

French govt urged to stop blocking GATT trade accord

PARIS, Oct 16: A growing number of French politicians, business and labour leaders on Friday urged their government to stop blocking a GATT free-trade accord or risk a trade war, reports AP.

Critics remained defiantly opposed, saying if there's war, so be it.

"France can't say no to GATT," said Charles Millon, head of the Centrist Union for French Democracy caucus in parliament. France "cannot take a position of all or nothing."

France is increasingly feeling the heat from fellow European Community members and other nations. Premier Edouard Balladur prepared for meetings with business, farm and labour groups Monday to debate France's stand.

Farmers and film-makers are demanding concessions in the trade talks to preserve their subsidies and market share. France's telecommunications and other industries, however, would gain from an accord sponsored by the General Agreement on Tariffs and Trade.

Francois Pericot, head of the National Confederation of

French Employers, said to be aware of the danger of a trade war if the talks fall through.

A failure of the trade talks would have "grave consequences for everyone, including France," said Francis Mer, head of the state-owned steel company Usinor-Sacilor.

Even center-left labour leader Nicole Notat of the CPDT union said France "cannot afford an international crisis. In this fatalistic context, a prolonged deadlock could cause even more negative effects."

But she called for "mini-GATT" accords, sector-by-sector, which Washington has already ruled out.

Environmentalist leader Brice Lalonde, President of Generation Ecologie said France "must sign because it's in its interest."

Conservative deputy Patrick Devedjian warned those who want to "throw GATT out with the bathwater," saying the agreement will open the American and southwest Asian markets to France.

But Jean-Pierre Chevènement, head of the leftist Citizens' Movement, said urged

the government, "defend what makes French civilization and not to hesitate, when necessary, to use the right to veto" the accord.

Former Socialist Culture Minister Jack Lang said France's left and right should unite in a trade war against the US film and television industry.

Clinton, rejecting French demands, insisted Thursday that the American audiovisual industry must not be subject to special restrictions. "So, it's a war, and in a war our nation must stand together," said Lang.

"Clinton must understand that on this vital subject, there is not one faction of France on the right and another on the left, but simply France, with its traditions, its determination, its art of living, its culture," Lang said.

Led by France, many European politicians and entrepreneurs industry figures have expressed fears that Hollywood giants would overwhelm European culture unless their influence were restricted.

Balladur acknowledged Friday that he is in a difficult

political dilemma, but indicated some flexibility as the December 15 deadline set by Washington nears in the seven-year-old trade talks.

Tokyo offers tariff cuts

Reuters adds from Geneva: Japan made fresh offers yesterday (Friday) for tariff cuts on textiles and non-ferrous metals under the Uruguay Round of world trade negotiations.

The proposals were made a closed-door informal meeting of the round's market access group, being negotiated under the GATT, diplomats said.

Japan's delegation said it agreed to a US-Canadian proposal to harmonise tariffs for non-ferrous metals in other words, to bring them to a minimal level, they said.

This meant that of all the four major trading blocks, the so-called "Quad nations", only the 12 member European Community has yet to accept harmonising non-ferrous metals, they said.

John Schmidt, US coordinator for the 116-nation Uruguay Round negotiations, welcomed Tokyo's initiative.

US House okays extra jobless benefits

WASHINGTON, Oct 16: The House of Representatives on Friday approved legislation that would restore extra unemployment benefits for people who have been jobless the longest, a measure sponsors said could help one million Americans by February, reports AP.

Lawmakers approved the legislation on a 302-95 roll call, less than 24 hours after a fight over welfare payments to immigrants had delayed work on the measure. Democrats voted overwhelmingly for the bill, while Republicans were about evenly divided.

"The assistance we provide will in many cases mean the difference between scraping by or plunging into poverty," said House Ways and Means Committee chairman Dan Rostenkowski.

The measure would provide up to 13 additional weeks of jobless benefits to people who have used up the regular 26 weeks of coverage.

Anyone who used up the standard half-year of payments between October 2 and next February 5 could apply for the new benefits. People already receiving the extra coverage by October 2, when the longer programme expired, will continue getting it.



The Duchess of York pauses beside a Nepalese prayer flag as she leaves Namche Bazaar in the Himalaya Saturday under the auspices of the charity McIntyre Care, of which she is the patron. — AFP photo

Russia asked to end negotiations on ex-USSR debt by Oct 31

MOSCOW, Oct 16: The Paris club of creditor states has asked Russia to complete negotiations on the foreign debts of the former Soviet Union by October 31. RIA news agency said yesterday, quoting a letter from Paris Club head Jean-Claude Trichet, reports Reuter.

The deadline is in line with a rescheduling agreement between the two sides signed on April 2. Russia is also trying to reschedule debts owed to commercial banks, but expects this deal to be delayed for some weeks.

The Paris Club letter, addressed to Russian Deputy Prime Minister Alexander Gorkhin, urged Russia to adopt economic programmes enabling it to win new credit lines from the International Monetary Fund.

Russia has already received 2.5 billion US dollar from the IMF including 1.5 billion US dollar as the first trace of a systemic transformation facility designed to smooth the transition to a capitalist system.

But further cash has been frozen until economic reforms show clear signs of progress.

25 pc rise in int'l air traffic in 4 years likely

GENEVA, Oct 16: International air passenger traffic is expected to rise about 25 per cent over the next four years, only slightly less than forecast before the global economic slump, an airline group said Friday, reports AP.

The increase, which does not include charter flights, seems certain to add to strains on clogged airports and air lanes and on traffic control systems.

Passenger traffic to and from southeast and northeast Asia is expected to grow about nine per cent annually, more than the 6.6 per cent average forecast, the International Air Transport Association said.

The fastest growth is expected in air links with eastern and central Europe, 10.2 per cent a year, but this remains a relatively small market, IATA said.

IATA groups some 200 airlines worldwide.

Pak economy facing backlog of economic problems

KARACHI, Oct 16: Pakistan's newly-elected government faces a backlog of economic problems ranging from a huge fiscal deficit, inflation, reduced investment and critically low foreign exchange reserves, analysts said yesterday, reports AP.

The person likely to have to shoulder the burden will be former premier Benazir Bhutto, 40, set to form a weak coalition government next week after elections last week returned a hung parliament.

Mian Habibullah, president of the Federation of Pakistan Chambers of Commerce and Industry, appealed to the new government to take the business community into its confidence.

It must implement tariff and other fiscal reforms with a

"strong political will," he said.

Interim Prime Minister Moeen Qureshi, a former World Bank executive, introduced harsh economic reforms during his three-month tenure to reduce the yawning budget deficit and other macro-economic imbalances.

But Qureshi could not complete his programme and left a backlog for the elected government.

His measures included devaluation by over 10 per cent of the Pakistani rupee to reduce a 3.2 billion dollars trade gap; A tax on farm incomes of big landowners to cut the 3.5 billion rupee fiscal deficit, and a campaign against thousand of tax evaders and bank loan defaulters.

The caretaker government

gave legal cover to a more autonomous central bank, enabling it to resist future government pressures and to discipline monetary expansion, domestic debts and inflation.

But Qureshi failed to fulfil his promise to increase foreign exchange reserves which are at a low of about 280 million dollar, sufficient for only a few weeks' imports.

Qureshi's reforms and his influence with international aid donors averted an economic collapse, analysts said. The new government later this year expects a 250-million-dollar public sector adjustments loan from the International Monetary Fund (IMF) and 377 million dollar in stand-by credits to meet immediate balance-of-payments problems.

Nigerian oil inspectors end strike

LAGOS, Oct 16: Striking oil inspectors in Nigeria returned to work Friday after reaching an agreement with the government to end a 10-day strike, reports AP.

Petroleum Minister Don Etebet said on national television late Thursday that the government had yielded to the workers' demand for autonomy from the ministry.

They also won better working conditions, he said.

Mohammed Bulama Saidu, chairman of the Petroleum and Natural Gas Senior Staff Association which was on strike, said the government agreed that although the oil inspectorate will remain within the Petroleum Ministry, it will "have a special status."

"The ministry will not in any way have any interference with the affairs of the Department of Petroleum Inspectorate," he said.

Talks on replacement of int'l timber accord fail

GENEVA, Oct 16: A 50-nation conference trying to negotiate a successor to the International Tropical Timber Agreement (ITTA) has failed to reach agreement and will meet again next January, a UN spokeswoman said yesterday, reports Reuter.

Delegates have been unable to break a deadlock between producer and consuming nations over the scope and financing of a pact to replace the 1983 ITTA, which expires in March, she said.

Producers — claiming trade discrimination — have demanded that temperate timber be included in a new pact. They are also seeking financial assistance to meet the proposed goal that all tropical timber exports come from sustainably managed forests by 2000.

Consuming nations including Canada and the United

States, have resisted these demands.

A fourth round of talks is scheduled to take place in Geneva from January 10-21, according to the spokeswoman of the UN Conference on Trade and Development (UNCTAD) which sponsored the two weeks of negotiations.

"Despite the determination of the conference chairman to negotiate an accord, the main points remain unresolved," she told a news briefing.

Walter Loeis of Indonesia, the conference chairman, will continue consultations and a meeting of the International Tropical Timber Organisation (ITTO) is set for Yokohama in Japan in mid-November.

"Japan is expected to announce soon that it will make a similar announcement in Yokohama," the UNCTAD spokeswoman said.

Russia frees bread prices

MOSCOW, Oct 16: Russia freed bread prices yesterday, scrapping one of the last big subsidies inherited from the economic planning of the Soviet era and worrying people on low incomes, reports Reuter.

The move did not immediately have a major impact on the price of a loaf in Moscow's shops, where bread cost 136 roubles, worth about 12 cents.

But ITAR-Tass news agency said the price would probably rise soon and muscovites began stocking up with bread just in case.

"It's a catastrophe," said pensioner Yuri Zhukov, 63, speaking at a central Moscow metro station. "Prices will go up two or three times. Russians love three things — bread, potatoes and cabbage."

"We have to have market reforms, but they have to be done in a way that lets people live better."

WB announces \$150m loan to China

WASHINGTON, Oct 16: The World Bank announced yesterday a 150-million-dollar loan to China to help upgrade the transportation system in Shanghai, reports AP.

The 20-year loan will have a five-year grace period and will be used along with some 507 million dollar in government financing to complete construction of a four-lane raised highway around China's most populous city and improve the bus system.

Shanghai, also China's main port, has a population of about 15 million.

The renovation plan was approved in September 1991. It will add 22 kilometer (13 mile) to the seven kilometer (four mile) of highway already built.

Local traffic will use the lower road while long-distance travellers will use the raised highway.

For fiscal year 1993, the World Bank has granted 3.2 billion dollar in loans to China, 32 per cent of it for transportation.

Hanoi to get \$228m WB loans

HANOI, Oct 16: The World Bank will authorise 228 million dollar in two loans to Vietnam when a top agency official visits Hanoi at the end of the month, a business newspaper here reported Saturday, reports AP.

The World Bank's first loans to Vietnam will finance repairs to the country's main north-south highway and improvements to its primary education system.

The credits will be the first big development loans extended to Vietnam since a group of nations led by France and Japan helped it clear its arrears to the International Monetary Fund on October 5.

Multilateral lending to Vietnam became possible after the United States in July dropped objections to such funding. The United States had blocked such loans as part of an economic embargo it initiated towards Vietnam in 1975 when the Communist North took over the South. American companies are still barred from doing most kinds of business with Vietnam.

The World Bank's vice president for Asian operations, Gautam S Kaji, will sign agreements to fund the two projects when he arrives here on October 29 for a four-day visit, the semi-official Vietnam Investment Review reported.

The first World Bank loan — worth 158 million dollar, according to the Review — will pay for the rebuilding of two sections of highway 1A, which has suffered for lack of basic maintenance since the end of the Vietnam War. One section stretches for 279 kilometers (173 miles) between Hanoi and Vinh, in former North Vietnam. The other covers 151 kilometers (94 miles) between Ho Chi Ninh

City and Cantho, in what was once South Vietnam.

The Vietnamese government itself will chip in 15 million dollar for the project, said an official at Vietnam's Ministry of Finance.

The second loan will pay for improvements to the nation's primary schools. The World Bank will contribute 70 million dollar with Vietnam adding another eight million dollar, the finance ministry official said.

The Bank is also considering loans for projects in Vietnam's energy, health, and banking sectors, the official said. One project under consideration for next year is a master plan for the country's agriculture. The plan would address the needs of rural credit and value-added agricultural processing and would require about 100 million dollar in World Bank money, the official said.

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Tajik aluminium output to fall

MOSCOW, Oct 16: Tajik aluminium output will fall to 280,000 tonnes this year compared with a planned level of 400,000 due to shortages in raw materials and a poor domestic economy, Intefax news agency said, reports Reuter.

The agency said 30 per cent of the output would be sent to other members of the Commonwealth of Independent States and 70 per cent would be exported.

Officials at the giant Talsuznade plant said last month that aluminium output was unlikely to rise this year. They had said in June that output would not fall from last year's 345,000 tonnes. No comment was immediately available from the plant.

Africa's food output may rise this yr

NAIROBI, Oct 16: Africa's food production is expected to rise this year due to improved climatic conditions but shortages will persist as a result of recent and ongoing civil strife in several countries, the UN Food and Agriculture Organisation (FAO) said yesterday, reports AP.

Famine is widespread in many parts of Angola which are virtually inaccessible to relief agencies and fighting between rebels and government troops has severely disrupted food production, FAO said in a report released here. Conflicts have also necessitated large scale emergency food distribution in Liberia, Rwanda, Sierra Leone, Somalia, Sudan and

Zaire.

In Somalia national food supplies are currently sufficient following massive food imports and an improved domestic crop. But large numbers of displaced people pastoralists and returnees will require food aid throughout 1994, FAO said.

Fighting between rebels and Sudanese government troops in southern Sudan led to acute food supply difficulties and an increase in refugees and displaced people although relief food is now getting through to some of the worst hit areas.

An estimated 100,000 Sudanese refugees have entered Uganda, Kenya, Ethiopia, and Zaire.

Japan to give Nepal \$7m aid

KATHMANDU, Oct 16: Japan Friday agreed to provide seven million dollar in aid to Nepal for repairing and maintaining a hydroelectric plant damaged by floods last July, reports AP.

Nepal's Finance Secretary Thakur Nath Pant and the Japanese ambassador to Kathmandu, Chuichi Ito, signed an agreement that would bring in much needed finances to fix the Japanese-built Kulekani hydroelectric plant.

Since the plant, which produced 92,000 kilowatts of electricity daily, was damaged, Kathmandu has been facing regular power outages in the evenings.

The July floods and landslides, said to be the worst in 70 years, killed more than 2,000 people and destroyed thousands of homes.

WB begins study to identify uplift requirements for Palestinians

JERUSALEM, Oct 16: A World Bank team began a study of the occupied territories yesterday to identify development requirements for Palestinian autonomy officials said, reports AP.

Ram Chopra, head of the bank's Middle East Department arrived here yesterday to lead a team of eight delegates, Bank of Israel spokesman Gideon Shor said.

Chopra was expected to meet Israeli Finance Minister Avraham Shohat and Foreign Minister Shimon Peres before visiting their Gaza Strip and West Bank during a three-week stay.

The bank has set a target of 2.5 billion dollar in aid in the next five years with 800 million of it for the first two years following Wednesday's launch of the autonomy agreement.

Donor countries have already pledged two billion dollar over five years.

"The aim of the World Bank is to help the Palestinians to improve quickly the economic situation in the territories, particularly the infrastructure Shor said.



The 1000th Boeing 747, which was delivered to Singapore Airlines from Seattle, headquarters of the Boeing company, arrived at the Changi International Airport Saturday. On board were journalists and specially invited guests. — AFP photo

US trade deficit declines to \$9.7b

WASHINGTON, Oct 16: A drop in oil imports and increased exports of aircraft and autos helped shrink the US foreign trade deficit in August, but the improvement was not enough to head off what likely will be the nation's worst trade performance in five years, reports AP.

The deficit declined by 6.8 per cent to 9.7 billion dollar, the second consecutive monthly decrease, the Commerce Department said Friday.

Still, for the first eight months of 1993, the deficit was running at a 115.2 billion dollar annual rate, up from 84.5 billion dollar for all of 1992.

If the imbalance continues to mount at the same rate, 1993 will mark the worst performance since 1988 and a sharp turnaround from 1990 and 1991, when trade was one of

the few bright spots in the recession-wracked US economy.

Economists don't see much hope for improvement over the next year because the economies of Western Europe and Japan are mired in sluggishness, dampening demand for US goods.

"It's fairly simple. We're the hottest industrialized economy in the world," said economist William Dunkelberg, dean of temple University in Philadelphia. "We're importing because we are growing, even if it is at less than a red-hot pace. In the meantime, the people buying from us are sick."

In August, though, exports increased for the first time in three months, up three per cent to 36.2 billion dollar, more than offsetting a small 0.8 per cent rise in imports to 47.9 billion dollar.

Commerce Secretary Ronald H Brown noted the increase in exports but said, "There remains substantial room for improvement." He used the report to plug for passage of the North American Free Trade Agreement, which he said would increase exports to Mexico and Canada.

In August, the gain in exports reflected a 707 million dollar increase in civilian aircraft sales and a 380 million dollar rise in auto exports. Those helped offset a 173 million dollar drop in soybean exports, caused by flooding in the Midwest.

The improvement in the overall deficit came despite an 11.1 per cent rise in the gap with Japan to a four-month high of 5.3 billion dollar in August.

PORLA palm oil stock data neutral, Malay traders say

KUALA LUMPUR, Oct 16: Palm oil traders said PORLA's end-September stock data released earlier today are neutral and could halt further price falls, reports Reuter.

The Palm Oil Registration and Licensing Authority (PORLA) said palm oil stocks rose 22.48 per cent to 1.02 million tonnes at end-September from 837,601 at end-August, and compared with 656,205 at end-September 1992.

"The stocks are slightly below our expectations," one European firms trader said. The market expected PORLA to report stocks of 1.1 million tonnes. A private crop forecaster had earlier put the stocks at 1.05 million.

"The PORLA stocks are not as high as initially feared," another trader said. The September production and export data were also within trade expectations.

Local palm oil futures fell this morning on liquidation buoyed by rumours that PORLA stocks would reach 1.1 million.

Traders said prices would hold steady in the afternoon. "Any downward movement will be small as the market has long absorbed the 1.0 million tonne stock level," the trader said.

Furthermore, forward months are trading at a premium to expiring October contract on the local futures market. January ended the morning at 766 ringgit a tonne against a previous close of 761.

Czech PM urges trade, not aid for ex-communist states

WASHINGTON, Oct 16: Czech Prime Minister Vaclav Klaus called on Western countries Friday to open their borders to good from countries formerly under communist rule, instead of giving them grant aid or concessionary loans, reports AP.

"We do not think that a new Marshall plan could save the post-communist countries if they would not be able to help themselves first," he said in a speech.

"We do not need one-way transfers because they tend to be misused, misdirected, or misplaced. They are usually not taken seriously on either side."

The Marshall plan consisted of 80 per cent of US grants to western Europe after World War II.

Klaus spoke to the Bretton Woods Committee, a private group that supports the major international lending agencies — the World Bank and the International Monetary Fund.

He said it was absolutely necessary for those agencies to make loans at the start of a country's conversion to private enterprise to stabilize its trade and currency. But they should be for a very short term, he added.

Now, he said, his republic needs them only to support banks and promote exports.

The visiting Czech leader

also met Friday with Vice President Al Gore.

At a news conference, Klaus complained about trade protectionism, which he called a form of nationalism as deplorable as any other. It hampered Czech sales in western markets in general and eastern markets in particular, he said.

"We are frustrated at seeing that after any export success (of ours), there is a counter-reaction in the introduction of other (barriers such as) increase of tariffs," Klaus said.

Later in a lecture to the Heritage Foundation, a conservative group on public policy, Klaus gave his own conservative

formula for how a Communist system should be converted to democracy.

Reforms must be "bold, courageous, determined and therefore painful," he said. He insisted that economic activity based on subsidised prices, artificial demand and sheltered markets must be ended, a jump in prices and drastic currency devaluation are inevitable and differences in income and property will grow to a level never seen before.

"Democracy is indispensable and attempts to ignore it in the name of easier and faster reforms are futile and ineffective," he said.

He told the news conference

that his country is ready to join NATO but questioned whether Russia is stable enough to join the Atlantic alliance.

"NATO should include stable democracies, clearly defined countries," he said.

"I am sure the Czech republic is such a country and I'm not sure Russia is such a country. I'm not sure Russia will be such a country (within) a future which I consider politically interesting."

His country and Poland, both under Soviet domination since World War II, are pressing to join the North Atlantic Treaty Organisation which spreads a US security umbrella over west-

ern Europe.

Russia's position on its former Warsaw Pact allies joining NATO is unclear. But last month Russian President Boris Yeltsin wrote President Clinton a still-unpublished letter which Klaus interpreted as Russia also seeking membership.

A summit of NATO members is scheduled to be held in Brussels in January, at which the subject of east European membership will be discussed.

Klaus said he saw no need "to write catastrophic scenarios" for Russia because of the current unrest.

"I am pretty sure Russia will muddle through," he said.