#### Banking and Finance

ASEAN is, in fact, emerging as a dynamic regional bloc, despite the slow plodding collaborative programists six member countries cobbled to-

This candid assessment of ASEAN strengths and weaknesses is sketched out in a still-to-be published United Nations report. The ASEAN is made of Brunet, Indonesia, Malaysia, Thatland, Philippines and Singapore.

Dr. Cesar E. A. Virata. former prime minister of the Philippines, led a study team. commissioned by the UN Development Program (UNDP). to prepare the report. Other team members were from the East-West Centre in Hawaii, namely: Dr. Sieji Naya, vicepresident for strategic planning, and Dr. Michael Plummer, research associate.

The UNDP report is to be hammered into final shape in early 1991. On surface, its main concern is a narrow one: to recommend ways whereby UNDP could program more effectively its modest sub-regional budget for ASEAN in 1992-1997.

The Virata study does just that. It outlines a series of practical measures. They range from setting criteria for project design to providing technical capacity for secretariat, bogged down in bureaucratic procedures.

But Dr. Virata and his team also painted a compelling backdrop of the achievements and challenges confronting the 23-year-old organisation. ASEAN today has a total population of over 314 million people, ranging from almost 180 million in Indonesia to just over 200,000 in oil-rich Brunei. It exports over US\$121.6 billion yearly. The

LONDON-The United

States and Britain remain far

apart following their latest

round of talks about allowing

the transfer of rights to use

Heathrow Airport in London,

an American official said.

American Airlines has agreed

to buy TWA's routes, while

United has agree to buy Pan

appear to be whether Britain

will allow the rights to be

transferred but what it is

Angevine, U.S. deputy assistant

secretary of state for trans-

In an interview, Charles

demanding in return.

The main issue does not

Am's .

Robust Economic Links Forge ASEAN's Future

bloc shops for over US\$122.9 billion worth of goods abroad annually.

Political conflict in Southeast Asia drove the members to set up ASEAN in Bali. Indonesia, over two decades ago. Fear of a common enemy was the driving force.

"As the Indochina situation stabilised, this political imperative eased," the report notes. Therefore, "some predict the demise of ASEAN

common problems in environment, deforestation to trade and banking.

These achievements stand in stark contrast to the sterile record of the South Asian Association for Regional Cooperation (SAARC). Composed of Bangladesh, India, Nepal, Sri Lanka, Pakistan, Maldives and Bhutan, SAARC is riven by bitter political wrangling. There is little by way of cooperative being discussed.

ASEAN has done well, in relative terms, specially in formal cooperation programs. But what has been achieved is far below potential and leads to frustration.

Private sector businessmen in ASEAN countries are frustrated by the inordinately slow pace and layered bureaucracy. Hope generated, after the 1987 Third ASEAN Summit in Mantla, on greater private-sec-

decision-making process. "The European Community

experience shows it is important to have a cohesive entity. capable of making decisions, at regional rather than national level, if a single voice or platform is to be put forth." the report says.

To reach its potential ASEAN will have to develop a systematic way of formulating a regional position. Then it must devise a way to express this view to its partners.

"Currently, no such mechanism exist. There is adhoc coordination taking place at the critical round of GATT. But much more can be done," the report says.

Dr. Virata and his team suggested ASEAN would be well served if - in addition to streamlining its Secretariat it define its agenda for the

"In short, ASEAN needs to form a vision of economic cooperation. This would form a necessary part of the agenda in the next ASEAN Summit. The recent discussion of creating an ASEAN Economic Treaty might lead to an important step in this direction," the report says.

And to underscore how premature the obituary for ASEAN has been, the UN report concludes that "An ASEAN identity is emerging."

How far ASEAN has come is clear in the vision of the future : "It must visualise where its former command-economy neighbours like Myanmar. Laos, Cambodia, and Vietnam will fit into the ASEAN will fit into the ASEAN scheme in the 1990s and beyond." -Depthnews Asia

## Where the Fridges are Full and the Shops Empty

Charles Quist Adade

or people's deputies i n Leningrad it was the limit. Anatoly sobchak. radical mayor of the Soviet Union's second largest city. warned: "We are on the brink of a catastrophe. We can't live like this any longer."

To prevent mass discontent on the streets, a panic-striken Lensoviet, the city council, introduced food rationing on December 1.

The irony is that 1990 was earmarked by the Communist Party Food Programme back in 1982 as the year when the Soviet Union must reaching "food self-sufficiency and thereby break its disgraceful reliance on American grains."

Many say the monthly rations for selected basic food stuffs per adult Leningrader. which include one-and-a-half kilos of meat products and ten eggs - exactly the same as during the German seige of 1941 are inadequate. They call them "hunger rations."

To 78 year-old Tamara Timoshenko, "it is a national shame that in peacetime our ration for meat should be less than what we received during the war aginst the Hitlerites."

Western aid has come in the nick of time. Large consignments of food from West Germany and the United States have begun to arrive in Leningrad and are giong first to orphanages and old people's

Rationing has quickly

British Airways, for exam-

ple, has struck agreements

with Delta Air Lines and

United to coordinate flight

ternational flight.

shown positive results. Trade mafia have become temporarily ineffective. Before rationing they bought up cheap food in state shops and sold it to cooperatives (disguised private entreprises) and market traders for huge profits. Now

all shops. For nearly 18 months the Soviet economy had slipped downhill as runaway inflation rendered the rouble worthless. Shop counters emptied because of mass pante buying and a breakdown in the federal supply system caused by more and more republies rebelling

meat, butter and sausages, are

beginning to show up again in

against Kremlin control. As the queues grew longer and public patience grew shorter, rumour and the media talked about 'an imminent holocaust", "a frightening winter of hunger", "civil war" "right and left-wing coups" sabotage by a mafia of anti-reformers and Stalinists."

As mass fear seized the populace and confidence in the newly-elected pro-reform democrates began to wane. Sobohak and lieutenants di cided food must be rationed. Sugar, tea, soap and alcohol have been rationed since last

The position worsened in October when in defiance of the ill-fated 500-days market economy programme, Premier Nikolai Ryzhkov raised the producer prices of grain.

In a matter of weeks the only items left in the shops were mineral water, lemon juice and demure salesgirls.

A private fitter told me as he opened his filled-to-thebrim refrigerator: "There is nothing in the shops, but I couldn't care less. I'm already prepared for the worst."

With manifest pleasure he said the products he piled in his fridge and elsewhere "can last me for six months." And he joked: "We are trying to live by Marx's principle, each according to his needs."

Trying to carry out marketstyle reforms within the old ossified "Barrack Socialist" structures may have a mistake from the start. Soviet citizens want a transition to market economics, even though many

are far from clear what it en-

The stumbling block, it appears, is the bunch of orthodox communists who still control the 18 million-strong state bureacracy, the army and the

Scepties say food or economic aid cannot repair the damage caused by the command-administrative system because corruption, nepotism and irresponsibility has perforated the basic fabric of the

Although Yeltsin believes private ownership of land will solve Russia's chronic food problem, it remains to be seen whether peasants will take up

In pre-revolutionary Tsarist Russia most land was owned by landlords. When serfdom was abolished in 1861 the land was shared among landlords and the community. The idea of collective and state farms has maintained the tradition of the communal land ownership.

Critics say Soviet agriculture, as fashioned by Stalin in the Thirties with its heavy concentration of large state and collective farms (sovkhozes and kolkhozes), is inefficient.

A major plank in their ar gument is that per-revolution ary Russia exported grain. whereas now the Soviet gov ernment imports grain, mainly from the US. State farms are projected as a running sore in the Soviet economy, because they are unwieldly and the victims to many subjective calculations by the Kremlin.

With Westren food aid flowing in, the worst may soon be over. Gorbachev still commands respect and sympathy in the West-which, led by West Germany has mobilised much goodwill and capital to help adjustments to democracy and a market economy.

Gorbachev responded in

late November by outlining concrete plans to salvage perestroika. The acid test for his policies will be the situation in the shops. Continuing lack of foods and goods could lead to growing despair with unpredictable consequences .-**GEMINI NEWS** 

Perez hopes

Gorbachev plan

will help end

Gulf war

UNITED NATIONS, Feb 20:

U N Secretary-general Javier Perez de Cuellar said on Tuesday he had received a copy of the Soviet Union's peace initia-

tive and hoped the plan would

help end the Gulf crisis, re-

His spokesman Francois

Giuliani, said Yuli Vorontosov,

the Soviet Union's UN Ambas-

sador, briefed him late on

Monday on the Moscow talks

between Soviet President

Mikhail Gorbachev and Iraqi

Foreign Minister Tareq Aziz

and gave him a confidential

much hopes that these efforts

will facilitate the peaceful out-

come of the crists on the basis

of the Security Council resolu-

"The Secretary-General very

The 15-nation Security

Council since August 2 has

adopted a dozen resolutions

against Iraq, including a de-

mand Baghdad withdraw un-

conditionally from Kuwait, the

imposition of trade sanctions

and the authorisation of force

to drive Iraqi troops from the

Giuliani said the UN chief

had no comment no US Presi-

dent George Bush's statement

that the Soviet proposals fell

short of American require-

letter from Gorbachev.

tion, Giuliani said.

Emirate.

ports Reuter.

#### ASEAN has done well, in relative terms

once the region becomes stable.

This assessment is flawed because it overlooked the tremendous progress in economic and social cooperation that ASEAN achieved, the report notes.

Today a plethora of ASEAN organisations, for example, reveal effective people-to-people contact. These organisations link doctors to artists, professors, journalists and even orchid growers.

Official programs that bring in external aid connect member countries, too. The Food and Agriculture Organisation (FAO). for example, has ASEAN-wide projects from farm women to development communication. Funds from "dialogue partners"-Australia, Canada, Japan, the European Community to newcomer South Korea \_ are applied to

portation affairs, said. "There

is a significant gap between

week was the third round of

talks on the civil aviation treaty

that a merger was possible if

TWA gave Pan Am a loan to

keep it afloat. But Mr. Angevine

sion that if TWA does acquire

Pan Am, it would not affect

their plans to sell their London

government said: "The two

sides had a useful exploratory

In a statement, the British

said he was under the impres-

between the countries.

The two-day session last

Pan Am's board told TWA

the two sides."

In contrast, the Virata report notes that the late 1980s saw a demonstrated desire. among ASEAN members, to move forward in the economic front. "In ASEAN, national security is increasingly seen in terms of economic robustness. Economic glue will be the important source of cohesion in the future."

The private sector has outpaced intra-government agreements in ASEAN economic cooperation. Dr. Virata and his team noted the emergance of "growth triangles" that link neighbouring regions.

One such "triangle" is the boom area found in economic links between Singapore, Batam Island of Indonesia and Johore State of Malaysia. Possibilities of another "triangle" connecting Northern Sumatra of Indonesia, Southern Thailand. Northern Malaysia are

meeting. Differences of posi-

tion were identified and ex-

was insisting that the United

States make especially big

concessions because United

and American would be much

stronger competitors against

British carriers than Pan

American World Airways and

cially stronger, United and

American have extensive route

systems in the United States

that could feed them passen-

The two main British carri-

In addition to being finan-

Trans World Airlines.

gers for London.

Mr. Angevine said Britain

plored."

involvement has dissipated. The private sector has come to feel that the results thus far have been far rhetorical than real.

The Virata team recalled that a private "Group of 14" composed of prominent ASEAN businessmen produced a document called "ASEAN The Way Forward." This document set forth an ambitious vision of ASEAN. It delineated steps to optimize benefits from regional cooperation.

"However, this document received little attention at the official level, to the frustration of the business community." the report notes.

Yet, the private sector in the six countries could help propel ASEAN economic cooperation. But to do so, it needs an effective means to express itself to officials and make a difference in the

ers flying to the United States

are British Airways, which has

39 per cent of the market, and

Virgin Atlantic, with 7 per

cent. Pan Am is No. 2 with 15

per cent and TWA is No. 3

Mr. Angevine said that no

more talks were scheduled,

although he added that this

did not mean that negotiations

had been indefinitely sus-

for the British Department of

Transport, said Britain had of-

fered to hold another session

in early January and was await-

ing a response from the

Paul McKie, a spokesman

with 14 per cent.

pended.

U.S. and Britain Seek Deal on Access to London Airport

Pan Am has agreed to sell five routes between the United States and London to United and TWA has agreed to sell seven to American.

routes out of Heathrow and two out of Gatwick, London's No. 2 airport. But Heathrow rights do not go with the sales. The treaty

specifically gives those rights to Pan Am and TWA. That would help British

carriers attract more passengers from smaller cities who fly a domestic carrier to a major airport to pick up the in-

schedules at various major airports in the hope they would TWA operates five of the feed to more Europe-bound

> passengers. But in many instances, the coordinated flights do not appear together in computerized reservation systems widely used by travel agents because

of U.S. restrictions. "We didn't think anything approaching unlimited codesharing rights was justifiable." Mr. Angevine said. - S.P.

#### Gulf crisis

### Air defence sites rocketted: south of Baghdad pounded

# Massive Allied blitz on Iraqi troops continues

NORTHERN SAUDI ARAB-IA, Feb 20: US Army gunners have fired hundreds of artillery shells and rockets into a relatively lightly defended stretch of desert in southern Iraq in one of the heaviest barrages of the war so far. reports AFP.

Iraqi air defence sites were struck by hundreds of shells and rockets early on Monday in an area south of Baghdad and nearly 200 miles (327 kilometers ) to the west of the junction of the Kuwaiti, Iraqi and Saudi borders. US officers

Iraq has concentrated more than 500,000 troops in fortifications in and around Kuwait but has left the Iraqi border south of Baghdad lightly defended in a move that has puzzled allied commanders.

US army 155 mm howitzer batteries and multiple rocket launching systems rained shells on air defense positions in the deserted stretch of southern Iraq.

US officers said the early morning barrage would leave Iraqi commanders woundering if a ground attack was imminent or if it was just a fenint. The barrage was also de-

signed to help strikes by US helicopter gunships on Iraqi armoured units scattered some 30 miles (50m kilometres) behind the Iraqi-Saudi border. in one such raid in the small hours of Monday, US Apache helicopter pilots reported destroying two tanks, one armored vehicle and several trucks 50 miles (80 kilometres) inside Iraq according to 'US pilots.

as a "Turkey shoot ."

"We dealt him some serious

One pilot described the raid

totally by surprise," of an attack battalion.

Apache pilots said they blasted Iraqi tanks, air defense and artillery positions with laser-guided Hellfire missiles. rockets and 30mm cannon.

" It was not a good night for the Iraqis." said Captain Jess Farrington, 32 a company commander." We caught them with their shorts down. They were in their sleeping bags. It was a turkey shoot."

US Army Captain Bill Vockery, 29, said the heavy artillery barrage was likely to concern Iraqi commanders.

# FREEKUWAIT SAUDI ARABIA: A Kuwaiti Air Force pilot flashes a 'V' sign February 19 upon returning

to an airbase in eastern Saudi Arabia after a bombing run. Allied forces continue to heavily - AFP/UNB photo bomb Iraqi targets in Kuwait and Iraq.

#### Smoke, toxic black rain punishment. We caught him Irony of Gulf War: Western threaten lives NICOSIA, Feb 20 : Experts Hormuz, IRNA said. weapons haunt West say an allied ground offensive

ports AP.

"Like the oil slick in the

Gulf, the smoke and acid rain

would have horrific environ-

mental effect on the whole re-

NEW YORK, Feb 20 : One of the greatest military ironies in the current Gulf conflict, is that some Western nations in the US-led coalition against Iraq could face their own weapons of destruction in the event of a potentially devastat-

ing ground war, reports IPS. The fighter planes, helicopters, missiles, armoured personnel carriers, tanks, rocket launchers and air-defense systems — sold to Iraq by France, Italy. Britain and, to a lesser extent, the United States — are likely to come back to haunt the very countries that armed the Iraqis during politically cozy times.

The latest study on world military expenditures by the Washington-based Arms Control and Disarmament Agency, reveals that between 1983 and 1988, Western nations and other coalition partners supplied over 6 billion US dollars worth of arms to Iraq.

France is well in the lead. with sales worth 3,1 billion dollars. Italy's arms sales totalled 370 million dollars and Britain's 30 million dollars.

France has traditionally been Iraq's second largest

arms 'supplier, after the Soviet

Poland, Czechoslovakia and Egypt - a member of the anti-Iraq coalition - have sold over 2 billion dollars worth of arms to Baghdad.

Iraq's formidable military inventory includes over 100 Mirage-1 fighters, at least 150 Aerospatiale helicopters, unspecified numbers of air-tosurface Exocet missiles, antitank missiles, radar-guided Matra Magic Misiles and over 100 battle tanks.

Last year the French newspaper 'Le monde's said that French arms sales to Iraq since 1980 - when Iraq's war with Iran started - may have totalled 5.6 billion dollars, plus a further 4.7 billion dollars in civilian and commercial deals. France's military links with

Iraq were so close that during the war with Iran. French pilots reportedly flew Iraqi Mirage F-1.

Fighters as air-cover for five French-loaned Super Etendard fighter planes on military missions over the Gulf.

Italy, which has participared in bombing raids on Baghdad with coalition forces.

has supplied Iraq with Augusta-Bell Anti-Submarine Warfare (ASW) helicopter, patrol boats, and Otomat surfaceto-air missiles.

In 1981, Italy signed one of its biggest ever military contracts with Iraq, a 2.6 billion dollars weapons package that included four 2,500-tonne frigates, six 650-tonne floating dock, a naval base, facilities, training and maintenance.

The British weapons systems in Iraq's arsenal include Hawker-Siddeley fighter/ ground attack aircraft, islander transports and Westland helicopters. The Iraqis also have about

50 British-made Chieftain tanks, captured during the war with Iran. In 1982, Britain agreed to provide spares and refurbish the Chieftains.

Although the United States did not provide any sophisticated weapons, Iraq has US made transport and helicopters. Six-Hercules L-100 transport planes, officially described as civilian aircraft, have been modified by the Iraqis for military use.

Iraq also took delivery of 60 US made Hughes helicopters,

and 45 civilian twin-engine Bell helicopters, at a cost of 245 million dollars.

The Iraqis reportedly deployed all or most of the helicopters or military training. Egypt, the key Arab ally in

gion," said Steve Elsworth, the US-led alliance, could fare spokesman for the Greenpeace even worse facing its own environmental organisation. weapons of destruction. "But unlike the slick, the As part of an estimated 2.4 effects of the fires are far more billion dollars arms deal signed likely to injure people than

in 1984. Egypt is reported to ecosystems, and we don't yet have supplied Iraq unspecified know exactly what the pollunumbers of Chinese-designed tion cocktail contains.". Shenyang F-6f-7 fighters. No one knows exactly what assembled at the Helwan airlevel of exposure to the smoke could lead to illness. Nor is the craft factory in the suburbs of Cairo. At the height of the precise chemical composition of the cloud known. But Iran-Iraq war, the Iraqi air smoke from an oil blaze cerforce allegedly received about tainly contains sulphur, caus-40 Soviet MIG fighters from ing the acid rain known to kill the Egyptian air force. In December 1083, Egypt trees and plants over time.

and Iraq shared a 180 million On Tuesday, Iran's official dollars contract with Brazil. Islamic Republic News Agency under which the Iraqis rereported thick smoke blanketceived 80 Brazilian-designed ing towns and villages along EMB-312 Tucano military the Iraqi border, including trainers assembled under li-Qasr-E-Shirin, an Iranian town cence in Cairo. of about 20,000. For the first time, dark Ground-level winds in

clouds of smoke were reported Kuwait blow more often to the in southern Iran, including east, which would send the .Bandar Lengeh on the Strait of smoke over Saudi Arabia.

US sources say 50 oil fires already are burning in Kuwait. that sets more oilfields ablaze How many refineries, wells could release thick smoke and and petrochemical complexes toxic black rain, threatening are ablaze in Iraq has not been lives, polluting scarce water and damaging vital crops, redetermined.

The Nicosia-based weekly newsletter Middle East Economic Survey said Monday that nothing can be done to fight the fires until the shooting stops.

Quoting unidentified intelligence sources, it said damage and destruction inflicted on Iraqi oil installations include the Haditha K-3 crude oil pumping station, the 30,000barrel-a-day Kirkuk refinery. the 95,000-barrel-a-day Daura refinery near Baghdad and the 155,000-barrel-a-day refinery. lube plant and petrochemical complex near Basra.

Iraq deliberately set some fires to create smoke and obscure targets. Allied air strikes and artillery exchanges caused others.

"One thing is certain: a ground war would level many more fires in its wake," Peter Montague, director of the Washington-based Environmental Research Foundation. said in a telephone interview.

The effects will be around for a long while, incorporated into food chains and water supplies, not to mention in But some oil experts say

even much more smoke might do little harm.

'Peter Selwood, technical secretary of Britain's Offshore Operatiors' Association, said crude oil burning in storage tanks or refineries would produce a lot of smoke, but oil exploding from a well under pressure contains a lot of gas and can form a mist that "burns like fuel in a carbure-

Even with just a few dozen fires, however, huge clouds of sulphur, nitrogen oxide, and hydrocarbons already threaten more that I million people in fran's western llam province, across from the Iraqi fields.

On Sunday, a toxic bank of black smoke dropped low and rolled across flam, choking the region as it has at least six times since 28. Authorities warned people to stay indoors.

The smoke was snaking slowly toward Bakhtaran and the Soviet border, IRNA said. An acrid odor permeates

the province. Fog drifts overhead. Otly, sooty rain has polluted water supplies and threatens crops, it reported.

From the Kuwait-Saudi bor-

der, reporters describe gigan-

tic columns of flame appearing

above burning oilfields. Thick

smoke covers the countryside.

ments for an end to the war. But he said Perez de Cuellar had been working to obtain a peaceful outcome of the present situation. Asked for specifics Giuliani

said he had "numerous con-

tacts and talks which are not

He said the Secretary-General had been meeting with senior aides as well as Security Council diplomats on a possible UN peacekeeping role after the war ended.

necessarily public."

Perez de Cuellar has mentioned the possibility of the United Nations monitoring any withdrawal of Iraq troops from Kuwait as well as stationing peacekeeping forces on the border between the two nations.