

### 'India needs to avert financial crunch'

WASHINGTON, May 27: India has earned the world's sympathy following last week's assassination of Rajiv Gandhi, but so far not the money it needs to avert a financial crunch in the coming months, analysts and diplomats said, reports Reuter.

"I don't know how they will keep afloat," said Thomas Thornton, Adjunct Professor of Asian Studies at Johns Hopkins University.

In an unusual joint statement last week, World Bank President Barbara Conable and International Monetary Fund (IMF) Managing Director Michel Camdessus called the death of the former Indian Prime Minister a tragedy and pledged to continue to work with the country on its economic development.

But officials of the two international lending organisations made clear that any new funds would be contingent upon India carrying out tough economic reforms.

"The IMF needs a political commitment from India for a strong [economic] adjustment programme in order to release fund resources," one IMF official said.

But that will not happen until after the second stage of India's general election, which has been postponed until mid-June following Gandhi's assassination.

The IMF is insisting that India take action to rein in its bloated government budget before being eligible for further assistance, analysts said.

"Without a budget, the IMF is not willing to give them another loan," Thornton said.

But without a government, the country cannot put together a budget.

Every day counts because India is running short of money, analysts and diplomats said.

India's foreign exchange reserves, depleted by the Gulf crisis, are now hovering at just under one billion Dollars.

### United Insurance earns Tk 3 cr profit

Star Economic Report

The United Insurance Company Limited earned a pre-tax profit of Taka 3.10 crore in 1990 its fifth full operational year, against Taka 2.43 crore in 1989. This included, besides income from investments, a record underwriting profit of Taka 1.90 crore, says a Press release.

This was stated in the sixth Annual General Meeting of the Company held on Monday, at a local hotel. Although the Company's paid-up capital increased from Taka 3 crore to Taka 6 crore consequent upon the floatation of shares to the public, the company declared a dividend of 14 per cent to shareholders as in the previous year after providing Taka 1.80 crore as Income tax and Taka 40.45 lakh for Reserve for exceptional losses.

The Company's assets increased from Taka 15.50 crore in 1989 to over Taka 21.27 crore at 31 December 1990 and its unappropriated profit and total reserves including premium reserve stood at Taka 4.36 crore as at 31 December 1990.

### OPEC will raise production ceiling: Yamani

GENEVA, May 27: Former Saudi Arabian Oil Minister Ahmed Zaki Yamani said on Saturday he believed OPEC would raise its production ceiling next month, reports Reuter.

Ministers from the Organisation of Petroleum Exporting Countries (OPEC) meet in Vienna on June 4 to decide what output level to set for the coming months.

They have to raise it, don't you think? said Yamani OPEC's most prominent and powerful figure before he was dismissed in 1986.

OPEC had a second quarter production level of 22.3 million barrels per day (BPD). But its President, Algerian Oil Minister Sadek Boussena said this week it would have set a lower ceiling, achieving higher prices and greater revenue.

Indonesian Oil Minister Gnanjar Kartasmita said on Friday the present ceiling was acceptable for the third quarter but should be increased for the fourth quarter.

Sources in Saudi Arabia say Saudi Oil Minister figures put demand for OPEC oil at just over 23 million BPD in the third quarter and just over 24 million in the fourth.

Yamani spoke to Reuters after chairing an informal meeting of representatives of oil consumers and producers, including Ministers from OPEC members Nigeria and Venezuela on how to achieve oil market stability.

## Asian-Gulf trade ties threatened

DUBAI, May 27: Repeated cases of fraud by Asian traders in the Gulf are threatening the oil-rich region's trade ties with Asian countries, Gulf authorities have said, reports AFP.

Two alleged fraud operations in a week have triggered calls by angered Gulf officials on the governments of those traders, urging them to take urgent measures to stamp out practices of this kind.

The operations were carried out separately by two Taiwanese and Thai traders in the Emirate of Dubai and cost local businessmen more than 20 million Dirhams (5.5 million Dollars).

"We appeal to the competent authorities there to take stringent measures against such practices," said Abdul Rahman al-Matwi, Director of the Dubai Chamber of Commerce and Industry.

"Our reaction to such activities could involve steps to protect the interests of traders in the region. This could adversely affect trade exchange between these countries and the region," he added after

talks with the victims of the alleged frauds.

He said the increase in such incidents could be due to a decline in demand for Asian goods as a result of the Gulf crisis.

The first incident occurred last week and involved a Taiwanese businessman.

The trader reportedly struck a deal with eight Dubai based traders to supply them with a variety of goods with a value of more than 10 million Dirhams (2.75 million Dollars).

When the shipment arrived most of the products were found not to conform to agreed specifications while some boxes were empty, traders told the Chamber of Commerce.

"We trusted this man because we had dealt with him for more than four years," one of the traders said. "We had not expected him to give us worthless goods."

Chamber officials said they had contacted authorities in Taiwan but had not received any response.



JAKARTA: Members of Australia's "Bangarra" Aboriginal dance group perform on board a float during the opening parade of the Jakarta International Festival 1991, May 26. Australia is one of the ten countries participating in the week-long festival aimed at promoting tourism and business in the Indonesian capital. — AFP photo

### Iraqi civil servants face inflation

BAGHDAD, May 27: In post-Gulf war Iraq, a country cut off from the rest of the world by UN sanctions, civil servants and public sector workers are bearing the brunt of inflation, reports Reuter.

With prices between three and 70 times higher than a year ago, depending on the commodity, Iraqis on fixed incomes are counting their Dinars more carefully than they have in decades.

While shopkeepers, taxi drivers and restaurateurs have raised their prices with impunity, civil servants without second jobs have seen their standard of living tumble since the United Nations cut off Iraqi trade in response to the invasion of Kuwait.

In a society which traditionally ate meat in large quantities, Iraqis say meat has become a luxury, some have

not bought new cloths for months.

"At these high prices, this house only sees meat on pay day," said Stranosh Misak Deshoir, an Armenian who provides for a family of four on a budget of 145 Dinars a month.

Exchange rates for Iraqi Dinars no longer have any meaning. Purchasing power hardly provides a yardstick for measuring the standard of living, because of the wide discrepancy between prices.

Rice drawn on government ration cards costs only 0.15 Dinars per kg (2.2 pounds). At private shops customer pay out 5.50 Dinars.

Government salaries, once among the highest in the Arab world outside the oil Emirates of the Gulf, have not risen since late 1989.

### Pakistan dock workers' strike continues

KARACHI, May 27: Port authorities here tightened security Sunday after obtaining warrants to arrest Dock Labour Union leaders refusing to end a five-day strike, officials said, reports AFP.

Some 6,000 dock workers have been on strike to press their demands for higher wages and permanent employment, which the port authorities have rejected as "beyond our financial resources."

As a result of the deadlock, the handling of dry cargo has come to a halt. Only liquid cargo, mainly petroleum products and edible oil, was being unloaded at the old piers, port sources said. The strike has caused severe congestion at the port and more than two dozen ships were waiting to berth.

## Rajiv's death won't halt freeing Indian economy

NEW DELHI, May 27: The process of freeing India's economy cannot be halted despite the death of former Prime Minister Rajiv Gandhi, economist say, reports Reuter.

However, political instability after his assassination last Tuesday and severe financial problems could check plans to raise foreign investment and sell off the private sector, they said.

The liberalisation which gathered momentum when Gandhi was Prime Minister can't be reversed, economist Y. P. Srivastava of the Federation of India Chambers of Commerce and Industry said.

Gandhi, who held office for five years after the assassination of his mother Indira in 1984, tried hard to free India from the shackles of decades-old socialism first espoused by his grandfather Jawaharlal Nehru, India's first Prime Minister.

He promoted computerisa-

tion and de-licensed 25 industries, allowing them to operate free of government control if their assets were below 50 million Rupees (2.5 million dollars).

He relaxed the monetary and restrictive trade practices act, designed to prevent formation of monopolies and allowed industries to expand freely.

Economists say that while Gandhi's death in bomb attack as he campaigned in India's bloodiest election robbed India of an ardent fan of modernisation other as spring political leaders have become pro-business in recent years.

Election manifestos released by Gandhi's Congress and the Hindu right wing Bharatiya Janata Party, which had been seen as election favourites placed strong emphasis on economic liberalisation.

India had awakened to the reality that it was years behind

other developing countries and that privatisation and foreign investment held the key to eradicating poverty, Srivastava said.

The Planning Commission has targeted a total investment requirement of around 6,200 billion rupees (310 billion Dollars) in the years 1991-1995 for India to achieve average economic growth of six per cent a year.

India's investments in the previous Five-Year Plan which average annual growth of five per cent were about 3,220 billion Rupees (161 billion Dollars). The Commission wants the private sector's share of total investments in 1991-1995 to rise to 55 per cent from the previous 53 per cent.

India now has little internal resources and needs more private sector participation and foreign investment Srivastava said.



The Bangladesh employees serving with the US Embassy in Dhaka donated Taka one lakh to the Prime Minister's Relief Fund in aid of cyclone victims. Prime Minister Begum Khaleda Zia receiving the cheque from the office bearers of the US Mission Bangladeshi Employees Welfare Association (USMBEWA).

## US bid to reform global trading system by '91

WASHINGTON, May 27: US officials armed with special negotiating powers, will begin an ambitious schedule to complete a free trade pact with Mexico and to reform the global trading system by the end of the year, reports Reuter.

"We can now take our set at the negotiating table, get on with the Uruguay Round (of global trade talks) and begin talks on a North American free trade agreement said US trade representative Carla Hills.

Congress approved legislation last week giving US administrative officials special

negotiating authority and talks with Mexico could start this week.

I expect them to begin right away, said Senator Lloyd Bentsen Chairman of the influential Senate Finance committee.

The 108 nation Uruguay Round of world trade talks under the General Agreement on Tariffs and Trade (GATT) should also begin promptly he added.

Administration officials said progress on the GATT talks depended on the European community which had been reluctant to meet US demands

for big cuts in farm subsidies.

But on Friday European agricultural ministers in Brussels decided to cap spending on farm subsidies, EC Farm Commissioner Ray Macsharry said the decision would help end chronic overproduction, pave the way for reforming the EC's farm system and help would trade talks.

The GATT talks had been on hold pending the congressional action. Senators agreed on Friday to President George Bush's request to renew his fast track trade authority by a vote of 59-36.

### Foreign cos. vie for Soviet oil deal in Vietnam

HO CHI MINH CITY (Vietnam), May 27: Ten foreign companies, including four from Japan, want to cooperate with a Soviet-Vietnamese joint oil production venture, a Vietnamese state oil company official said, reports Reuter.

Japan's Mitsubishi, Mitsui, Marubeni and Sumitomo were among 10 firms that had proposed cooperation arrangements with Vietsovpetro, Vietnam's only oil producing venture, the official, who asked not to be identified, said on Saturday.

The state-run Vietnam News Agency said recently that 18 companies from Belgium, Britain, France, Germany, Japan, the Netherlands, South Korea and Switzerland had made bids to build an oil refinery in Vietnam.

## Oil confce begins

ISPAHAN (Iran), May 27: Iran, hosting its largest oil conference since the 1979 Islamic revolution, hopes the gathering will be a landmark in its political and economic rehabilitation, reports Reuter.

Nothing could symbolise the aim better than the identify of the keynote speaker — Saudi Arabian Oil Minister Hisham Nazer.

His is the first Saudi Oil Minister to visit Iran in 12 years. His government restored diplomatic relations with Tehran in March.

Iranian officials said on Sunday Oil Ministers from at least 10 producer states will attend the three-day meeting which starts on Monday in the central Iran city of Isfahan.

The gathering is called "oil and gas in the 1990s: the prospects for cooperation". But the message Iran is trying to send is clearly political.

Foreign Minister Ali Akbar Velayati, fresh from a

European and Gulf Arab tour, will address the meeting, Foreign Ministry officials said.

Arab and western analysts said the turnout — some 250 government and oil company officials — would show how ready previously hostile countries were to cooperate with the new Iran.

"We feel confident and safe now", a national Iranian oil company official told Reuter on Sunday.

"The world has finally come to realise that the threat to stability in this oil-rich region does not come from Iran," he said, obviously referring to Iraq and its 1990 invasion of Kuwait.

Besides Nazer and Iran's Gholamreza Aqazadeh Oil Ministers are expected from four members of the Organisation of Petroleum Exporting Countries — Indonesia, Nigeria and Venezuela and the United Arab Emirates.



The second annual general meeting of the United Leasing Company Limited was held on Monday at the company's registered office in Dhaka. The meeting was attended by representatives from ADB and CDC. Kafiluddin Mahmood, Chairman of the company presided over the meeting.

## Weak economy only cloud on Bush political horizon

KENNEBUNKPORT (Middle East), May 27: As he began a Sunday afternoon round of golf, US President Bush complained about having to take a "mulligan," golfing parlance for a second chance to hit a good tee shot, reports Reuter.

The rustiness of his golf game was one of the few things he could find to gripe about.

After treatment for a thyroid ailment that put him in the hospital with an erratic heartbeat three weeks ago, the 66-year-old Bush seems to be back in the pink of health physically and is in good shape

politically.

Bush, who enjoys stratospheric poll ratings for leadership in the Gulf war, scored a major legislative triumph last week when Congress extended fast-track procedures that live him wide latitude to negotiate liberalised trade agreements.

A free trade pact with Mexico and successful completion of the so-called Uruguay Round of international trade negotiations are among his administration's priorities.

"Believe this is a very im-

portant step for our country..... so I couldn't be more pleased," said Bush, who lobbied extensively for the fast-track measure and beat back strong opposition from organised labour.

Perhaps the most telling sign of the President's political strength is that he has only one declared rival for his job — Democrat Paul Tsongas, a little-known former Massachusetts Senator — even though the 1992 election is now less than a year and a half away.

Half a dozen challengers

would probably be in the presidential race or poised to enter if Bush were seen as more vulnerable.

The only apparent cloud on Bush's political horizon is the weakness of the US economy, and he need only look around this region to see evidence of the current hard times.

When the President arrived in Maine Friday for a five-day stay at his seaside vacation estate, walker's point, thousands of state employees were enduring their second one-day layoff this month because of a state government fiscal crisis.

Two popular local hotels were in bankruptcy and lodging vacancy signs — normally rare on a holiday weekend — were up all over this picturesque resort.

But even on this issue, lady luck may be smiling on Bush.

Indeed, there are already some signs that a recovery is imminent, including a pickup in housing sales.

Many economists believe the recession bottomed and that the United States will begin an upturn around the end of June.

Local merchants say summer bookings for hotel lodgings and vacation home rentals are running ahead of last year, yet another indication of returning prosperity.

There is much speculation that the recovery might not be robust.

But if so, that would be a long-term rather than immediate problem for Bush, who is considered certain to seek four more years in the White House even though he has not yet announced plans to run for re-election.

### Snippets

#### OPEC Secy in Teheran

TEHERAN, May 27: OPEC Secretary General Subroto arrived here Sunday to join US Japanese and British experts attending a major conference to secure cooperation between oil producers and consumers in the 1990s, the official IRNA news agency said.

Saudi Oil Minister Hisham Nazer and Venezuelan Energy Minister Celestino Armas also arrived for the meeting, first of its kind since the 1979 Islamic revolution which toppled the Shah of Iran.

IRNA quoted Subroto as saying OPEC members should play a key role in the future. He added that Iran and one or two other member countries could be instrumental in "reinforcing this organisation worldwide."

#### Chinese currency's value changes little

BEIJING, May 27: The value of China currency is little changed from its level of last Sunday, the state administration of exchange control said, reports Reuter.

The administration, an arm of the central bank, said in a statement the Yuan stood at 5.3093 to one US Dollar against 5.3066 last Sunday.

The Yuan has fallen about two per cent against the US Dollar since April 10 when the government began a series of small adjustments to its value.

#### IDB grants for Libya, Pakistan, Algeria

RIYADH, May 27: The Islamic Development Bank has agreed to grant 31 million Dollars to Pakistan, Algeria and Libya to finance projects in all three countries a statement said yesterday, reports AFP.

The Jeddah based bank said Pakistan would receive seven million Dollars to import palm oil from Malaysia.

Nine million Dollars would go to Algeria for the import of copper needed in cable production and 15 million Dollars would be received by Libya to finance the import of industrial products the statement said.

All three countries belong to the 45-member organisation of the Islamic conference which set up the bank.

#### 18 years' jail for banker demanded

JAKARTA, May 27: Prosecutors demanded 18 years in jail for a banker charged with huge losses at a bank closely connected to President Suharto, local newspapers reported on Sunday, says Reuter.

Dicky Iskandar di Nata, 39 is the only defendant in the five-month trial in which he is accused of losing 419 million Dollars in foreign exchange trading while he was a director at Bank Duta, controlled by charitable foundations chaired by Suharto.

The case has gripped the Indonesian press since it was uncovered last August with its tales of high spending and luxury lifestyles and its connection to leading political figures.

#### Ethiopia economy in disarray

ADDIS ABABA, May 27: Already one of the world's poorest under the late Emperor Haile Selassie, Ethiopia's economy slid still further into disarray during the 17-year reign of Marxist strongman Mengistu Haile Mariam, according to many international financial experts, reports AFP.

With a four-billion-Dollar foreign debt and per capita income of less than 120 Dollars a year Ethiopia has been on the brink of collapse for some time.

When Ethiopia's new rulers proclaimed socialism on December 20, 1974 after deposing the Emperor, the country's course was set for further decline.

#### Donors meet in Papua New Guinea

SINGAPORE, May 27: Papua New Guinea's mining and oil prospects, economic restructuring and the management of its forestry reserves will be on the agenda when officials from the country meet here this week with aid donors, reports AFP.

Representatives from 16 countries and international organisations are to hold talks Thursday and Friday under the auspices of the World Bank.

The Papua New Guinea delegation is to be headed by the Pacific state's Finance Minister, Paul Poru.

GDP product fell 1.5 per cent in 1989 and 3.5 per cent last year, and the country is facing rising unemployment as well as law and order problems.