

US to ease credit limits on food sale to USSR

WASHINGTON, Oct 2: The Bush administration says it will support proposed legislation that would facilitate the extension of government credits and credit guarantees to the Soviet Union for the purchase of US food, reports AP.

John Campbell, Deputy Under Secretary of Agriculture for International Affairs and Commodity Programs, said the department now believes there should be at least a one-year waiver of the US requirement that currently limits government credits to those countries that are considered credit-worthy.

Testifying September 26 before the House of Representatives Committee on Agriculture, Campbell said the waiver should apply only to the Soviet Union because of that nation's "very unique" situation. On September 26, the Agriculture Department announced the sale of almost 300,000 metric tons of subsidized wheat to the Soviet Union.

Campbell said that Secretary of Agriculture Edward Madigan will be reviewing Soviet food needs during a trip to the Soviet Union next month. He added that the administration is not prepared at this time to announce any new plans regarding additional food aid to the Soviets.

He pointed out that the administration has not yet received a formal request from the Soviet Union for food assistance and that no new US assistance will be announced until a request has been made.

The latest department announcement follows a decision September 25 to liberalize the terms of US credit guarantees on food loans to the Soviet Union. That action was taken, according to press accounts, so that \$200 million in remaining credits available to the Soviets can be used before the end of the 1991 fiscal year September 30.

Soviet republics agree to form economic union

ALMA-ATA (Soviet Union), Oct 2: The 12 Soviet republics have agreed to form an economic cooperation zone in a bid to prevent their collapse together with the old communist state, reports Reuter.

The 12 said on Tuesday they would initial a three-year agreement providing for central coordination of taxation, banking, customs, energy and transport policy as well as the free movement of goods between the republics.

This agreement is a remarkable event," top economist Grigory Yavlinsky said after the talks ended in Alma-Ata, the Kazakhstan capital.

"I believe the Alma-Ata agreement will go into history," Kazakh President Nursultan Nazarbayev said eight of the 12 republics — Russia, the Ukraine, Kazakhstan, Uzbekistan,

Tajikistan, Kyrgystan, Byelorussia and Turkmenia — were willing to sign the final version of the treaty by October 15.

The other four — Azerbaijan, Armenia, Georgia and Moldova — would sign after additional negotiations, he said. President Mikhail Gorbachev sees the agreement as a step towards creating some kind of political confederation from the ruins of the former Soviet Union.

But although some of the republics — most of which have declared independence — are wary of attempts to politicise the agreement, all agree their economies must be kick-started as soon as possible. The Kremlin's decades-old policy of making the republics economically interdependent meant those which used perestroika to gain sovereignty in

many cases simply broke long-standing economic links and precipitated a collapse in production.

"We must have an economic union or commonwealth," a Ukrainian official said. "After seven decades our economies are too closely linked to break away. But we have nouse for a political union."

Nazarbayev, his republic heavily dependent on neighbouring Russia, said he believed the economic stability offered by the agreement could avert the worst dangers facing the country.

The three Baltic states, which were granted formal independence last month, refused to take part in the initialing ceremony.

One way to boost the republics' economies would be to take advantage of huge unilateral US nuclear arms cuts announced last week.

Chidambaram, who returned last week from talks in Washington with officials, Congressional leaders and businessmen, said they appreciated the economic reforms. US Trade Representative Carla Hills is due in Delhi this week to continue the talks.

Chidambaram said his talks covered intellectual property rights and the US was satisfied with the progress made for improving enforcement of copyright laws. But differences over patent protection are unresolved, he said.

Washington says India's patent protection is weak especially for pharmaceuticals and chemicals and many US invented drugs are widely reproduced.

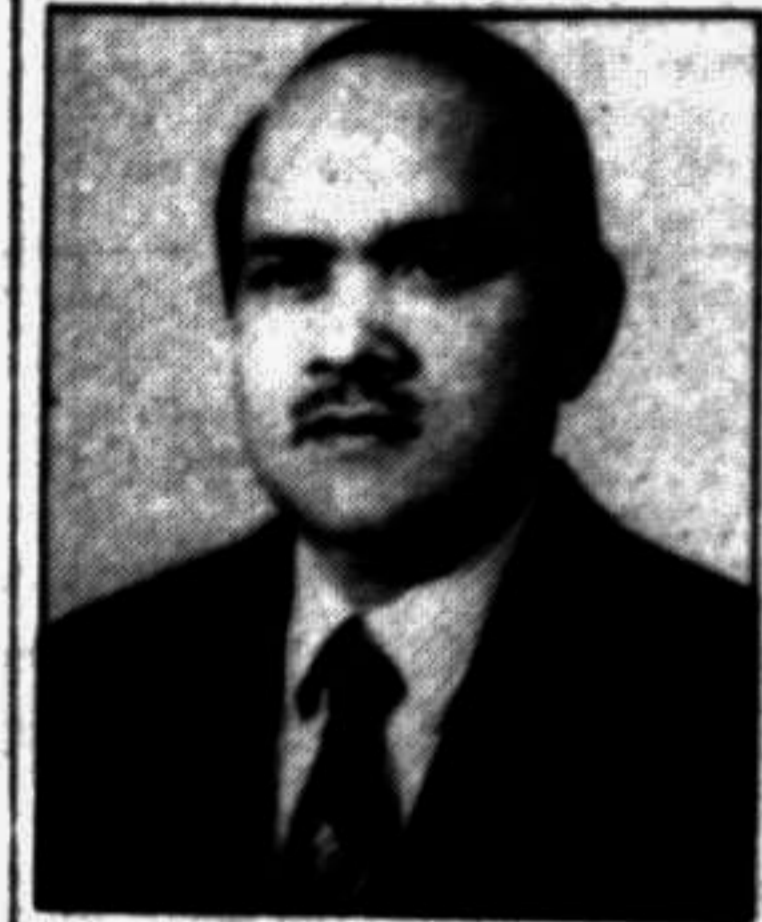


WASHINGTON: President George Bush (C) and Emir of Kuwait Shaik Jaber Al-Ahmed Al-Sabah make departure statement at the White House after their meeting. This was the first meeting between the leaders since the end of the Gulf war. Both said they wanted to maintain United Nations sanctions on Iraq until a new leadership emerged in Baghdad. —AFP/UNB photo

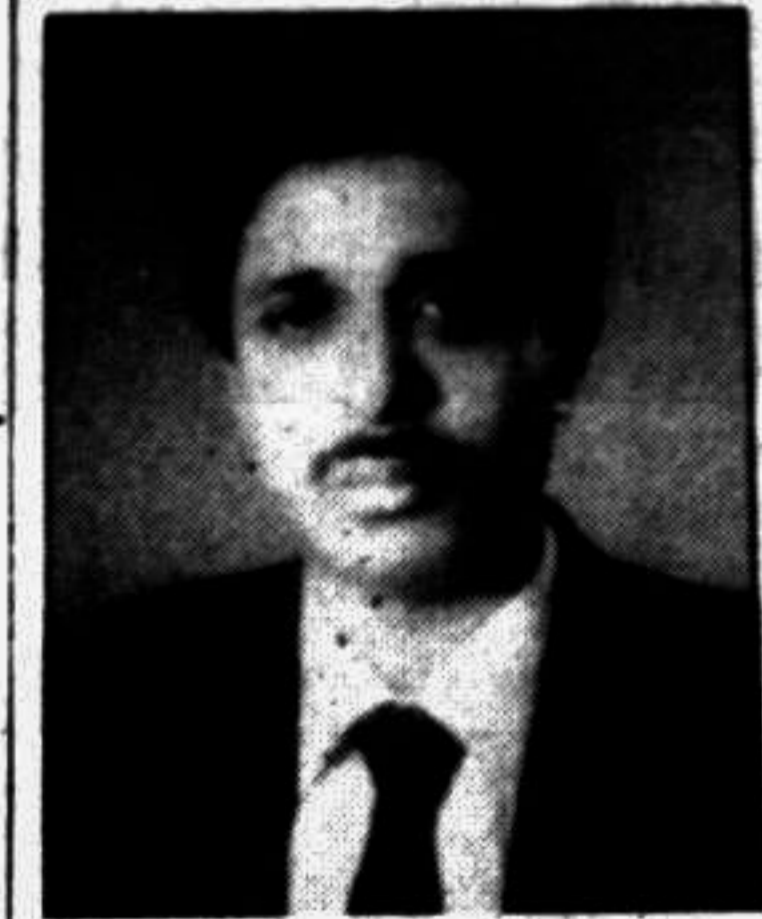
Identification of sick industries discussed

Star Economic Report Different issues connected with identification of sick industries were discussed in the first meeting of Sick Project Identification Committee (Textile and Garments), held in the Board Room of Bangladesh Shilpa Bank (BSB), says a BSB press release on Wednesday.

The meeting of the Committee, constituted by the government, was presided over by A K A Feroze Noon, Convener of the Committee and Director of BSB. Other members of the committee present in the meeting were Major (Retd) A K M Akhtiaruzzaman, Director, Directorate of Textile, M. Ishaque, Director (Finance), Bangladesh Textile Mills Corporation, Col (Retd) Selmuddin, Representative, Bangladesh Federation of Chamber of Commerce & Industries and Mahmudul Karim, General Manager (BSB).



Deen Mohammad Chairman



Azizul Haque Chowdhury Vice-Chairman

Chairman, Aziz V-C of City Bank

The Board of Directors of the City Bank Limited in its meeting held on Monday re-elected Deen Mohammad as Chairman of the Bank for the year 1991-92. In the same meeting Azizul Haque Chowdhury was elected as Vice Chairman of the Bank for the year 1991-92, says a press release of the bank.

Deen Mohammad is the Chairman of the Phoenix Group of Industries comprising of various industrial and commercial undertakings in different sectors namely textile, spinning, weaving, dyeing, printing & finishing, export oriented readymade garments, GCI sheets, iron & steel.

He was the founder Chairman of The City Bank Limited, the press release added.

Newly elected Vice Chairman Azizul Haque Chowdhury is the Chairman of JB Electronics Co. Ltd and Managing Director of Asset Dye-Chem Ltd, Aziz Super Garments Ltd and Aziz Textile Mills Ltd.

Local contractors demand entry in to cyclone protection projects

Water Development Board Contractors Association (WDBCA) Wednesday urged the government to meet their eight-point demand immediately otherwise they warned that they would launch a greater movement, reports UNB.

The demands include: free participation rights of the local contractors in emergency cyclone protection projects, abolishing numbering system in evaluating contractors' pre-qualification and decentralisation of the billing system to ensure early payment.

The demands were placed at a press conference at Jatiya Press Club Wednesday morning.

WDBCA executive member Dr Rezaul Karim read out the demands at the press conference which was also attended by its president Belayet Hossain, general secretary Azgar Ali and members Anwar Hossain and Mahbubul Abidin. Karim resented the government's decision to allow only foreign contractors in implementing Tk. 300 crore Emergency Cyclone Protection Project.

India, US narrow differences

NEW DELHI, Oct 2: India and the United States have narrowed differences on trade issues after Delhi introduced major economic reforms, Commerce Minister P. Chidambaram said, reports Reuter.

The United States has branded India an unfair trader under the Super 301 Clause of the US Trade Act, saying Delhi does not adequately protect intellectual property and restricts foreign investment. It could slap punitive tariffs against Indian exports in November if talks do not make progress.

The differences between the US and India on some GATT issues have been narrowed down as a consequence of the economic reforms undertaken by India, Chidambaram told reporters. In July the Congress government announced trade

policy reforms that abolished export subsidies and most import licences — which Washington has long considered to be Delhi's most effective trade barrier.

Japanese EXIM Bank opens office in Frankfurt

TOKYO, Oct 2: The Export-Import Bank of Japan opened a representative office in Frankfurt today, the government-funded bank said in a statement, reports Reuter.

The new office will collect and analyse information from governments private enterprises and financial institutions in Germany and East European nations that would assist in the creation of market-oriented economies in the region it said.

to take a majority stake in joint ventures and streamlined the approval process for foreign investors.

Chidambaram, who returned last week from talks in Washington with officials, Congressional leaders and businessmen, said they appreciated the economic reforms. US Trade Representative Carla Hills is due in Delhi this week to continue the talks.

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Gold prices fall amid new reports of Soviet reserve

LONDON, Oct 2: The price of gold gave up some of the sharp gains made on Monday amid uncertainty over the level of Soviet reserves, reports AFP.

Gold was trading at 353.75 Dollars an ounce compared with 355 dollars at the close on Monday.

The price had risen strongly on Monday from 349.25 Dollars at Friday's close in response to remarks by leading Soviet economist Grigory Yavlinsky that the Soviet Union had sold two thirds of its gold in 1990 and had only 240 metric tonnes left.

Yavlinsky is in charge of efforts to draft and negotiate reform of the Soviet economy, and the figures he gave astonished Western experts who had estimated Soviet Stocks at between 2,000 tonnes and 3,000 tonnes.

Market sources have said in recent months that one of the main reasons for the depressed price of gold was fear that the Soviet Union might sell heavily.

A senior official at the Soviet Central Gosbank Alexander Dumnov, later accepted a figure of 374.5 tonnes for central bank reserves which has been given several times recently.

Soviet officials have also said recently that this gold would not be sold and that they intended to increase these reserves with transfers from stocks.

Dumnov said that the figure given by Yavlinsky referred probably to gold held by the Finance Ministry.

The Managing Director of the Swiss branch of the Soviet Bank for Foreign Economic Affairs, Vladimir Gortunov, also expressed astonishment at the figure of 240 tonnes.

UAE plans to expand oil refining capacity

ABU DHABI, Oct 2: The United Arab Emirate (UAE) of Abu Dhabi, a major Gulf oil producer, plans to boost its crude refining production to half its oil exports, according to a study issued here weekly, reports AFP.

Current refining capacity in Abu Dhabi does not exceed 10 per cent of its crude output, said the study by the State-run Emirates Industrial Bank (EIB).

In future, Abu Dhabi is expected to refine nearly half its crude exports," it said without further details.

Abu Dhabi's oil production is estimated at 80 per cent of the total UAE output, which stands at 2.3 million Barrels Per Day (BPD). The remaining amount is produced in Dubai, the second largest UAE emirate.

Abu Dhabi has two refineries' Umm Al-Nar and Al-Ruwais, with a combined capacity of 180,000 BPD. The expansion would increase that to 250,000 BPD in a few years, according to the study.

IMF to sign accord with USSR this week

WASHINGTON, Oct 2: The head of the International Monetary Fund (IMF) will conclude an agreement making the Soviet Union a "special associate" of the IMF later this week, a diplomatic source said Tuesday, reports AP.

IMF Managing Director Michel Camdessus will travel to Moscow for the formal announcement on Friday, said the source, who spoke on condition that his name not be used.

The IMF's executive board approved offering the Soviet Union the newly created status last week and a senior IMF official said the only thing that remained was for the Soviets to formally ask for the newly created relationship.

At the London economic summit, the allies agreed to creation of the "special associate" designation which will allow the Soviets to obtain technical advice from the IMF and the World Bank but not financial aid.

The Soviet Union in July formally applied to become a full member of the IMF and its sister lending agency, the World Bank.

That status would allow the Soviets to tap the considerable financial resources of both institutions.

However, the United States and other rich Western countries have objected to awarding the Soviets full membership until their economic reform efforts are further along.

Iraq-Turkey rift on fees of oil pipeline

BAGHDAD, Oct 2: Iraq Oil Minister Osama Al-Hitti in remarks published Tuesday accused Turkey of raising transit fees by 700 per cent on an Iraqi oil pipeline that ends on the Turkish Mediterranean coast, reports AFP.

Cited by the Defense Ministry organ, the daily Al-Qadisiya, Hitti 43 cents to 2.77 Dollars for a barrel of Iraqi crude oil passing through the pipeline linking the Northern fields of Kirkuk with the port of Yumurtalik.

Hitti said his country would have to pay Turkey 264 million Dollars, rather than the agreed-upon 41 million Dollars for the passage of 97 million barrels of oil worth 1.6 billion Dollars set by the United Nations.

In an interview published

Monday with the Nicosia-based Newsletter Middle East Economic Survey, the Minister dismissed reports that Turkey had officially approached Iraq for an increase in the pipeline transit fee adding that it was a bilateral issue.

On Sunday, Iraq said it was prepared to resume oil exports but slammed United Nations restrictions on such sales as violating national sovereignty.

In early September, the UN Security Council authorized Iraq to export 1.6 billion Dollars worth of oil in order to pay for food and medicine.

On Sunday, Hitti told the official Iraqi news agency his government was ready to reactivate commercial ties with its former partners and to regain its place on the oil market.

China last bastion of communism

BEIJING, Oct 2: In a secret speech on the strength of Chinese communism, Foreign Minister Qian Qichen portrayed China as an island of tranquility in a sea of chaos, reports Reuter.

Only China is stable, the whole world is in a mess, Qian told senior Communist Party leaders in a two-hour speech to weeks ago, Chinese sources who heard a recording said.

His address gave a rare insight into the thinking of Beijing's leadership on recent turbulent changes in the Soviet Union and the consequences for China. Some Western countries have seen the Soviet Communist Party collapse.

China should have tried to prop up socialism in the Soviet Union. Its Communist elder brother, but the situation was too far gone, Qian said.

"There's a civil war in Yugoslavia. Eastern Europe is

all screwed up and the European Community is extremely busy from morning till night. Acting like a bunch of firemen. But they can't put out this fire," he said.

His speech was one of the first indications of China's view of the enormous changes in the Soviet Union. The official media have been confined to statements that the collapse of communism cannot happen in China.

The speech showed China harbours deep suspicion of Russian President Boris Yeltsin.

Qian, a Russian speaker who spent 10 years as an envoy to Moscow, warned the rise of Yeltsin spelled trouble for China. Which shares a disputed 7,000-km border with the Soviet Union.

Yeltsin, whom Qian dubbed a nationalist could usher in a revival of what he called great Russian Chauvinism.

US sues 5 Pacific garment units

SAN FRANCISCO, Oct 2: The US Department of Labour said on Tuesday it was pursuing a lawsuit against five major garment manufacturers on the Pacific Island of Saipan, reports Reuter.

The lawsuit which seeks 20 million Dollars in damages. Charges the firms pay 350 workers only about 0.50 dollars an hour for a 75-hour workweek.

The Department in a statement said it had filed the suit in Federal Court on the island, which is a US possession. The workers are from the Chinese mainland and work under two-year contracts, producing "made in the USA" goods for US consumers, said a Department spokesman.

The island's residents are subject to protection under the US Fair Labour Standards Act. Although Saipan's legal minimum hourly wage of 2.15 Dollars is only half that of the US rate.

Authorities said the factories produce cotton, acrylic and wool sweaters and shirts for sale under well-known US labels.

ANC not likely to honour foreign debts of S Africa

JOHANNESBURG, Oct 2: A government run by the African National Congress might not honour foreign loans made to the current white-minority government, according to a report Wednesday, reports AP.

The Star reported that ANC Secretary General Cyril Ramaphosa said the black opposition group would reserve the right to review foreign loans made to the existing government. An ANC government would "not be keen" to repay such loans, he was quoted as saying.

The remarks were likely to cause new concern about how an ANC government would handle the South African economy. Critics contend the ANC is wedded to outmoded leftist economic policies that have wrecked many African economies.

An ANC refusal to honour loans to the existing government would make foreign governments and banks reluctant to advance new loans to an ANC government. ANC officials say they may not want to repay the existing loans because they helped support the apartheid government.



Federal Express Corporation, the world's biggest air transportation company, recently organised a meeting of their Global Service partners in Dubai. The meeting was attended among others by Bob Turner (left) the outgoing Regional Manager for Middle East/Indian Subcontinent, Hamdi Osman (right) — newly appointed Managing Director for Middle East/Indian Subcontinent and Md Tanveer Madar (Centre) — Managing Director of Bangladesh Express Co. Ltd — the Global Service partner of Federal Express Corporation in Bangladesh.

Thailand blindly follows World Bank policy

BANGKOK, Oct 2: The capitalist world's central bankers and economic planners gathering here this month will see both the rags and the riches their policies produce, reports Reuter.

The Thai government invested 100 million Dollars in a glittering new convention centre for use as the headquarters for the annual meeting of the World Bank and the International Monetary Fund, from October 15 to 17.

But it also had to declare two public holidays on meeting days so delegates could get from hotels to the centre and not get caught up in the daily choking Bangkok traffic jams.

"It would be naive...to suggest that the meeting will generate long-term benefits for the country," said Chairman of Intharameesap, Managing Director of the CSN and Associates Business Consultants. The impression obtained by foreign visitors may not be exactly the same as the government seeks.

"Apart from a modern Bangkok, the visitors will also see our failure to cope with the by-products of haphazard, uncontrolled development, over-stretched infrastructure, deteriorating environment, a widening income gap."

Some 24 per cent of Thailand's 57 million people still live below the poverty line.

Economists here say Thailand has built its rapid growth, and the consequences, by devoting following World Bank free-market blueprints for the developing world.

"The World Bank is a bit biased in choosing Bangkok," University Lecturer and Former World Bank Local Economist, Suchart Thadathamrongvej told Reuter. "The bank has been trumpeted Thailand's economic success as a model of prudent macro-economic management, a policy that has advocated for other developing countries." Most top government economists...

managing the Thai economy have been schooled in conservative fiscal and monetary policies proposed by the World Bank.

Rerngchai Marakanond, Deputy Governor of the Central Bank, said the tourist industry would be main beneficiary of the meeting as over 12,000 foreign visitors and 500 foreign journalists are expected and are likely to spend 40 million Dollars.

"The meeting will provide Thailand a good opportunity and a chance to show off its rapidly growing economy," Charnarong said. "Potential foreign investors will be impressed with Thailand's well

diversified economy, which does not rely excessively on either its agricultural or industrial sector, a fact which can cushion it against effects of major world recessions," he added.

Chainarong said it was unfortunate the meeting was taking place when the country was being administered by an army appointed government. The military overthrew the elected government last February.

However, the appointed interim government of Prime Minister Anand Panyarachun has been widely praised for speedily implementing tax and business reforms aimed at im-

proving Thailand's industrial efficiency.

Thailand's per capita income has risen to 1,620 Dollars this year, from 830 Dollars five years ago and is projected to rise further.

Thailand has posted double-digit annual growth in the past few years. Its GDP expanded an average 11.2 per cent a year in 1987-90 and is projected to slow to 8.0 to 8.5 per cent in 1991.