Sutherland sticks to deadline for end of world trade talks

SINGAPORE, Oct 10: The December 15 deadline set for the conclusion of the Uruguay Round of multilateral trade talks is a global consensus and cannot be changed, GATT Chief Peter Sutherland maintained here yesterday, reports AFP.

"The deadline is important, every one of the governments, including the G7 (Group of Seven) countries, wanted that conclusion and we must stick to it," Sutherland, the Director-General of the General Agreement on Tariffs and Trade (GATT) said.

French Foreign Minister Alain Juppe reportedly said in Paris Friday that while he would prefer to finish the talks by mid-December, he did not believe the world would face a wave of protectionism, as some have predicted, if negotiators failed.

Sutherland said the rich countries, particularly the United States, the European Community and Japan, would have to bear full responsibility if the Uruguay Round of talks failed.

He was speaking to reporters after talks with the economic ministers of Association of South East Asian Nations (ASEAN) members comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

The ASEAN ministers provided "conditional offers" to open up their services sectors in return for entry of more of their manufactured goods to the markets of the developed countries, ASEAN officials said.

Asked whether the G7 should meet before December 15 to break the impasse over the successful conclusion of the talks, he said. "The G7 has been telling us for years that we should bring the round to a conclusion. Everybody now knows what they have to do to achieve that end."

A move by France to renegotiate the fragile Blair House Agreement a deal between the EC and US on agriculture subsidies — is among the reasons holding up the talks to frame a global world trade agreement.

Sutherland said the ASEAN countries Saturday made "a significant movement forward" with offers to cut tariffs on goods and open up their services sector, he did not elaborate what the offers are.

Singapore Trade and Industry Minister Suppiah Dhanabalan, speaking on behalf of the ASEAN ministers, said that if the Uruguay Round of talks failed, it will be a clear signal to the developed countries that they are free to do what they want."

"But the developed countries cannot assume that they can get away with their economic cloud because there will be retaliation by the developing countries and then, there will be the law of the jungle," Dhanabalan said.

ASEAN wants Japan to help talks succeed

Reuter adds: Japan should make an all out effort for a successful end to the Uruguay Round of negotiations on liberalising world trade, Singapore's Trade Minister Suppiah Dhanabalan said yesterday.

Japan's own trade minister, here for talks with Association of Southeast Asian Nations (ASEAN) economic ministers, gave a positive response but said there was also a role for ASEAN to play in the negotiations.

"At this critical stage, ASEAN hopes that Japan will do its utmost to help secure a successful conclusion," Dhanabalan said.

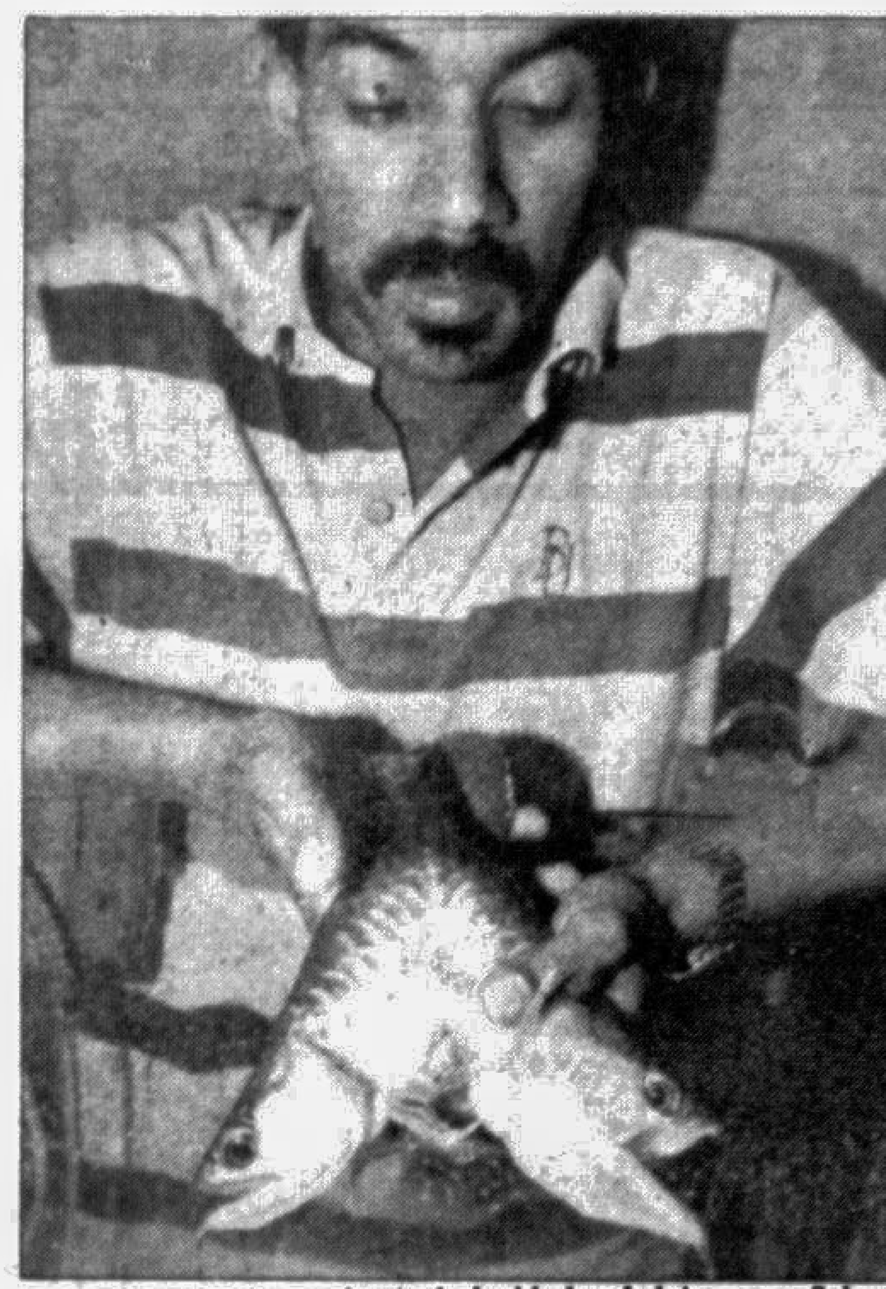
He was speaking at the opening of the talks with Japanese Minister of International Trade and Industry Horishi Kumagai. Dhanabalan has chaired the ASEAN ministers' annual meeting this week.

Kumagai said Japan would make an "utmost effort" but hoped ASEAN countries would also make a contribution. Several ASEAN members are major agricultural producers and want farm trade liberalised in exchange for opening up to more industrial imports.

Japan, although generally in favour of a liberal international trade agreement, want to be able to continue its policy of restricting rice imports.

Dhanabalan also called on Japan to help ASEAN by improving markets access and increasing direct investment and technology transfer.

He said the emerging economies of countries such as India, Vietnam and China represented both a challenge and an opportunity to ASEAN. As they industrialised they would provide new markets and chances for investment, but "hard-working, low-cost labour" meant they would be strong competitors in some industries.



Syed Nasir hold a twelve inch double-headed Arowana fish at a fish exhibition in Kuala Lumpur yesterday. Nasir is offering the eight-month-old fish, from South Malaysia state of Johor, for 100,000 US dollar. — AFP photo

Tokyo's economic slump forces more job cuts

TOKYO, Oct 10: More than half of Japan's companies are slashing jobs to get through the nation's worst recession in decades, according to a government survey reported Saturday, reports AP.

The national Asahi newspaper said the survey of 1,000 companies across the country conducted by the Labour Ministry showed that 60 per cent have begun job cutbacks in the form of dismissals, layoffs, early retirements, reduced hiring, or limiting overtime work hours.

Ministry officials were not available for comment Saturday.

Asahi said two per cent of the companies have slashed jobs through dismissals and early retirements, six per cent through layoffs, and 22 per cent by stopping or reducing new hiring.

Another three per cent of the companies were planning to start dismissals and early retirements, it said.

The economic slump has been a severe challenge for the policy of lifetime employment followed by most large Japanese companies. No major companies have announced actual layoffs thus far, and the layoffs that have occurred seem limited to smaller firms.

Japanese companies generally regard workers as an important long-term resource and consider layoffs wasteful, particularly in areas where years of training is needed.

But many analysts say a further deterioration in Japan's two-year economic slump, the worst since the 'oil shocks' in the 1970s, may force more companies to make layoffs.

Japan's economy contracted at an annual rate of two per cent in the April-June quarter, a much worse performance than expected. No immediate relief is in sight, government officials say.

Japan's unemployment rate rose to 2.4 per cent for the first time in six years at the end of 1992, breaking out of the customary two per cent to 2.2 per cent range.

In Japan, members of the armed forces and people working more than one hour in the last week of the month are considered employed. The country has been using this method of calculation since 1953.

AFP adds: Japan's economy is expected to decline 0.1 per cent from a year earlier in the year to March, marking its first fall in two decades, a private research institute said yesterday.

Wako Research Institute said the forecast was based on the yen's sharp rise and unseasonably cool weather, which affected sales of produce and electronics goods, such as air conditioners.

Japan's economy fell in 1974 when the country suffered the first oil crisis.

The institute said consumption would edge up 0.4 per cent, but corporate plant and equipment investment would drop 8.6 per cent.

Earlier, DKB Research Institute, affiliated with Dai-Ichi Kangyo Bank, also predicted that real gross national product would shrink in the current year.

Wako Research said the economy would grow 1.3 per cent in the year starting April next year.

EC ministers discuss plan for monetary union

GENVAL, (Belgium), Oct 10: European Community finance ministers met Saturday to further plan the trade bloc's monetary union, which calls for a joint central bank and single currency by the end of the decade, reports AP.

But the dozen ministers at an informal meeting on the outskirts of Brussels, made no move to quickly return their currencies to strict exchange values.

Instead, the ministers fell back on plans to revive their ailing national economies, saying they needed to overcome recession and joblessness before achieving monetary union.

"It wouldn't be advisable now to fix a return to narrow (exchange rate) bands," said Belgian Finance Minister Philippe Maystadt, who led the meeting. He said the nations must bring their economies more in line first.

The meeting took place four days before an expected German court ruling on the constitutionality of the Treaty on European Union.

The treaty would forge not only the currency union but also a common foreign and defence policy. The accord was negotiated by EC leaders in 1991 in the Dutch town of Maastricht.

The German challenges are based on fears the treaty will cede powers to the EC without a referendum. The German constitution can only be altered through a referendum.

The German legal challenge is the last hurdle to ratification of the treaty. All other nations have approved it.

The finance ministers' were preparing the monetary policy before a planned special summit of EC leaders on October 29 in Brussels.

On August 2, the EC nations, bowing to speculative pressure, suspended their 14-year-old European Monetary System, letting their currencies fluctuate in wide bands.

EC Executive Commission President Jacques Delors, who is working on a plan for reviving EC economies, told the ministers they would have to bring down unemployment, inflation and interest rates.

"We have to give a message that if we want a healthier economy, we have to offer everyone a job," he said.

The leaders hope, among other things, to decide on the location of the new European Monetary Institute.

Passion for Rolls Royce

Rajiv Chandra writes from Guangzhou, China

Ten years ago, A'xia and her boyfriend quit their government jobs to set up their own advertising agency. Now in their late 20s, they boast of a reputable portfolio of clients — and whopping revenues.

A'xia says their glittering wedding reception at the Guangzhou White Swan Hotel — complete with 40 tables costing 500 US dollar each for friends, relatives and customers — was their way of "remembering the hardships and happiness" they went through before they struck gold.

"Of course, and most importantly, we got the privilege of riding in a Rolls Royce for three hours," she adds gleefully.

Despite Beijing's call for austerity in the face of an overheating economy, many people who say they have worked hard for their money are not about to be stopped from spending it.

Taking the cue, five-star hotels and plush nightclubs have devised numerous ways to please their spendthrift clients. This has been the case in the booming southern coastal province of Guangzhou, where the White Swan has set off a mini Rolls Royce craze.

Once considered liabilities by the management the hotel's two stately sedans are being rented out for approximately 300 US dollar an hour. And since January this year, the luxury cars have been booked solid every day.

Those who are lining up to rent one of the 2,50,000 US dollar cars are usually couples who want to celebrate their wedding a shade better than the others.

White Swan, with capitalist savvy, even offers the use of the Rolls Royce free for three hours if the newly-weds decide to host their party at the hotel itself.

The craze to ride the Rolls reached such a pitch that young couples postponed their wedding dates just so they could "taste the luxury car", says the hotel management.

"We think it is worth it," says A'xia and her boyfriend, commenting on their decision to have a 'Rolls Royce wedding'.

There is only one other Rolls Royce in the whole of Guangzhou aside from the hotel's two-car fleet. But until late last year, White Swan officials had been tearing their hair about what to do with the sedans.

Ever since a Hong Kong billionaire gave them to the hotel ten years ago, the cars — then displayed outside the main lobby — had been costing White Swan hefty sums to keep their teak and pure leather interiors dust-free, and their exteriors bright and gleaming.

Then the economic boom spurred by foreign investments in special zones hit Guangzhou in the late 1980s.

Soon people were copying the styles of their next-door neighbours in Hong Kong, with Mao suits junked for Yves Saint Laurent and Pierre Cardin and rope-soled slippers replaced by Nikes and Adidas.

It set White Swan officials thinking : If the people of Guangzhou no longer batted an eyelid before going for 100 to 300 US dollar shirts, would they also be interested in the ultimate luxury car of the West?

Silver prices in London continue to shine

LONDON, Oct 10: Silver prices continued to shine on Friday, as the market rose to a one-month peak for the second consecutive day, but market analysts said its rally was unlikely to last much longer, reports Reuter.

Silver was fixed in London at 4.3650 dollar an ounce, up from 4.33 dollar yesterday and showing a gain of more than eight per cent in the last week.

"My feeling is we won't see it go too far above 4.40 dollar. It's encountering good trade selling and would have to break 4.50 dollar to really take off," said Rhona O'Connell, precious metals analyst at brokers Hoare and Co.

The current run-up in prices began on Wednesday and was triggered by strong buying in the European options market.

Options give the holder the right but not the obligations to buy a commodity at a set (strike) price and date.

Silver's relatively low cost for a precious metal makes it attractive for speculative trading and vulnerable to sharp price swings.

Silver is still a long way from a 43-month peak of 5.50 dollar reached in early August as a well publicised speculative rally by gold spilled over into other precious metals.

US agency abandons hope of finding $ 220m satellite

LOS ANGELES, Oct 10: Mission managers abandoned hope of finding the Earth observation satellite that vanished after launch earlier this week and began forming a panel to find out what went wrong, reports AP.

"The spacecraft conceivably could be in orbit but we just don't know because we can't find it," said Patricia Viets, spokesman for the National Oceanic and Atmospheric Administration in Maryland.

NOAA officials said Friday they have determined that the satellite, called Landsat 6, separated properly from its launch vehicle and that its own thrusters fired at the right time.

"This would indicate that the on-board computer was functioning at that time," a NOAA launch event summary said.

But what happened after that is a mystery.

NOAA paid 220 million dollar for the satellite and 36.5 million dollar for the launch. Landsat six was to be operated for five years by Earth Observation Satellite Co., which would have marked data from the spacecraft's sensor.

The satellite was launched Tuesday morning from Vandenberg Air Force Base, and received an apparently flawless boost from a Titan 11G rocket.

But the spacecraft never made contact with ground stations in Oklahoma, an Sweden, and tracking systems could not find it in its planned polar orbit.

The North American Air Defense Command was still searching the orbital plane Friday but mission officials were not optimistic.

"I don't think anybody expects to find it," Viets said.

Russia needs $ 30-50b in foreign investment

MOSCOW, Oct10: Russia needs 30-50 billion US dollar a year in foreign investment until the end of the century to help revive its economy, the economics ministry said in forecasts published by RIA news agency yesterday, reports Reuter.

Foreign entrepreneurs were expected to invest a total of 1.5-2.0 billion dollar for each year up to 1995. Investment in 1992 was 15-200 million US dollar, it said.

Western banks, multilateral lending agencies and private investors have been hesitant about committing large sums of money to Russia because of political instability, failure to implement market reforms, high taxes and legal complexities.

But Western nations have loaned Moscow several billion dollar to support democratic reforms and both official and private creditors have agreed to generous debt rescheduling deals.

"From 1996 to 2000, the flow of foreign capital into the Russian economy could grow to 2.5-70 billion US dollar a year," the economics ministry said.

The number of people working at enterprises with foreign capital could grow to four million by 2000 from 200,000 last year, it said. Firms with foreign capital could account for 10 to 12 per cent of total output by 2000, up from yesterday's 0.2 per cent.

Britain's second Trident submarine, the "HMS Victorious" is launched at Barrow-in-Furness, Cumbria, Wednesday. The 15ft (approximate 50 metre) long nuclear vessel, which cost 150 million pound to build, will carry a crew of 130 officers and men. — AFP photo

Unemployment in Germany falls slightly in Sept

NUREMBERG (Germany), Oct 10: The number of people unemployed in the west and in the east of Germany fell slightly in September, the federal labour office reported yesterday, says AFP.

The number of people unemployed in the west of the country fell by 26,800 from the figure in August to 2,288,052. The number in the east fell by 15,600 to 1,159, 171.

The rate of unemployment in the west fell slightly to 7.4 per cent of the workforce from 7.5 per cent and in the east to 15.2 per cent from 15.4 per cent.

In September a total of 3,447,300 people were unemployed which was 42,000 fewer than in August.

Indian quake-hit farmers return to fields

KILLARI (India), Oct 10: The farmer hitched his cows to a wooden plough and returned to his field Saturday, but tread warily around fissures and hillocks that had not been there before, reports AP.

Nine days after an earthquake levelled dozens of villages in southwest India, farmers and villagers are resuming a daily routine, but finding nothing is the same — not even the land.

"I have to start sowing tomorrow, but I am careful not to plough too deep because I think the earth has cracked," said Mahadev Sambaji Bhosle, walking behind two hump-shouldered white cows much as his ancestors have done for centuries in this part of southwest India.

It was the first time that Bhosle returned to his farm since the quake brought down his house and crushed his three children to death before dawn September 30.

Now he lives at a relief camp one mile (2 kilometres) from the ruins of Killari with 5,000 other survivors.

The Indian government says more than 10,000 people were killed, but some unofficial estimates put the toll nearly three times that. About 120,000 people were made homeless.

On Saturday morning after midnight, a powerful aftershock rumbled through the makeshift shelters and tents, spreading new panic. The tremor toppled walls that had been weakened but somehow withstood the first earthquake. It was the 14th aftershock since the quake.

World commodity markets calm over week as tension in Moscow eases

LONDON, Oct 10: The World commodity markets were largely calm this week as the tension in Moscow eased following the victory of Russian President Boris Yeltsin over his parliamentary opponents, reports AFP.

Silver: Sharply higher. The price of silver jumped by more than seven per cent, supported by a wave of speculative buying after fears emerged of a heavy reduction in production in Mexico, the world's leading silver producer.

Analysts quoted by GNI said Mexican production fell by 10 per cent in the first seven months of the year to 1,104 million ounces. The commodity research unit, based in London, predicted that the worldwide production deficit would rise to 500 tonnes, from 360 tonnes in 1992.

The effect was limited by the enormous size of world silver stocks, currently at 30,000 tonnes.

Gold: Higher. Gold prices rose four dollar to 358 dollar an ounce boosted by political uncertainty in Russia while the market was still cautious on fears of central bank gold sales.

The rise in prices was supported a statement from the world gold council predicting a rise in the gold reserves of the Asian central banks over the next few years as their economies develop.

Platinum: Recovery after dull start. Platinum prices, which started slightly lower, rose later in the week following estimates from Johnson Matthey predicting a deficit in production in 1994 after equilibrium this year.

Johnson Matthey, the world's leading platinum trader, said the deficit would be caused by a rise in consumption in Japan and slowing up in Russian exports.

Copper: Slightly lower. Copper prices eased very slightly in trading on the London Metal Exchange (LME) over the week, but the trend was "too small to signify," analyst Angus McMillan of Billiton-Enthoven Metals said.

Copper is widely seen as over-bought and has a weak outlook because of the poor level of demand in consuming economies and high stocks, but the copper price is holding up well against the downward pressure, he added.

Meanwhile, the news of a proposed contract settlement at Bingham Canyon, Russian President Boris Yeltsin's victory against rebels in the Russian parliament and a fall in US construction spending failed to have any large impact on the copper market, analysts said.

On the LME, stocks of copper fell by 7,175 tonnes to 594,550 tonnes.

Lead: Slightly higher. Lead prices rose slightly over the week bouncing back after a surprising fall on Tuesday, caused by a rise in LME stocks of the metal at the start of the week.

Over the week as a whole, however, prices turned up and LME lead stocks fell by 275 tonnes to 287,250 tonnes.

Zinc: Higher. Zinch price rose strongly at the start of the week supported by rumours of production cuts in Europe, falling back slightly towards the end of the week when the cuts failed to materialise.

On the LME, zinc stocks rose by 4,325 tonnes to 806,100 tonnes.

Aluminium: Slightly lower. Aluminium prices slipped slightly over the week, easing after the Russian government's victory over the parliament on Monday, but then holding generally firm in quiet trading.

On the LME, aluminium stocks rose by 16,650 tonnes to a record 2,218,375 tonnes.

Nickel: Sharply higher. Nickel price jumped by more than nine per cent over the week, boosted by news of a 16 per cent cut in production next year at Inco, the world's biggest producer.

The Toronto-based company said that output at its operations in Ontario and Manitoba would affected by the cuts.

LME nickel stocks meanwhile rose by 834 tonnes to 118,764 tonnes.

Tin: Sharply higher. Tin prices rose by more than five per cent over the week, boosted by hopes of a cut in supplies and a recovery after the metal's more recent falls, dealers said.

Comments from Redzwan Sumun, Chairman of the Association of Tin Producing countries, who said that China's admission to the organisation will be discussed in Kuala Lumpur this week, helped the prices to rise.

Coffee: Lower. The price of coffee continued the fall it began in mid-September on doubts over the capacity of producer countries to stick to their export withholding plan.

At the end of the week, the market began a partial recovery.

Analysts said that the fall in prices will encourage producers to abandon the withholding plan, if it seems its financing costs won't be offset by a long-term rise in prices.

Cocoa: Lower. The price of cocacola, which leapt at the beginning of the week to its highest level since June 1990, then fell back on profit-taking.

Brokers said the warnings of a shortfall in West African harvests had been taken too seriously and that, in the short-term, the shortages could be eased by the start of the harvests.

Sugar: Slightly higher. The price of sugar fell on profit-taking after confirmation by several brokerage houses of a second consecutive annual deficit in world production in 1993/94.

The International Sugar Organisation said the deficit of production over demand would stand at 2.03 million tonnes this year after reaching 1.37 million tonnes in 1992/93.

At the end of the week, the market was hit by India's denial of rumours that it had sought to buy 1,00,000 tonnes of sugar because of poor domestic harvests.

Vegetable oils: Steady. The price of palm oil was steady, unaffected by new estimates suggesting that there had been a jump in production and stocks of palm oil in Malaysia, the world's largest producer of the material.

The US embassy in Kuala Lumpur said that Malaysian stocks of the oil jumped to 988,000 tonnes at the end of September, their highest level for four fears, up from 836,768 tonnes at the end of August.

Soya oil also remained stable, cautious after estimates published in the specialist Review Oil World predicted a fall in the worldwide production of soya beans in 1994.

Crude oil: Lower. The price of brent North Sea crude oil fell back remaining just above 17 dollar a barrel, after the International Energy Agency (IEA) cut its estimate of oil demand for the last quarter of 1993.

The IEA said demand would fall to 68.2 million barrels a day in the quarter, down from 68.4 million previously estimated.

At the same time, the organisation said OPEC's oil output was up to 24.71 million barrels a day in September from 24.56 million in August.

Rubber: Higher. The price of natural rubber rose because of the heavy rains in northern Malaysia, seen as slowing the harvesting of the rubber crop.

A third of production in Malaysia, the world's third largest producer after Thailand and Indonesia, has been hit by the rains, analysts said.

The market was boosted by Chinese buying and the intervention of the Thai government on the local market to raise prices.

Grains: Recovery after weak start. The prices of wheat and barley started on a feeble note before rising again in line with Chicago, boosted by fears of new rains in the Midwest of the United States.

However, analysts said the trend would remain depressed over the coming weeks, hit by the arrival of the grain harvests from the major producers of the northern hemisphere.

Tea: Higher. Supported by perspectives of a recovery in demand as winter returns to the northern hemisphere, tea prices rose on the world markets.

At the weekly London sales, the price of high grade tea was unchanged at 200 pence/kilo, the price of middle grade tea rose to 125 from 114 pence/kilo, and the price of lower grade tea rose by five pence to 110 pence/kilo.

Cotton: Weak. Cotton price fell at the start of the week before recovering some ground on fears over last week's flooding in Oklahoma and the lack of demand from industry.

The International Cotton Advisory Committee said cotton's part in the textile market slipped from 48.7 per cent to 48.2 per cent in 1992, despite a fall in prices and a rise in demand for textiles.

Wool: Weak. The price of wool fell on the Bradford market after several organisations, notably British and Australian wool groups, confirmed their decision to liquidate their buffer stocks to improve the market.

The British Wool Marketing Committee said it would sell its six million kilos of stocks between now and April 1994. In 1990, the committee's stocks stood at 22 million kilos.