

EC agrees under French pressure to talk with US on farm subsidy agreement

BRUSSELS, Sep 21: European Community nations compromised with France early Tuesday and agreed to talk with the United States about a farm subsidy agreement that has threatened to slow world trade talks, reports AP.

The United States and some EC nations, including Britain, had warned that if the transatlantic farm deal unravels, it could ruin years of talks to overhaul world trade system. That, in turn, could prolong world recession.

After more than 12 hours of sometimes heated talks, the ministers agreed to talks with Washington, but refused to embrace France's demand for a formal renegotiation of the accord to slash subsidized farm exports.

France contends that the farm deal will unfairly hurt its farmers, a one-million-strong constituency that has mounted sometimes violent demonstrations against the accord.

Sir Leon Brittan, the community's trade chief, said he would seek "an amplification and interpretation" of the farm subsidy agreement during a meeting next week with US Trade Representative Mickey Kantor.

And he expressed optimism an accommodation could be reached. The atmosphere of the

OK corral has disappeared," he told reporters.

It was unclear how the United States would respond to the request for modifications in the agreement. American officials have so far refused to return to the bargaining table.

Still, EC ministers expressed

relief at the outcome.

"It's a draw, but I hope a draw in favour of a GATT agreement," said British Foreign Secretary Douglas Hurd said after the meeting ended.

The General Agreement on Tariffs and Trade (GATT) is sponsoring the Uruguay Round

of world trade talks that includes the farm deal. The talks by 116 nations aim to redo the global trading system.

"It's a good agreement for France," said French Foreign Minister Alain Juppe. "We have obtained what we wanted.... We have resumed discussions with

our American partners."

Earlier Monday, Juppe insisted on a full "renegotiation" of the farm subsidy agreement, which would slash subsidised farm exports, then backed down on the demand.

"There is no disaster. There is no crisis," said Belgian Foreign Minister Willy Claes, who presided over the special meeting of about three dozen ministers of the 12-nation trading bloc.

In a final statement, the ministers called on their negotiators to "lead discussions" with the United States "to seek and accord, which is acceptable to all parties."

French farmers stage protest

AFP from Paris reports. French farmers staged demonstrations across the country against the GATT negotiations Monday and gave away fruit, vegetables and pork at government buildings.

Members of the two main farmers' unions, FNSEA and CNA, drove their tractors up to prefectures in France's regions and gave away food that has been hit by overproduction.

Members of the militant rural coordination held up high-speed trains in central France.

placing iron bars and burning barricades of straw on the Paris-Marseille line and in the South-West, masked men burned a pile of tyres, halting trains on the Bayonne-Toulouse line.

GCC to discuss joining GATT

Another report from Abu Dhabi adds: Gulf Arab trade ministers will discuss joining GATT during talks in the United Arab Emirates (UAE) on Tuesday, officials said yesterday.

It is the first time the six Gulf Cooperation Council (GCC) nations will place the issue on their official agenda since they created an economic and defence alliance in 1981, the officials said in a statement.

Kuwait is the only GCC country to have joined the Geneva-based group, in 1984, but Saudi Arabia applied for membership in July and the UAE is considering following suit. The other GCC members are Bahrain, Qatar and Oman.



French farmers build a wall in front of the EEC information bureau in Paris guarded by riot policemen Monday. French farmers staged demonstrations across the country against the GATT negotiations, backing France in its demand for renegotiation of the Blair House agreement limiting European Community cereal production and cutting subsidies. (placard says: "No to GATT, no to unemployment, no to fallows.")

— AFP Photo

Clinton admin unveils food-safety proposals

WASHINGTON, Sep 21: The Clinton administration is proposing a mixed bag of food safety rules that would curb overall pesticide use while relaxing a tough anti-cancer standard for processed foods, reports AP.

The administration package also would place greater emphasis on protecting children from chemicals used to fight crop-destroying pests, administration officials said.

The proposals were being unveiled Tuesday by officials of the Agriculture Department, the Environmental Protection Agency and the Food and Drug Administration at a joint hearing of the House Energy Subcommittee on Health and the Environment and the Senate Labour and Human Resources Committee.

In the most controversial aspect of the package, the administration is asking Congress to relax a blanket ban on cancer-causing pesticide residues in processed foods—a move long sought by the food and chemical industries.

In line with its goal of reducing pesticide use overall, the administration is proposing a timetable for converting croplands to pesticide alternatives such as natural pest killers and biological engineering.

It also addresses one of the overriding concerns of several consumer and environmental groups—committing to the development of a timetable within one year to reduce use of specific hazardous pesticides.

Other proposals described Monday by administration officials

Iran boosts oil refinery capacity

NICOSIA, (Cyprus), Sep 21: Iran's new oil refinery at Arak in the western part of the country started production earlier this month with a throughput of 90,000 barrels a day, the Middle East Economic Survey reported Monday, says AP.

Iran is driving to boost its refining capacity to cope with a mushrooming population currently pegged at around 60 million and reduce its costly imports of refined products.

MEES said the giant refinery at Abadan, virtually destroyed during the 1980-88 Iran-Iraq war, has raised its operating capacity to 270,000 barrels a day and is scheduled to boost that to 320,000 barrels by next month.

— Giving chemical companies incentives to develop alternative pesticides.

— Reviewing all pesticide registrations every 15 years, and reviewing every seven years the established tolerances setting the amount of residue of a pesticide that is allowed on food.

— Reducing use of pesticides when serious health questions are raised and a review is launched. Currently the options are limited to either banning the product or allowing its continued full use while a lengthy review is under way.

— Identifying foods that children eat most and evaluating pesticide use on those fruits and vegetables.

— Allowing cancellation or suspension of pesticides without lengthy evidentiary hearings and court battles.

The package incorporates the findings of a National Academy of Sciences report in June that accused the government of failing to adequately protect children from pesticides.

Major slams US attempts to manage trade with Japan

and not on a bilateral basis in the manner pursued by the US government. What we're looking for is a free-trading, multilateral world," he said. "That is what GATT is about."

US and Japanese trade negotiators open talks on Tuesday in Hawaii on a new economic agenda or framework to core the areas of automobiles and auto parts.

Japan agreed to the agenda in July under pressure from the United States, angry over its chronic trade deficit with Tokyo.

Although a new coalition government has since taken over in Japan, its leader, Morihiro Hosokawa, has promised to live up to the trade

promises of the previous administration.

However, the new government has rejected US demands that Tokyo set numerical targets in specific market sectors to reduce its trade surplus with Washington.

Another report adds: The leaders of a high-powered British trade delegation slammed the United States for what they described as attempts to manage trade with Japan.

"We are obviously firmly opposed to managed trade or bilateral deals," Michael Perry, leader of a 12-member business delegation accompanying British Prime Minister John Major to Tokyo.



A Palestinian riding a horse-cart passes by the Bank of Palestine in Gaza City Monday. The Bank of Palestine will soon open an office in (the seat of the self-ruled government) as Arab banks are studying possibilities to come back to the area.

— AFP photo

Notice of RHD Inviting Tenders

1. Tender Notice No. : 29 of 1993-94 Jessor Road Division.
2. Name of work : Construction of high tide and low tide ferryghat at both ends of Narail, Lohagara and Kalia ferryghat all around the year under Jessor Road Division during 1993-94. Tk 6,34,919/- Tk 12,700/- Up to 30th June/94.
3. Estimated cost : Tk 6,34,919/- Tk 12,700/-
4. Earnest money : Tk 12,700/-
5. Time allowed for completion of work : Up to 30th June/94.
6. Eligibility of contractor : 'A to 'D' class under general category of RHD.
7. Name of offices of availability of tender documents : Office of the Executive Engineer (RHD) Road Division, Jessor/Jhenidah/Kushtia/Khulna/Planning & Programming, Sarak Bhaban, Ramna, Dhaka & all Sub-Divisional Engineers office under Road Division Jessor.
8. Name of officers by whom tender will be received : Additional Chief Engineer (RHD), Khulna Zone, Khulna/Superintending Engineer (RHD), Road Circle, Jessor/Superintending Engineer (RHD), Monitoring & Evaluation Circle, Sarak Bhaban, Ramna, Dhaka/Executive Engineer (RHD), Road Division, Jessor/Jhenidah/Kushtia/Sub-Divisional Engineer (RHD), Road Sub-Division, Narail.
9. Last date & time for receiving tender : Up to 12:30 PM on 3.10.93
10. Date & time for opening of tender bids : Eng/18.6.1400 Bang. At 12:45 PM on 3.10.93 Eng/18.6.1400 Bang.

Engr. Md. Adam Ali Gazi Executive Engineer (RHD) Road Division, Jessor.

Selling shares to promote transfer of funds from North to South

LONDON, Sep 21: The latest idea for transferring funds from the rich North to the poor South is to invest in stocks and shares, reports IPS.

According to the World Bank, as much \$50 billion US dollar is invested by the North in the stocks and shares of companies that are quoted on the stock exchanges of so-called "emerging countries".

The International Finance Corporation (IFC), an arm of the World Bank, is busy promoting the idea that selling shares to foreigners makes sense. There are already some 20 emerging economies, from Brazil to Thailand to Zimbabwe, where stocks in companies are on sale.

Says Iyass Malas of the Washington-based IFC: "There are markets where two or three years ago people would not have even have thought of investing. But the world is becoming more and more international to invest in these new areas."

In the mid-1980s, foreign investors were very small players in Third World economies, holding no more than US dollar 100 million in shares. But fund managers are realising that share markets in the Third World can be just as profitable and no more risky than Wall Street, London or Tokyo.

Last year the top performing

share markets were Jamaica (up 202 per cent), Peru (125 per cent), China (110 per cent) and Israel (75 per cent), says the IFC. Only Wall Street gave the investors a similar return to the emerging markets in the last five years (around 15 per cent), with Europe and Tokyo performing much worse.

The risks are higher in some areas but as an asset class there is a diversity across the range of developing countries," says Malas. "The risk/reward ratio is no worse in the emerging economies than investing in

the traditional stock markets in Tokyo or London."

In 1984 the IFC promoted its first global fund of US dollar 50 million to be used to buy shares in the companies of a score of emerging economies. Today, with share prices from Chile to South Korea to Nigeria skyrocketing, that fund is worth 20 times as much, reaching well over one billion dollar.

As a developing country moves from an agricultural base to industrial development, there can be a quantum leap in its economy. The example of China

where the economy has been growing at a huge six per cent a year is a case in point, where foreign financiers are anxious to share success.

Kleinwort Benson, a leading firm of financial brokers in the city of London, has recently set up two "emerging markets" funds in which customers can invest. By holding stocks in 20 different emerging markets and trading shares frequently the firm says it can "catch the bulk of the growth."

But share prices move as well as up, as the stock market crash of October 1989 proved all too clearly. So much depends on sentiment—the value that other people put on the millions of stocks and shares that are traded daily in Kuala Lumpur or Istanbul.

For developing countries, the stock market can be a very valuable source of foreign money for the private sector. If a company wants to equip a new factory it can raise cash by issuing a block of shares and then pay shareholders an annual dividend from the profits of the factory.

Buying shares from an existing stockholder involves no new investment but the transaction can increase the share price and add to the total value of the company.

Truck operators in Bombay join strike

BOMBAY, Sep 21: Truck operators in Bombay joined a nationwide truckers' strike today, effectively shutting down cargo movement to and from India's biggest port, and from

road to Bombay Port, through which nearly 30 million tonnes or a fifth of India's import-export cargo passes every year.

There is almost no movement of trucks through the port since last night," said M J Mathew, Additional Docks Manager of the Bombay Port. He said about 2,500 trucks entered and leave the port every day.

This morning there was almost no truck traffic into the city's major wholesale vegetable market, where nearly 600 trucks come in every day, a representative of the local markets association said.

Chronology of GATT talks

BRUSSELS, Sep 21: Reuter presents a chronology of world talks held under the auspices of the General Agreement on Tariffs and Trade (GATT), and the seven-year-old dispute over farm reforms:

September 1986: GATT trade partners launch Uruguay Round of trade talks at seaside resort of Punta Del Este, Uruguay. For first time agriculture is included in GATT negotiations, which cover 14 other sectors ranging from services to intellectual property. Washington wants all farm subsidies swept away while the EC, led by its biggest farm producer, France, resists.

December 1990: Bid to wrap up talks by four-year deadline fails at ministerial meeting in Brussels as Washington and EC remain wide apart on agriculture. Washington proposes cuts of 90 per cent in farm export subsidies and 75 per cent in internal support prices, while EC offers 30 per cent cut in internal aid.

May 1992: EC farm ministers, faced with exploding budgetary costs and oversupply, agree to overhaul Common Agricultural Policy (CAP) by cutting support prices by up to 30 per cent over three years. This becomes the limit European Commission, which negotiates for the EC, will accept by way of GATT talks.

November 1, 1992: US-EC negotiators meet in Chicago to try to reach farm trade agreement, only days before US presidential election eventually won by Democrat Bill Clinton, considered tougher on trade than President George Bush. Talks fail and Washington announces plan to slap sanctions on EC imports, mostly French white wine, unless community revamps its subsidy programme.

November 20, 1992: Meeting in Blair House Mansion across street from the White House, EC and United States agree on six-year farm subsidy reform plan that cuts volume of EC subsidised exports by 21 per cent, value of exports by 36 per cent and farm support prices by 20 per cent. EC agrees to limit oilseed plantings and guarantee minimum levels of farm imports.

November 25, 1992: European Commission says Blair House draft accord is compatible with CAP reforms. French national assembly approves socialist government vow to veto any proposed GATT deal that is contrary to France's fundamental interests.

March 28, 1993: French centre-right, firmly opposed to Blair House agreement, wins landslide election in general elections.

June 8: With US trade retaliation hanging over their heads, EC farm ministers agree to Blair House oilseeds reform.

July 1: US congress extends Clinton administration's special trade negotiating authority until December 15, which becomes new GATT deadline. The authority, called "Fast track", forces congress to consider any GATT trade agreement as a package, preventing lawmakers from picking apart.

August 26: German Chancellor Helmut Kohl lends support to France during visit by French Prime Minister Edouard Balladur. Kohl says Blair House also poses problems for Germany, giving apparent impetus to French demands to revise the farm deal.

September 1: In a retreat, German spokesman says Blair House renegotiation is unrealistic and agreement compatible with CAP.

September 6: Ratcheting up pressure, France revives threat to veto Blair House if EC partners do not agree to change it.

September 8: Balladur tells new GATT Director-General Peter Sutherland Paris does not consider Dec 15 to be GATT deadline.

September 12: EC Foreign ministers say they are sympathetic France's problems but most oppose reopening Blair House.

September 14: Balladur's Gaullist Party calls on government to put French farm interests above all other considerations.

September 15: Radical French farmers launch three-day bid to blockade Paris that proves largely ineffectual.

September 17: European commission reaffirms Blair House is compatible with CAP but concedes some elements could be refined.

September 19: British Prime Minister John Major tells France to end GATT intransigence. Balladur repeats veto threat.

Major says Blair House is compatible with CAP but concedes some elements could be refined.

September 21: Blair House says Blair House is compatible with CAP but concedes some elements could be refined.