

Frequent changes in Asian govts if poverty exist

MANILA, Oct 13: Governments in Asia will fall one after the other and will be replaced by equally unstable regimes if poverty in the region is not eradicated by the year 2000, participants to a UN-organised regional conference said here yesterday, reports AFP.

More than 800 million or roughly 72 per cent of the 1.1 billion absolutely poor people in the world can be found in Asia, according to one of the reports adopted by the fourth Asian and Pacific ministerial conference on social welfare and social development.

Absolute poverty contributes to social unrest and political instability and reinforces an authoritarian form of government which ultimately "contributes to its own intractability and sustains its blighting influence over the long-term," the documents said.

To achieve its aim in the region, the participants called for a need to sustain economic growth along with the formulation of social policies and programmes aimed at eradicating the "scourge of poverty."

Japan defends aid programme to Soviet Union

BANGKOK, Oct 13: Japanese Finance Minister Ryutaro Hashimoto defended Tokyo today against criticism it was not doing enough to aid the ailing Soviet economy, reports Reuters.

"We believe we are making an adequate contribution and we will continue to have our bilateral relationship grow," Hashimoto, who is about to step down following scandals in the Japanese securities industry, told a news conference in Bangkok.

The minister said that while many nations were showing interest in developing the Western Soviet Union, Japan was sending study missions to the east.

Hashimoto, here for the annual meeting of the World Bank and International Monetary Fund, said each nation was playing its respective role and there was no need for finger-pointing.

Japan has announced an aid package for the Soviet Union totalling 2.5 billion Dollars, but a dispute over four islands off the north coast of Japan that the Soviet Union has held since World War Two has prevented more aid being given.

Kuwait expects to cap all oil well fires by Dec

KUWAIT, Oct 13: Kuwait expects to cap all its oil wells set alight or damaged by re-treating Iraqi troops by December at the latest. Oil Minister Hamoud Abdullah Al-Ragha was quoted on Saturday as saying, reports Reuters.

"We expect all the wells to be capped in December and the date might be even before that," he told local newspapers.

Kuwait had earlier said that the 732 wells set alight or damaged by the Iraqis in February would be capped by March.

Firefighting efforts recently picked up speed after Kuwait hired more international teams to tackle the blazes.

Ragha said only 118 wells—mostly in the northern fields—still had to be capped.

He said Kuwait was currently producing 270,000 Barrels Per Day (BPD) of crude and was expected to produce 400,000 BPD by the end of the year and 800,000 BPD by next July.

"Around 10 per cent of the wells will be closed completely. About 70 per cent need minor repairs and the rest will have to be studied before deciding what to do."

Ragha said Kuwait will drill 20 new wells by the end of the year and an extra 80 wells by next July to replace the damaged ones.

BANGKOK, Oct 13: Following is the full text of the communiqué issued by the Group of Seven after a meeting on Saturday before the World Bank and International Monetary Fund (IMF) meeting in Bangkok October 15-17, reports Reuters.

The finance ministers and the central bank governors of Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States met on October 11 and 12, in Bangkok for an exchange of views on current international economic and financial issues. The Managing Director of the IMF participated in the multilateral surveillance discussions.

The Ministers and Governors reviewed developments and prospects in their economies on balance, aggregate growth in G-7 countries in 1991 has been weak. Differences in cyclical pos-

'IMF has no business to ask for military spending cut'

BANGKOK, Oct 13: A group of developing nations said to tell the International Monetary Fund (IMF) it has no business ordering them to cut military spending, reports Reuters.

A statement drafted by senior officials from the Group of 24 developing nations told the fund and World Bank they should not get involved "in issues beyond their strict economic and financial mandate."

The G-24 promotes the interests of the developing world in its relations with the fund and the World Bank.

It was not immediately clear whether finance ministers from the G-24, meeting on Saturday under the Chairmanship of Colombia's Finance Minister Rudolf Hommes, would approve the draft without further amendment.

The statement, it approved, would deliver a clear snub to IMF Managing Director Michel Camdessus who has called for cuts in military spending both by industrial and developing nations.

Camdessus said on Thursday that if countries who are big military spenders brought their arms spending down to the World average of 4.5 per cent of gross domestic product, "the savings would be of the order of magnitude of 140 billion Dollars."

Latin America and sub-Saharan Africa are the only two developing regions with military spending less than the world average. At the other extreme, Middle East nations spend more than 10 per cent of economic output on their military.

Some major industrial nations, however, including the US are believed to be skeptical of Camdessus' increasingly vocal stand against high military spending on the grounds he is exceeding the fund's mandate.

The statement, later laid before G-24 ministers, appears to be an about-turn from an earlier draft embracing Camdessus' views.

"A strong commitment is required by all governments to rationalise military expenditures to reflect the reality of their internal security situation," the earlier draft said.

It added that reduced military spending would enable countries "to stabilize in a sustainable member both the fiscal and external balances of their economies."

Abolition of World Bank demanded

BANGKOK, Oct 13: The World Bank said Sunday it has embarked on a new course of protecting the environment, but critics said the agency continues to commit "environmental vandalism" throughout the developing world, reports AP.

Conflict over the bank's past and present record on the environment has been a major issue leading up to the annual meeting this week of one of the world's most powerful financial institutions.

The US-based Rainforest Action Network on Saturday demanded that the World Bank be abolished. It said some 250,000 Americans had signed a petition to the US Congress advocating such a move.

"I think in the past, the bank has been a part of the (environmental) problem—but now it is becoming part of the solution," the bank's top envi-

ronment official, Mohamed T. El-Ashry, told a press conference.

El-Ashry said 40 per cent of the bank's 229 projects this year were linked to the environment. The bank lends money and offers other aid to developing nations.

El-Ashry said the World Bank decided in 1991 to stop financing commercial logging in virgin tropical forests, strengthened environmental guidelines for projects and set up a special 1.3 billion Dollars environmental fund.

The bank's fiscal year ends June 30.

But a group of American, European and Australian environmental organisations described the report as "a whitewash of recent bank-financed environmental disasters."

Examples they offered included a 1990 loan to Ivory Coast that they said financed logging of 500,000 acres (200,000 hectares), requiring the resettlement of 240,000 villagers. They said a loan to Mexico subsidised credit for exploiting 23 per cent of the country's remaining forest.

An upcoming 52 million Dollars loan to Thailand would finance a controversial dam and heavily polluting lignite mining, the groups said. They cited US government-financed studies criticizing both the Thai project and the bank's poor record in investments to save energy.

Bank officials say some part of pending projects are being reviewed in light of the stricter environmental guidelines, but others will not be stopped.

Aid to Soviets boost grain market

LONDON, Oct 13: Credit guarantees to the Soviet Union, announced by Japan and the European Community sparked hopes of buying grain, sugar and cocoa markets, reports AFP.

The Soviet Union continued to be a buyer on the US market, taking notably 200,000 tons of maize and 770,580 tons of wheat.

The USDA increased its forecast for the US maize harvest in 1991 by 4.69 million tons to 190 million, compared with 201.5 million last year, but lowered by 860,000 tons to 53.9 million tons its forecast for the wheat harvest, compared with 74.47 million tons last year.

TEA: Steady. Good demand was seen at the weekly auction where prices remained stable for quality grade at 200 pence per kilo, progressed to 115 from 110 pence for medium grade and firmed slightly to 75 from 73 pence for low medium.

GRAINS: Firmer. Prices were supported by the EC's decision to grant credits of 1.5 billion Dollars to the Soviet Union, which could be used for grain purchases.

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COFFEE: Firmer. Prices recovered some ground after the previous week's slump to a 16 year low rainfall in Brazil ceased to have any influence, as traders sought to gauge the consequences of the previous two months of drought.

COCOA: Firmer. Prices advanced to a new 16-month high at the beginning of the week, supported by the prospect of a world production deficit for the first time in eight years.

OIL: Slightly easier after strong start. Prices of Brent Crude, the benchmark for North Sea oil production, expected 22 Dollars a barrel for the first time since the failed coup in the Soviet Union seven weeks earlier.

VEGETABLE OILS: Firmer. Vegetable oils, with the exception of groundnut, progressed in the wake of soya and corpa oil.

Aluminium prices at record low

LONDON, Oct 13: The influence of sweeping changes in the Soviet Union remained omnipresent over the past week on commodity markets, but they were also shocked by reports of irregular practice following the resignation of two directors of the Futures and Options Exchange (FOX), reports AFP.

Aluminium prices remained close to recent extremely depressed levels, which are partly a result of an upturn in Soviet deliveries to the West.

ALUMINIUM: Aluminium fell to a low of 1,100 Dollars per ton, a record for its current LME contract and according to analysts, its lowest ever point in real terms.

Stocks at a record high and the poor outlook for demand continued to dominate the market.

GOLD: Steady. Prices remained supported by recent remarks by Grigory Yavlinsky, one of the economists in charge of Soviet economic reform, on the low level of Soviet

reserves. His estimate of 240 tons is the equivalent of only one year of the country's production. But prices met resistance at 360 Dollars per ounce.

SILVER: Recovery after easier start. Silver was weakened at the beginning of the week by investment fund selling, but then recovered.

COPPER: Firmer. Sterling quoted copper moved higher although the gains were partly attributed to the sharp fall of the pound against the Dollar.

Analysts expected the market to continue rising on tightness on nearby delivery dates and the prospect of a strike vote at the weekend at the Highland Valley Mine in Canada.

LME stock fell 3,900 tons to 300,925 tons.

LEAD: Steady. Lead prices remained close to previous levels, effectively losing ground in Dollar terms.

As with other base metals, lead was affected by reduced interests because of a week of seminars and events to coin-

side with the annual LME dinner.

ZINC: Weak prices remained marginally above the life of contract lows of the previous week.

Sentiment for the metal remained weak in view of poor prospects for growth in the key industrial economies and elevated stock levels. LME stocks of the metal fell 820 tons from the previous week record high to 150,050 tons.

TIN: Steady. Prices remained close to previous levels in dull trading. The market firmed slightly towards the weekend following a statement from the Association of Tin Producing Countries (ATPC) that it would extend an invitation to leading producers Brazil and China to become members at its meeting in Australia from October 15. The news encouraged hopes for a more effective rationalisation of world supply than the ATPC has thus far achieved. LME stocks fell 430 tons to 13,415 tons.

'Moscow not seeking debt relief'

BANGKOK, Oct 13: The Chairman of the Soviet State Bank said Sunday that Moscow was not seeking debt relief but would ask the world's industrial powers for help in easing its transition to a market economy, reports AP.

Viktor Geraschenko made the comment to reporters before meeting with finance ministers and central bank governors of the United States and the six other large industrial powers.

The meeting focused on ways the Group of Seven can help the Soviets overcome their staggering economic crisis and survive the winter.

Soviet President Mikhail Gorbachev has asked for 10 billion Dollars in humanitarian assistance to help his struggling nation through the winter. Japan has offered 2.5 billion Dollars one-fifth of it for food and medicine, and the European Community 2.4 billion Dollars credits, food and medical aid.

Asked if the aid already committed would be enough, Geraschenko replied: "It depends on how cold the winter will be." He said "no" when asked if the Soviets would be asking for debt relief.

"We would like to be a member of the community," he said. "It's not a question of help. It's a question of making certain arrangements to help us go more smoothly through the transition period" from a planned to a market economy.

US trade official calls for end to trade barriers

SINGAPORE, Oct 13: US Trade Representative Carla Hills called on Friday for ending protectionist trade barriers and said her country will maintain its leading role in trade and commerce with South East Asia, reports Reuters.

"We are opposed to and caution against the construction anywhere of protectionist trading blocs... The United States will do all it can in every form available to it to open global markets," she told a meeting of the American Business Council.

Hills, who arrived on Thursday to sign a bilateral trade agreement with Singapore, urged South East Asian countries to help move stalled world trade talks forward.

Gold prices firmer

HONG KONG, Oct 13: Gold ended mildly higher in light half-day trade as buying, following two days of bullion gains in New York, offset early local profit-taking, dealers said, reports Reuters.

"We saw a little local and Swiss buying," one dealer said. "But nothing too spectacular happens on Saturdays."

Dealers said buying in thin trade at a morning low of 359.20/70 US Dollars offset early profit-taking.

Bullion climbed to 359.70/360.20 Dollars from a closing 359.60/360.10 in New York on Friday.

India's foreign exchange reserve rises

NEW DELHI, Oct 13: India's foreign exchange reserves rose 986 million Rupees to 41.74 billion Rupees by September 20 from 31.88 billion a year ago, the Reserve Bank of India said, reports Reuters.

It gave no reasons for the increase. India, facing a foreign debt of 72 billion Dollars, has been negotiating for loans with the International Monetary Fund, from which it has received 2.6 billion Dollars in loans and stand-by credit so far in 1991.

A recent package of economic reforms sharply devalued the Rupee to boost exports and foreign exchange reserves.



BANGKOK: Grigory Yavlinsky, Chief of the Soviet delegation to the World Bank and IMF meetings leaves for a working dinner with finance ministers and bank governors of G-7 on October 12. At the dinner an aid package to the Soviet Union was discussed. —AFP/UNB photo

Soviet delegation meets G-7 ministers

BANGKOK, Oct 13: The seven largest industrial powers on Sunday strongly endorsed Soviet efforts to switch to a market economy and promised to resume talks quickly on how they can help, reports AP.

A communiqué issued by the "Group of Seven" finance ministers after two days of talks with a Soviet delegation made no specific pledges of assistance in addition to the billions of Dollars in humanitarian aid and technical help already promised.

Grigory Yavlinsky, the economic reformer who led the Soviet delegation, expressed satisfaction with the statement.

"The goals we jointly want to achieve are not far from us," he told reporters.

The Bangkok meeting was arranged mainly for the United States, Japan, Germany,

\$30b economic zone in N Korea likely

SEOUL, Oct 13: Officials from South Korea eager to promote economic ties with the Communist North left on Sunday to take part in an unprecedented meeting in Pyongyang on plans for a 30-billion-Dollar development zone, reports Reuters.

The three-member delegation led by Kim In-Ho, a Director of the Government's Economic Planning Board, will be the first from Seoul to attend a development meeting in North Korea since the peninsula was split in 1945.

A board officials said delegates left for Beijing and would fly to Pyongyang on Monday for the United Nations sponsored meeting to discuss developing the Tumen river region.

They would tour the estuary for the river, which forms the border between North Korea, the Soviet Union and China.

China, the Soviet Union, Mongolia and Japan will also attend the meeting from October 15 to 21.

Officials said the North, increasingly isolated with the disintegration of the communist bloc and with its economy falling badly, was eager to develop the river region into a special economic zone to attract Western investment.

"We plan to actively participate in the development project in a bid to facilitate South-North economic exchanges," South Korean Prime Minister Chung Won-Shik told Parliament on Saturday.

The project, estimated by South Korean officials to cost about 30 billion Dollars, would create a "golden zone" linking Soviet, Chinese and North Korean region around the estuary under the initiative of the UN Development Programme (UNDP).

Modelled on China's five special economic zones, it would offer preferential taxes,

Political accord needed for stability, says Gorbachev

MOSCOW, Oct 13: President Mikhail S Gorbachev said Saturday that a treaty aimed at saving the economy from ruin would be signed Oct 15 but that a political agreement also was needed to ensure stability, reports AP.

Ten of the 12 Soviet republics agreed to sign the key treaty to create a new economic community among themselves at a meeting chaired by Gorbachev of the ruling State Council on Friday.

However, Gorbachev said in an interview broadcast Saturday on national television, "If we don't decide the fate of the union, there won't be stability."

The hard-line coup attempt to oust Gorbachev in August derailed the scheduled signing of the proposed Union Treaty. It was intended to strengthen the powers of the republics and give them more control over their finances and natural resources.

Most of the Soviet republics declared some form independence in the wake of the coup, complicating the drafting of another version of the treaty.

Even as the country spins apart, Gorbachev insists it must stay together. "We can not be divided," Gorbachev said. But the Soviet leader acknowledged, "We have to divide the powers."

For nearly all of its more than seven-decade existence, the republics were little more than appendages of the central government, which imposed political and economic policy from the Kremlin.

Raw Jute

October—13

Kutchha bales
FOB * Narayanganj/Daulatpur
Varieties (Tk. per 100 Kg)

Varieties	White	Tossa	Meshtia
Bot. (B)	1045	1072	871
Bot. (C)	884	938	737
Bot. (X)	804	871	670

* FOB = Freight on board
* Bot. = Bottom
Pucca bales

Varieties	FOB (Ready)*
Banda	Tk. per
White	bale*
BW SPL	2900
BWA	2700
BWB	2500
BWC	2300
BWD	2100
BWE	1900
Tossa	
HT SPL	2950
HTA	2750
HTB	2550
HTC	2350
HTD	2150
BTE	1950

White Rejection (WRS)/
Tossa Rejection (TRS):
Habtabi, Cut Ropes

BWR	1400
BWH	1100
BTR	1500
BTH	1150
BCR	1100

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Text of G-7 communique before World Bank, IMF meeting

tions persisted in the first half of this year.

They noted that the United Kingdom is moving towards recovery while recovery is under way in the United States and Canada. They also noted that growth was projected to pick up in Italy and France. In Japan and Germany, growth has slowed from the rapid pace in 1990 to a more sustainable rate.

Inflationary pressures have eased in most countries, especially those in recession reflecting the more moderate pace of activity, lower oil prices and other factors. These pressures are expected to ease further in most countries while remaining strong in others. They welcomed the substantial reduction in exter-

nal imbalances that has occurred in recent years and noted the importance of avoiding the re-emergence of very large imbalances. They reaffirmed their continued support for economic policy coordination as essential for achieving their common objective of sustained global economic growth with price stability.

According to the different economic conditions in each country in recent months interest rates have declined in Japan, the United Kingdom, Canada, the United States, France and Italy, while remaining broadly unchanged in Germany.

The ministers and governors emphasised the importance of fiscal and monetary policies which, while reflecting

the differing situation in each country, provide the basis for lower real interest rates and sustained growth with price stability in a medium term perspective.

The ministers and governors noted the importance of strengthening global savings.

They stressed that the full implementation of budgetary measures adopted in some countries is essential in order to have substantial reductions in high budget deficits and they emphasised the need for all countries to curb unproductive expenditures. In addition, they reaffirmed the importance to remove obstacles to private saving.

The ministers and governors reviewed developments in international financial mar-

kets and concluded that the recent exchange market developments were broadly in line with continued adjustment of external imbalances.

They also reaffirmed their commitment to cooperate closely on exchange markets.

The ministers and governors regarding recent irregularities that were revealed in some financial markets, affirmed the need for effective measures to avoid the recurrence with a view to preserving the integrity of financial markets and systems.

The ministers and governors reaffirmed their support for the international debt strategy aimed at achieving and maintaining debtor countries external viability.

As concerns specifically the

poorest, most indebted countries, they acknowledged the need for more concessional restructuring terms in support of sound economic actions.

They, therefore, called on the Paris Club to continue its discussions on how to implement promptly additional debt relief measures on a case by case basis that go well beyond the relief already granted under the Toronto Terms.

In view of the importance of a market-oriented approach in development strategies, the ministers and governors noted that it is essential for developing countries to encourage private capital flows to develop a dynamic private sector, and to improve the investment climate.

They observed that emphasis placed on entrepreneurial

initiatives complemented by appropriate economic policy management has been the source of the economic success in many countries as witnessed, for example, in the Asian region.

They agreed on the importance of the Multilateral Investment Fund (MIF) in supporting Latin American and Caribbean countries in reforming their investment regimes and welcomed actions being taken to make the MIF operational.

The ministers and governors underscored that the IMF and the World Bank must have adequate resources to fulfil their systemic responsibilities in supporting comprehensive economic reforms. In this regard, they reaffirmed their commitment to complete im-

plementation of the ninth quota review including the ratification of the third amendment to