty line.

The Maharashtra Rural Credit Project will be implemented in eight districts over a period of seven years.

The Rome-based International Fund for Agricultural Development (IFAD) has agreed to provide 29.2 million US dollar of the project cost. Co-financiers are the United Nations Development Programme (UNDP) and Worldview International Foundation (WIF).

Executing agencies are the National Bank for Agricultural and Rural Development and the Rural Development Department of the Government of Maharashtra.

Agreement on the 29.2 million US dollar IFAD loan has been signed in Rome by Indian Ambassador to Italy Kuldeep Sahdev and IFAD President Fawzi M Al Sultan.

The project seeks to:

- Improve financial services to the rural poor by commercial banks.
- Make a large majority of villagers bankable clients.
- Promote savings mobilisation as basis for lending to rural

people through the creation and operation of self-help groups.

"Targets are all families living below the poverty line," says an announcement from IFAD headquarters.

Priority in credit extension will be given to families with annual household incomes of less than 327 dollar. These families include small farmers, near landless families, the socially disadvantaged and rural women.

Hopefully, the project will promote a change of attitude among bankers, making them more responsive to the poor, says the IFAD announcement.

Under the project, women will be integrated into the delivery mechanism for credit and services. Their management and technical skills hopefully could be enhanced.

This is the ninth loan to be extended by IFAD to India. Five of the previous loans have been for irrigation, two for tribal development projects and one exclusively for the economic and social uplift of women in Tamil Nadu State. These projects incorporate grassroots institution building and participation of beneficiaries in most cases through the involvement of non-governmental organisations.

Total IFAD commitment to India for the nine projects amounts to 261 million dollar.

IFAD-supported projects are not concerned with agricultural development alone, explains Al Sultan. They are concerned with a much wider approach — insuring that families are properly nourished.

Earlier this year, IFAD had provided Vietnam with its first multilateral financial assistance in more than two decades.

The highly concessional loan of 18.35 million dollar will support a new participatory resources management project in the northern province of Tuyen Quang.

The project will introduce Vietnam to a new approach to development based on unleashing the potential and private initiative of small producers.

— Depthnews Asia

Paris urges partners to oppose farm deal with US

ALDEN BIESEN, Belgium, Sept 12: Days before new high-level trade talks in Washington, France urged its European Community partners Saturday to join it in opposing a farm trade deal with the United States, reports AP.

French Foreign Minister Alain Juppe said this could force the Americans to back down, telling reporters Washington's refusal to consider renegotiating a November farm trade deal could be "a bluff."

France's hard-line stance appeared to win ground Saturday as other EC nations acknowledged the trade accord cannot take effect unless Paris is placated.

Senior EC and US officials will meet in Washington next week to resolve a bilateral trade

dispute that blocks progress in an overall world trade accord held within the General Agreement on Tariffs and Trade.

At an EC foreign ministers meeting, officials said the EC will insist on flexibility from the Americans by pointing out the difficulties France and other EC states have with the so-called Blair House farm trade accord.

Under the EC-US agreement, the community must trim the volume of its subsidized farm exports by 21 per cent over six years, much less than the United States had first demanded.

But France argues this will unduly harm its one million farmers, a potent political constituency, and it has been finding support in other EC capitals.



French champagne producers are going to lower once more their prices for the 1993 production at around 10 per cent, after having reduced their sale prices of more than 10 per cent already last year. This photo is a flier dated October 87 and shows the labelling cellar of a French champagne producer in Reims. — AFP photo

Commodity markets: Coffee prices leap as Jakarta agrees to join new cartel

LONDON, Sept 12: The world's commodity markets saw coffee prices leap this week after Indonesia agreed to join the world's leading coffee producing countries in a new producers' cartel, reports AFP.

Coffee prices have jumped 46 per cent since the start of the year after the producing countries agreed to form the cartel, threatening to withhold 20 per cent of their exports from October 1 in a bid to force prices higher.

Cocoa prices followed coffee prices higher, rising to their highest level in three years, on signs of a reduction in the West African harvest, but threatened by talks over the sell-off of the cocoa organisation's own stock.

Other commodity markets generally fell, as markets were dominated by over-production and poor demand.

Brent North Sea crude oil fell below 16 dollar a barrel on Friday to its lowest level for more than three years, depressed by worldwide over-production, the downward revision of estimates on winter oil demand, and continuing over-production by OPEC, analysts said.

Precious metals also fell, to the levels seen in the early part of the year, after profit-taking continued on their flight in the summer.

Gold touched 350 dollar an ounce, hit by a fall in jewellery demand, threats of central bank sales and slow recovery in the United States.

News that financier George Soros had invested in another mining company supported the market later in the week.

On the London Metal Exchange (LME), tin continued to fall with dealers bailing out of the metal, while copper lost ground thanks to an LME board decision to impose a limit on the premium of spot over forward prices.

Among the soft goods, sugar was steady while vegetable oils fell on news of higher production. Grain prices fell and tea rose.

Gold: Partial recovery after weak start. The price of gold fell by 10 dollar at the start of the week, breaking the 350 dollar/ounce level, hit by a wave of US fund selling following poor US figures, the slowing up of Chinese jewellery demand and fears of central bank sales.

But the prices partially recovered later after the dollar fell and following a series of interest rate reduction in Europe which made investing in gold more attractive.

The market was also boosted by rumours that US financier George Soros had bought 800,000 shares in mining group Homestake Mining. Soros boosted the market in March when he bought a stake in another group, Newmont Mining.

Silver: Lower. The price of silver fell to its lowest level for four months, depressed by the fall of gold and the slowing up of jewellery demand. The signs of a slower than expected recovery in the US market, which is largely dependent on industrial demand.

Platinum: Lower. Like other precious metals, the price of platinum fell to its lowest level since March, down by four per cent from the previous week.

The weakness of the gold market, disappointing news on the US economy and the gloom in the European car market, the main outlet for the metal, contributed to the losses.

Copper: Lower. Copper prices fell in trading on the London Metal Exchange (LME) for largely technical reasons this week after the exchange board imposed a five-dollar limit on the premium of the spot price over the forward price.

"The LME decision is having an impact," said Bette Raptopoulos, senior metals analyst at Prudential Securities.

However, the differences between spot and forward prices remained at around 40 dollar later in the week dealers refusing to back down on the technical squeeze that has forced spot prices higher than the three-month prices.

Lead: Slightly higher. Lead prices rose from the previous week in quiet trading that contrasted with the tense dealing in the copper market, traders said.

Lead price rose briefly over 400 dollar per tonne before falling back slightly in largely directionless trading at the end of the week.

On the LME, lead stocks rose by 2,000 tonnes to the record high of 282,275 tonnes.

Zinc: Slightly higher. Zinc price also rose in quiet dealing, boosted by some trade and some investor buying while prices are still trading at around their six-year lows, dealers said.

The outlook for zinc prices remains poor with stocks still at record levels as demand remains poor an output continues high.

LME zinc stocks rose by 5,650 tonnes to the record of 774,600 tonnes.

Aluminium: Slightly lower. Aluminium prices fell slightly, with dealers depressed by a further rise in aluminium stocks.

LME stocks leapt last week and rose again this week to hit another record high with the demand for the metal continuing low while exports, particularly from the Commonwealth of Independent States (CIS), have increased.

On the LME, aluminium stocks jumped 19,725 tonnes to the new record of 2,132,900 tonnes.

Nickel: Slightly higher. Nickel prices bounced back after falling to a fresh six-year low in trading last week, speculative and trade buying coming in at the lower end of the market, dealers said.

Support for the metal also grew on concerns ahead of the September 15 expiry of labour contracts at Canadian nickel producer Inco's Thomson, Manitoba, Complex.

Tin: Lower. The tin price fell again, dropping to a fresh 20-year low, with confidence collapsing across the market on fears of a flood of metal onto the market later this year.

The failure of the seven member Association of Tin Producing Countries to come to grips with the oversupply of tin to the market has expressed dealers and led some countries, such as Malaysia, to talk of pulling out of the market.

Heavy Chinese, Vietnamese and US selling in particular has undermined prices, dealers added.

LME tin stocks rose by 220 tonnes to a record 21,575 tonnes.

Coffee: Higher. The price of coffee rose seven per cent with dealers looking ahead to the meeting of the main coffee producing countries in Bogota September 13 to agree the technical points of a major stock withholding scheme.

Prices rose above 1,300 dollar per tonne, their highest level since March 1991, when the dollar contract was started in London, bringing the rise since the start of the year to 46 per cent.

After a steady start to the week, prices jumped when Indonesia, the world's third largest coffee producer, said it would join the scheme already agreed by the African and Latin American countries.

Cocoa: Higher. The price of cocoa rose to its highest level since June 1991, following signs of a fall in west African harvests.

London brokers ED and F Man predicted a worldwide deficit of 200,000 tonnes in cocoa production in 1993/94 following a deficit of 97,000 tonnes the previous season.

The brokers also said the potential existed for a deficit of more than 150,000 tonnes in 1994/95 if consumption continues to grow at the same rate as over the past 10 years, up by four per cent per year.

Sugar: Steady. The price of sugar remained virtually unchanged from the week before while uncertainties over the delivery of hybrid Brazilian sugar continued to weigh on the market.

The dealers' nervousness was increased by news of frosts in Argentina which could hit the country's harvest next year and force it to import sugar for the first time in three years.

According to the US Embassy in Buenos Aires, Argentinian output of sugar in 1994 is likely to fall to 1.06 million tonnes from 1.35 million this year.

Vegetable Oils: Lower. The price of soya oil was hit after the US Department of Agriculture (USDA) raised its estimate of US soya bean production to 51.96 million tonnes in 1993, from a previous prediction of 51.76 million tonnes.

In 1992, the harvest reached 59.78 million tonnes. The new estimate took into account the effect of damage caused by the flooding in the midwest and the drought in the southeast.

Palm oil prices were affected by local estimates that Malaysian stocks of the oil reached 820,000 tonnes at the end

of August, their highest level for 20 months, up from 677,433 tonnes at the end of July.

In August 1992, the stocks reached 552,500 tonnes.

Crude oil: Lower. The price of Brent North Sea crude oil lost more than a dollar. Falling below 16 dollars a barrel for the first time in over three years, hit by news of worldwide over-production and poor demand.

The oil market was hit after the downward revision of the International Energy Agency's (IEA) estimate of worldwide oil demand over the next 12 months.

Rubber: Lower. After a firm start, boosted by intervention by the International Natural Rubber Organisation (INRO), the price of natural rubber fell as buying dried up.

Dealers said that INRO had bought 20,000 tonnes of rubber from Malaysia, Indonesia and Thailand, but added that the organisation's lack of funds limited the buying.

The manager of the INRO buffer stock, Aldo Hofmeister, said he would call for new funds for purchases needed to boost prices — which have fallen by 30 per cent since 1987.

The main producer countries have said they will bring in their own measures to raise prices following the failure of the INRO agreement, which runs out at the end of the year.

Grain: Lower. The prices of wheat and barley fell after the US Department of Agriculture (USDA) left its monthly estimate of world wheat production unchanged.

The USDA estimated world wheat output for 1993/94 at 5.9 million tonnes, unchanged from its estimate last month.

The market was also hit after the European Commission suggested the EC grain harvest would drop by just 1.2 per cent in 1993 to 165.9 million tonnes despite a 6.8 per cent reduction in area cultivated.

Tea: Slightly higher. The price of tea rose slightly at the weekly London sales, where average prices rose to 200 from 155 pence/kilo for higher grade tea, to 109 from 107 pence/kilo for medium grade tea and to 93 from 90 pence/kilo lower grade tea.

The return of cooler weather to the Northern Hemisphere and the end of the harvest season in the producer countries has pushed prices higher, dealers said.

Cotton: Slightly higher. The price of cotton rose slightly on the Liverpool market, boosted by the recovery in textile buying in continental Europe after the break for holidays in August.

The market was also lifted by a reduction in the USDA estimate of world cotton production in 1993/94 to 83 million bales, down 2.5 million from its previous estimate.

Wool: Lower. The price of wools fell to its lowest level since January 1991, affected by growing signs that the Australian stock regulator, estimated at 3.9 million bales is to be sold off.