The Paily Star

Best with the views

Late snags dampen hopes of imminent GATT deal

BRUSSELS, Dec 6: Lastminute snags dampened hopes Sunday that US and EC negotiators could end years of wrangling over farm subsidies and open the way for the world's biggest trade deal, reports AP.

Senior negotiators in Geneva, who has hoped to fly to Brussels with a draft deal, apparently hit a series of lastminute obstacles in frenzied

negotiations.

Officials speaking on condition of anonymity said there were problems in talks on agricultural subsidies, financial services, movies, anti-dumping duties and taxation issues.

They did not elaborate.

US and European Community negotiators stayed in Geneva for an evening session at the headquarters of the General Agreement on Tariffs and Trade to try to thrash out the differences.

"There are a lot of issues to be resolved," GATT Director-General Peter Sutherland said after talks with French Prime

Mexico to announce

positive action for

NAFTA: Gore

WASHINGTON, Dec 6: Vice

President Al Gore said yester-

day the government of Mexico

will announce by positive ac-

tion next week in return for

passage the United States of

the North American Free

Trade Agreement (NAFTA),

Critics of NAFTA had sug-

gested that the United States

had little to gain and much to

lose in the way of jobs with the

removal of trade barriers with

Gore was asked if he came

back from talks earlier this

month with Mexican President

Carlos Salinas de Gotari with

any assurance of concrete ac-

tion as a result of passage by

nouncement from the Mexican

government next week that I

gory." Gore said in a television

interview on NBC's meet the

"It's not for me to make the

announcement, but you'll be

hearing some good news next

Gore spent two days in

Mexico city earlier this month

where he held discussions

tion of NAFTA, which creates a

free-trade zone between

Canada, the United States and

decision by the United States

to join the pact "represents a

basic choice about the future of

our relationship with Mexico.

our relationship to this hemi-

sphere and a choice about how

we wish to relate to the rest of

January 1 with the elimination

of some tariffs. Levies on most

products will be phased out

over a 15-year period.

NAFTA begins to take effect

At the time, Gore said the

with Salinas on implementa-

week," he said.

Mexico.

the world."

He declined to elaborate.

think will fall into that cate

"You'll be hearing an an-

reports Reuter.

Mexico.

Congress.

"It is of vital importance it be resolved" by Monday, Sutherland told reports in Paris. If not, he warned, "we're in a

Underscoring the importance of securing French support for any deal, the EC's trade chief, Sir Leon Brittan, also met Sunday evening with Balladur. Afterward, Brittan said there still were "important problems to resolve. We've made a lot of progress, and I'm

Balladur, though, was described as much less upbeat. French government spokesman Nicolas Sarkozy said the prime minister thinks there has been "excessive optimism" on the talks progress.

still optimistic."

US trade Representative Mickey Kantor was due to resume talks with Brittan in Brussels on Monday after a four-day break. They hope to iron out details of a farm deal and wrap up other outstanding

France has led opposition

BEIJING. Dec 6: China's top

economics officials can't seem

to agree on how fast the econ-

omy should grow next year.

Monday's official press re-

ported the differing views that

came out of recent planning

In the past week, China's

top leaders have been meeting

to hammer out details of major

decisions about the economy

made last month at a

Communist Party policy meet-

for major reforms in taxation,

banking and management of

indicate continued disagree-

ment over how fast the econ-

Conference that opened Sun-

omy should grow next year.

state-owned enterprises.

The party leadership called

But reports of the meetings

At the National Planning

meetings, reports AP.

within the EC to an accord reached last year between the United States and EC negotiators that would cut subsidized farm exports by 23 per cent over six years.

But after talks last week, the giant trading partners appeared near to an agreement to end the dispute by allowing the 12-nation EC more time to make the subsidy cuts.

In return, the United States would be able to sell more grain, meat, milk and other farm products in Europe.

French Foreign Minister Alain Juppe said Saturday a draft agreement could be put before foreign ministers from the EC nations, who are meeting Monday and Tuesday in Brussels.

The Trans-Atlantic farm dispute has been the major obstacle to conclusion of the 116-nation Uruguay Round of trade talks. After seven years of negotiations, the talks must be concluded by December 15.

That is the last day on which President Clinton can

Mrs Dinesh Singh, wife of the Minister for External Affairs of India accompanied by Mrs

Mostafizur Rahman, wife of Foreign Minister of Bangladesh visited the country's only

China's top economists fail to

agree on growth for '94

day. State Planning Minister

Chen Jinhua said the economy

in 1994 will maintain the

current "sustainable, rapid and

healthy" growth; the People's

Daily, the Communist Party

newspaper, reported on its

While Chen did not give a

growth rate figure for next

year, he said the gross national

product growth for 1993 is

expected to be about 13 per

of the State Economic and

Trade Commission, said at a

national economic and trade

conference that also opened

Sunday that 1994's gross do-

mestic product growth would

be kept at 9 per cent, down

from this year's expected 13

percent, the English-language

But Wang Zhongyu, minister

stoneware ceramic factory, Bengal Fine Ceramics Ltd at Savar Sunday.

front page.

send a proposed GATT agreement to Congress in a take-itor-leave-it form. Otherwise, Congress will have the right to debate and amend portions of

Some economists estimate that a successful conclusion to the GATT-sponsored talks could pump an extra 270 billion dollar into the world economy by sweeping away barriers to exports.

the accord, a progress which

could take months.

The Clinton administration is under pressure from farm lobbies and other groups — ranging from movie producers to steelmakers to bankers — to ensure the United States does not give too much away in the GATT talks.

Interest groups in the EC also are lobbing.

In Geneva, some 3,000 farmers, mostly from France, demonstrated Saturday against a proposed GATT deal they contend would rob them of their livelihoods and destroy rural traditions.

China Daily reported.

and GNP growth rate.

20 per cent.

overheating.

Although GDP does not in-

clude income from abroad,

there is little difference be-

tween China's GDP growth rate

Wang also said inflation

would be kept under 10 per

cent. This year, the annual in-

flation rate has been running at

about 14 per cent, while the

urban inflation rate has topped

Some Chinese leaders have

invoked senior leader Deng

Xiaoping's calls for fast-paced

growth in pushing for contin-

ued growth at this year's

levels, far above world aver-

But many economists warn

that such growth cannot be

sustained and would lead to

Oil production in CIS falls 13 pc

MOSCOW, Dec 6: Oil production in the Commonwealth of Independent States fell 13 per cent during the first 10 months of this year, while natural gas output fell 2 per cent, the CIS Statistical Committee reported Saturday, reports AP.

The declining output has strapped many of the former Soviet republics for export earnings and caused fuel shortages during an unusually biter

Energy experts say billions of dollar of foreign investment would be needed to reverse the decline, cause by failing equip: ment and poor management of oil and gas fields.

Soviet energy production peaked in the late 1980s and has been declining steadily since then. Only the former Soviet republics of Uzbekistan and Turkmenistan have been able to increase output of oil or natural gas this year, the Statistical Committee said, according to the Interfax news agency.

Russia, the largest energy producer in the 10-nation commonwealth, saw its oil production tumble to 288 million metric tons (two billion barrels), 13 per cent less than in the same period last year, the committee said.

BIBM workshop on working capital management ends

A three-day long workshop on "Working Capital Management" conducted by the Bangladesh Institute of Bank Management (BIBM) ended on Monday, says a press release.

The objective of this workshop was to familiarise the participants with the concepts, roles, procedures, norms and principles of working capital management. Assistant general managers and officers of equivalent ranks from different banks and financial institutions participated in the workshop.

AHM Nurul Islam Chowdhuri. Director General, BIBM, presided over the concluding session of the workshop and gave away the certificates to the participants. BIBM faculty members, Liakat Hossain Moral and Mahimood Ahmad served as coordinators of the workshop.

US seeks joint action against int'l bribery

WASHINGTON, Dec 6: Governments should pass laws forbidding their citizens to bride foreign officials, a US delegate will tell representatives of the world's wealthiest countries next week, reports AP.

The proposal will be put to the 24 governments in the Organisation for Economic Cooperation and Development (OECD). Its Group on Illicit Payments, which has been studying the question for four years, will meet at the organisation's Paris headquarters.

A US delegate has been selected but the name can not yet be made public, a State Department official said.

The Unit and states passed a law in 1977 against bribing foreign officials to get business, but the State Department said no other country has such a law.

free trade should have been

IMF tells Bhutto government

Go on strict economic diet to get \$ 1.3b aid

ISLAMABAD, Dec 6: The Pakistani government has three months to go on a strict economic diet if it hopes to get 1.3 billion dollar in aid, an International Monetary Fund spokesman said Sunday, reports AP.

Harry Snoek, IMF representative in Pakistan, said the fund wants Pakistan to tax its powerful landowners, tackle its soaring deficit and build its foreign exchange reserves.

He said the fund will meet in February to decide whether to sign an agreement that should have been signed last month.

Negotiators had almost wrapped up the deal last April when it collapsed because of bitter feuding among Pakistan's politicians, he said. Within seven months, Pakistan had six different governments.

Prime Minister Benazir
Bhutto's election by a narrow
margin in October put an end to
the political fighting, but it was
too late to meet the original
deadline of November, Snock
said.

The IMF wants proof that Ms. Bhutto will implement some of the tough economic reforms introduced by her predecessor, Moeen Qureshi, a former World Bank executive and prime minister for three months.

During his brief term in office, Qureshi introduced sweeping reforms, including a controversial agricultural tax, something past governments had avoided.

Pakistan's powerful landlords have ruled the country since it was created in 1947 as a separate homeland for Muslims of the subcontinent. They have fought fiercely to keep agriculture land tax-free, using it as a tax haven.

In campaign speeches leading up to the election, Ms. Bhutto, also a big landowner, tried to distance herself from the agricultural tax by suggesting alternatives.

But Snoek said an agricultural tax would be a powerful symbolic gesture.

Finance ministers reject \$ 133b EC project

BRUSSELS, Dec 6: A massive 120 billion ECU (133 billion US dollar) investment project to boost growth and employment in the European Community was largely rejected by EC finance ministers here Sunday, reports AFP.

They said the plan had been prepared too hastily and with too little thought by the EC's executive European Commi-

The ministers also turned down a second major element of a plan to fight unemployment — the imposition of an energy tax on polluting fuels to replace charges on employers which finance the bulk of welfare programmes in the EC.

And they rejected the idea of shorter working hours as a way of creating new jobs, except when such schemes are negotiated at local levels.

The ministers erased all mention of the three items from a set of austerity economic guidelines.

But they left intact its targets for low inflation, cuts in government spending, a pay freeze and lower social charges on businesses.

The multi-billion dollar investment project had been endorsed earlier Sunday by the EC's executive European Commission.

It is a central part of a broad programme for economic recovery master-minded by Commission President Jacques Delors, which is to be the main agenda item at an EC summit on Friday and Saturday.

Doubts overcast Japan's move to boost economy

TOKYO, Dec 6: Confusion grew today over whether Japan's coalition government plans any moves to boost the faltering economy, battering share prices, reports Reuter.

"The coalition has no scenario, it has no strategy, it changes every day," said on government source.

Hopes that the coalition was poised to take action soared last week; only to evaporate as Prime Minister Morihiro Hosokawa and other cabinet ministers said on such plans were afoot.

We are not thinking about talking certain (additional) measures," Hosokawa told a parliamentary panel on Monday.

Share prices plunged and the Nikkei average at mid-day was down 617.17 points, or 3.53 per cent, at 16,842.18. Hosokawa's comment echoed

Hosokawa's comment echoed that of Minister for International Trade and Industry (MITI) Miroshi Kumagai, who on Sunday told a television interviewer: "No such (package) is being discussed within the government."

Only last week coalition policy makers were saying they agreed fresh economic steps were needed to help an economy stuck in what looks like the nation's worst post-war downturn.

Kazuo Aichi, in charge of policy for the Japan Renewal Party, a key coalition partner, said last week the coalition had agreed some action to boost the economy would have to be taken around December 7.

That is when the government is expected to announce gross national product (GNP) data for the July-September quarter numbers expected to show a second straight quarter of decline.

weather likes it at the moment

But most of them have started to provide incentives to boost the sector's participation in projects to diversify their economies.

Saudi imports

fall by 12 pc

Arabia's imports declined by

around 12 per cent in the first

half of 1993 despite a business

upturn, a Saudi study said

producer and exporter reached

60.2 billion riyal (16 billion US

dollar), a drop of 12 per cent

from the first six months of

1992, said the study by Henry

Azzam, chief economist at the

Saudi National Commercial

first half of 1992 but imports

during the whole of last year to-

talled 111.6 billion riyal (29.8

ported a surge in economic ac-

tivity this year due to higher

budget allocations for develop-

ment projects. Total spending

was projected at 80.3 billion

dollar compared with 76.6 bil-

Government expenditure in

Saudi Arabia and other Gulf oil

producers has remained the

wheel of the economy given the

Earlier Saudi studies re-

Azzam gave no figures for the

imports by the world's top of

Sunday, reports AFP.

Bank (NCB).

billion US dollart.

lion dollar in 1992.

ABU DHABI, Dec 6: Saudh

Of AFAA

Yusca Ismail, Chairman of
the Indonesian Association of
Advertising Agencies, was
elected Chairman of the Asian
Federation of Advertising
Associations (AFAA) at the 8th
general meeting held recently in

New chairman

lsmail is the General
Manager of Perwanal/DMB&B.

Tokyo, says a press release re-



He is also Chairman of the Steering Committee for AdAsia '95 Bali.

The other members elected to the International Council were - Saburo-suke Suzuki (Japan Advertising Federation) - Vice-Chairman; Zhao Renjie (China National Advertising Association for Foreign Economic Relations & Trade) -Vice-Chairman; YB Dato Jaffar bin Mohd Ali (Malaysian Advertisers Association), Bruce Cormack (Advertising Federation of Australia). Yupon Thammasri (The Advertising Association of Thailand), Senyon Kim (Korea Federation Advertising Association), Tham Khai Wor (Advertising Media Owners Association Singapore), Mrs Geeteara S Choudhury (Adcomm-Bangladesh), Indra Abidin (Indonesia) and Mr Shuzo (Shikawa, Japan).

Three new members were admitted into the federation at the meeting, bringing the total membership to 15 regular members and one corporate member. The new members are Taipei Association of Advertising Agencies, the Association of Accredited Advertising Agents Hong Kong and the Standing Committee on Advertising (STACA) India.

Passage of NAFTA — a welcome move for free global trade

Guest Columnist

Pak forex reserves fall

ISLAMABAD, Dec 6: Pakistan foreign exchange reserves recorded a substantial increase from 338 million US dollar on October 19 to 841 million US dollar, reports Xinhua.

This was announced by adviser to the prime minister on economic affairs, V A Jafarey, while addressing a press conference on Pakistan's economic situation here yesterday. There are clear indications

will achieve the Gross Domestic Product (GDP) target of 7.5 per cent set for 1993-1994 fiscal year, he said. The inflationary situation

did not improve, however the government hopes to contain it within nine per cent, he said. On the devaluation, he said it has certainly worked, but its positive effects will take time to show.

He clarified that the government will not contemplate another devaluation in the near future

Referring to the agriculture tax, the advisor said that in principle the government has agreed to impose the tax, but the suggestion made by the caretaker government of Moeen Qureshi on this issue will be modified.

In a very quick succession. the world witnessed two major events taking place in global trade during the month of November. One, the passage of the North American Free Trade Agreement (NAFTA) by the US Congress and the other, meeting of the Asia-Pacific leaders at Seattle to formulate the economic cooperation forum — the APEC NAFTA was passed by the US Congress amidst much anxiety of the US policy makers who feared lest it fails to pass through it in the face of stiff opposition from the labour front and the environmentalists. But when the House of Representatives — the lower house of the Congress passed the treaty by a margin of 34 votes, many of the US policy makers favouring NAFTA could not believe them. NAFTA was passed as it should have been. because that gave the US simple benefits of the economies of scale — less cost with more production. With NAFTA, the largest free market on the globe has been created with 360 million consumers. NAFTA bounded in its fold, for the first time in such an agreement in the post-war history, a third-world country - Mexico. and two of the giants of the

world economies - the US and Canada. With about \$3000 per capita income, Mexico never thought that one day it could be a partner in a free trade agreement with its neighbours like US and Canada whose per capita annual income were roughly seven times higher than hers. No doubt, the NAFTA favoured Mexico most in terms of benefits which it would reap in the long run. The US policy makers thought that the NAFTA would provide the US with bigger markets. and with giant producing corporations belonging to it, the latter would be in a better position to reap the economies of scale than other two partners. Apart from this, NAFTA also benefited the United States by strengthening its position as against that of its rivals in the world trade talks in Geneva. With NAFTA at hand, the United States can bargain from a stronger position in the Uruguay Round which is running its seventh year and where one hundred and fifty countries' interests are involved. Uruguay Round — the eight of such rounds, entered into an impasse over the farm subsidy issue with France seeking to reopen the Blair House agreement concluded

one year earlier and which provided agricultural subsidy cut by more than twenty per The European Community had been more restrictive in the world trade than the United States in the post-war era and the former is now finding it hard to open its economy in a single stroke so much through GATT negotiation. EC over the years, contrary to GATT spirit, used extra tariff measures like quotas and licensing to forestall imports from outsidemarkets and now also wanting to resist what it could resist upto the last time. With Europe holding back, the other countries are yet to offer the last of the offers in the tariff cuts in the GATT negotiation and eagerly waiting to see what the major players — the US, the Europeans and Japan do in this respect. The deadline for the completion of world trade negotiation at Geneva was set to be the 15th of Dec. As the deadline approaches, it seems that the EC and the US are moving forward, may be the passing of NAFTA by the US Congress acted as a major cause. Why the world needs a free trade? The logic is simple: to increase output and income. A complete

the ideal for the world, but till that happens the nations of the world decided to go slowly through protected negotiations in Geneva. Many countries in the world grew under the protectionist umbrellas of one time or the other, specially countries like USA, Japan, and some of the European countries. But then the global system changed. With strong industrial bases at home, the countries which once prospered under protectionism wanted other countries to open their borders, as they would do the same. In the process, the worst losers were the LDCs who could not diversify and develop industrial production quickly. True, the countries of the East Asia took the advantages of a freer trade atmosphere in the world in the seventies and eighties to grow, but others were simply left-out and could not keep pace with the charging world events. Now, whether those left-out countries like it or not, there is no way that they can go back on to the days of protectionism once excercised by Europe and the USA. When protectionism was being practised, most of the world was under colonial rule, and the colonies could

neither reap the benefit of that at that time. But when the world was made open to trade, many of the former colonies found them selves in most uneven positions. Now East Asia is competiting from an equal footing in the global trade, but some of these economies are the product of extra help they received from the West in the cold-war era. No such extra help now exists for a country like Bangladesh. Bangladesh and the rest of the left-over LDCs must understand the reality, and to them, there is no route open excepting cutting competitive.

cost and waste at home to make their economies In one hand, Bangladesh will face stiffer competition with a successful Uruguay Round while on the other hand, a failed Uruguay Round will cast a shadow on its future to develop quickly through exports. A failed Uruguay Round will push many of the countries, specially the left-over LDCs, to having inward looking in economic management, the large and medium-sized economies may do better in such a strategy, but a small economy like Bangladesh can not hope to do better by adopting such a policy. Bangladesh

or not must go for an exportled growth strategy which will also mean trade liberalisation in import. A successful Uruguay Round in Geneva will be helpful to Bangladesh as the came is to be to many other LDCs. The worst victims of the increasing regionalisation of trade in the name of trade blocs and free trade agreements are those countries which do not have any of such bloc or agreement for them. Does the economics support trade blocs or free trade agreement? Economics in no way supports trade block, but supports the latter upto the extent it leads to a freer global trade. Hope, the emergence of free trade agreements and trade blocs around the world will not thwart the idea of making the world a single economy, at least in phases. One estimate shows that a successful Uruguay Round will bring the world an additional income of 274000 million dollar of which 86000m dollar will go to the LDCs. The West needs a successful Uruguay Round to overcome its recession, at least for the present, and the LDCs need it to tie their economies quickly to the changing world.

Stocks lower, dollar down in Tokyo

TOKYO, Dec 6: Disappointment about delays in government action to prop up the economy pushed Tokyo share prices sharply lower Monday. The US dollar closed lower against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average dropped 618.97 points, or 3.55 per cent to close at 16,840.38. On Friday, the average went up 0.60 points, insignificant in percentage terms, to close at 17,459.35.

The Nikkei jumped 8.6 per cent in value in three days of trading last week after government officials indicated an economic package—including an income tax cut and measures to encourage land transaction—might be ready as early as Tuesday.

The average had fallen to its lowest point in over a year last Monday amid a growing consensus that the Japanese recession was failing to respond to all government stimulus efforts and was still far from ending.

On Monday, pessimism returned after Prime Minister Morihiro Hosokawa told Parliament that no new package for the economy is being planned right away.