

July 22, 1996, Monday LONDON EDITION 1

**SECTION:** DIARY; Pg. 40

**LENGTH:** 1816 words

**HEADLINE:** India presents budget

**BODY:**

P Chidambaram, the finance minister of India, presents the first budget of the United Front government, which was formed after the April-May elections. He must strike a tricky balance between the government's pledges to raise spending on agriculture, social services and infrastructure and the need to contain India's fiscal deficit - which last year was 5.9 per cent of GDP. Foreign investors will watch the budget closely for its reformist intent and fiscal prudence. A poor reception could undermine a clutch of imminent issues of global depository receipts from big Indian companies.

EU farm ministers meet

EU agriculture ministers begin what is expected to be at least a three-day meeting in Brussels. The Irish presidency will present a compromise proposal on a pricing package for agricultural products, and another attempt will be made to agree on reform of the fruit and vegetable markets. Ministers are thought likely to approve a reduction in the proportion of set-aside land to 5 per cent next year, which would increase cereal production by 8m tonnes. Plans will also be presented by Franz Fischler, the agriculture commissioner, to restore stability to the beef market after the "mad cow" crisis.

Major to reshuffle ministers

John Major, the UK prime minister, puts the finishing touches to a modest reshuffle of his ministerial team. Downing Street says there will not be a cabinet reshuffle, although Mr Major will make changes in the middle and lower ranks of government. These have been partly forced upon him: Tim Eggar, the energy minister, and Steve Norris, the transport minister, have asked to stand down. Those tipped for promotion include David Willets, the public service minister, and Angela Browning, the agriculture minister.

Santa claws his way back

The 33rd World Santa Claus Congress in Copenhagen will gather together more than 120 Santas from 22 nations (to July 28). A schism between the Danes - who claim that Greenland, a Danish dependency, is the true home of Father Christmas - and the Finns - who say that he is from Lapland - will be healed. The Finnish Santa is being welcomed back in recognition of the fact that no nation has sole rights to Santa.

Nato exercise in Hungary

Servicemen from the US, Canada and 15 European countries, including nine ex-communist nations, assemble in Hungary for the first large-scale air exercise by Nato on former Warsaw Pact territory. Operating from Hungary's Szolnok airbase, they will practise using aircraft for peace support operations, including humanitarian missions and search and rescue (to July 26).

Turkey to boost revenue

Turkey's new Islamist-dominated coalition government is to announce a big revenue-raising package to plug the treasury's widening budget deficit. A 50 per cent pay increase for civil servants was announced by

Necmettin Erbakan, the Islamist prime minister from the ruling Refah party. Tansu Ciller, the leader of the centre-right True Path party and the coalition's junior partner, has promised to find money - rather than print it - to pay for the rise. Most of the money is expected to come from government property sales rather than spending cuts. Economists say the budget deficit will rise by half to about 10 per cent of GDP this year and push inflation to 100 per cent.

#### Iraq compensation studied

The United Nations compensation commission for victims of the 1990 Iraqi invasion of Kuwait meets in Geneva to process more claims (to July 24). The commission has waded through 2.6m claims totalling \$ 200bn and already made awards of \$ 3.7bn to more than 2m individuals for death, injury or financial loss. The recent oil-for-food deal between the UN and Iraq has raised hopes that the commission may finally have funds to pay out. This week the commission is studying 64,000 small property claims worth \$ 320m.

#### WTO reviews piracy accord

World Trade Organisation members meet in Geneva to review implementation of the WTO agreement on intellectual property protection covering patents, copyrights and trademarks (to July 26). On the agenda are two US complaints already going through WTO dispute settlement procedures that Pakistan and India are not respecting the so-called "mailbox" provisions of the agreement. These require countries which do not yet have patent protection for pharmaceuticals and agrichemicals to provide a "mailbox" where patent applications can be filed.

#### Sailing

Commodore's Cup, Cowes, England (to Aug 1).

#### FT Survey

Private Medical Insurance (UK only).

#### Public holidays

Afghanistan, Guam, Netherlands Antilles, Swaziland.

#### TUESDAY 23

#### Chinese missions to Taipei

Taipei and Beijing are not letting bitter political rivalries get in the way of business. A Chinese delegation of port officials will arrive in Taiwan for private talks with industry leaders and government officials. They will be following a separate delegation of finance officials, which arrives on Monday. Such visits are unprecedented. The two sides will exchange views on securities-related matters and the establishment of direct cross-straits shipping - banned since 1949.

#### Prague vote of confidence

The Czech parliament begins debating a vote of confidence in the minority government of Vaclav Klaus, the prime minister. This should end the instability since the general election in June. Mr Klaus's centre-right, three-party coalition government has 99 seats and the opposition 101 in the 200-seat chamber. However, it is thought unlikely that the main opposition party, the Social Democrats, will vote against Mr Klaus.

#### Asean forum on security

A regional forum of Asean - Indonesia, **Malaysia**, Singapore, Thailand, Brunei, Vietnam and Philippines - meets in Jakarta to discuss regional security. The US, China, the EU and Russia will also be represented.

#### Islamic conference in Cairo

Al Azhar University of Cairo, the oldest Islamic university in the world - it was established in the 10th century - holds its annual Islamic conference with the ministry of religious affairs. The conference celebrates the birth of the prophet Mohammed and will be attended by Islamic scholars, moslem clerics and politicians. "The reaction of the heavenly religion to religious extremism" - terrorism in God's name - will be one of the main subjects.

#### Public holidays

Egypt, Libya.

WEDNESDAY 24

#### Ballot for UK shadow cabinet

British Labour party MPs vote in the last shadow cabinet elections before next year's general election. Tony Blair, the Labour leader, has said he does not want to change his team. Although Harriet Harman, the shadow health secretary, may lose her shadow cabinet status because of her decision to send her son to a grammar school, Mr Blair is expected to keep her in her post. These elections will bring the curtain down on the parliamentary year: MPs leave for their three-month summer holidays on Thursday. They return on October 14.

#### Rao fights over fraud case

Unless successful in his appeal against the summons, P.V. Narasimha Rao, the former prime minister of India, is to appear in a Delhi court to answer charges in a fraud case. Mr Rao, who was issued the summons by a Delhi magistrate, is battling to remain leader of the Congress party after a London-based businessman alleged Mr Rao's complicity in duping him of \$ 100,000 (£ 64,000) paid to win contracts in India. Mr Rao appealed against the summons last week, but hearings were adjourned. An alleged confidante of Mr Rao, Chandraswami, a self-styled "god man", is already facing trial in the case.

#### Belgrade in debt talks

A delegation from Serb-led Yugoslavia holds three days of talks with the London Club of commercial banks. This round is aimed at reaching an agreement for Belgrade to start paying its share, agreed at 36.5 per cent, of the total \$ 4.3bn (£ 2.75bn) owed by the former Yugoslav republics.

#### Public holidays

Fiji, Venezuela.

THURSDAY 25

#### Push for EU budget freeze

EU budget ministers meet in Brussels amid growing pressure to clamp down on public spending. France and Germany are expected to press for a freezing of the EU budget at 1996 levels - which would cut EU spending by about Ecu2bn (£ 1.64bn) to Ecu90bn.

#### Strike in Australia

Public servants in Australia are set to hold a 24-hour strike in protest at federal government cuts, which threaten to create thousands of redundancies in the public sector.

#### Cricket

First Test match, England v Pakistan, Lord's, London (to July 29).

#### Public holidays

Bhutan, Cook Islands, Costa Rica, Equatorial Guinea, Israel, Puerto Rico, Tunisia.

FRIDAY 26

Castro response expected

Fidel Castro, the president of Cuba, is expected to use Cuba's Moncada Day to deliver a state-of-the-union address. This is likely to give Cuba's response to the application by Bill Clinton, the US president, of the latest US embargo legislation against the island. It will probably also review the economy and outline future strategies. The Moncada celebration marks the 43rd anniversary of the guerrilla attack led by Mr Castro against the Moncada army barracks in Santiago de Cuba. This was a prelude to the 1959 revolution.

US/Australia security talks

Regional security will be at the heart of talks in Sydney between the US and Australia (to July 27). Warren Christopher, the US secretary of state, General John Shalikashvili, the chairman of the chiefs of staff, and William Perry, the defence secretary, will lead the US delegation. Australia will be represented by John Howard, the new prime minister, and Alexander Downer, the foreign minister.

Horse racing

England's most prestigious mid-summer, middle-distance race, the King George VI and Queen Elizabeth Diamond Stakes, is run at Ascot racecourse, near London.

Public holidays

Cuba, Liberia, Maldives.

SATURDAY 27

Postal stoppage in UK

A 36-hour postal strike ends in the UK - following hot on the heels of another shutdown by London Underground on Thursday.

Public holidays

Belarus, Bosnia & Hercegovina, Iran, Maldives, Puerto Rico. Bahrain, Oman, Lebanon, United Arab Emirates (depends on sighting of the moon).

SUNDAY 28

Russia/Japan manoeuvres

A Japanese destroyer, Kurama, arriving in the Russian far-eastern port of Vladivostok on Friday, takes part in the first joint Russo-Japanese naval exercises (to July 30). It is the first friendly visit by a Japanese warship in 71 years. Kurama will participate in celebrations of the Russian navy's third centenary. The former Japanese Imperial Navy destroyed the Russian Baltic Fleet at the Battle of Tsushima in 1905, which was vital to its victory in the Russo-Japanese War and the first time - in the modern era - that an Asian power beat a European one.

Public holidays

**Malaysia**, Peru, Syria. Egypt, Kuwait, Morocco, Tunisia (depends on sighting of the moon). *Compiled by Simon Strong. Fax: (+44) (0)171 873 3194.*

**LOAD-DATE:** July 25, 1996