

### PIA suffers \$38.33m loss

KARACHI, Oct 14: Pakistan International Airlines (PIA) losses have risen from 41 million Rupees (1.7 million Dollars) in 1981-82 to 920 million Rupees (38.33 million Dollars) in 1990-91, an official said here Saturday, reports AFP.

The rise in losses were due to the expansion in domestic operations and to high fuel costs, the official said.

Khurshid Anwar Mirza, Deputy Managing Director of PIA, told newsmen here that a 20 per cent increase in domestic fares announced last week was necessary to check the loss.

The losses could have touched one billion Rupees (40.81 million Dollars) if the increase had not been allowed, he said.

PIA last week raised domestic fares and cargo charges by 20 per cent, a move which was criticised both by the general public and businessmen.

Mirza said high fuel costs, duties and taxes on imports of spare parts, the continuous depreciation of the Pakistani currency against the US Dollar and the opening of non-profitable, remote destinations have contributed to the losses.

Mirza said PIA offered cheaper rates on the domestic sector at 6.1 US cents per kilometer, against 7.3 US cents in India, 7.7 cents in Bangladesh and 8.4 US cents in the Philippines.

### Indian Rupee devalued again

BOMBAY, Oct 14: The Reserve Bank of India (RBI) here today announced a downward revision of the Rupee by 0.20 per cent in relation to the Poundsterling, making the British unit costlier by nine paise, reports PTI.

The new middle rate now works out to Rs 44.52 per Sterling as against Rs 44.43 previously.

The new selling and buying rates for spot delivery are 2.2406 and 2.2518 Sterling per Rs 100, corresponding to Rs 44.63 and Rs 44.41 per Sterling respectively.

The Rupee-Sterling rate was last adjusted on October 11, when the Rupee was appreciated by 0.16 per cent.

### Latin America can't pay off debt at cost of hunger, says Pope

NATAL (Brazil), Oct 14: Pope John Paul said on Sunday industrialised countries could not expect Latin America to pay off its staggering foreign debt by imposing more hardship on its people, reports Reuter.

One must state firmly so that the whole world hears it, that a country's foreign debt can never be paid at the expense of the hunger and poverty of its people the Pope said.

The Pontiff, addressing Brazil's Bishops on the second day of his four also denounced what he called "perverse mechanisms" which he said helped keep countries such as Brazil in a state of under development.

Brazil's foreign debt of 120 billion Dollars is the largest in the Third World. Latin America's foreign debt is over 400 billion Dollars.

Last year, when President Fernando Collor De Mello imposed a shock anti-inflation policy that froze wages, prices and more than 100 billion Dollars of companies and private individuals money, the Brazilian Bishops labelled it morally unacceptable.

The Bishops said the burden of the country's economic austerity programme should not fall mostly on the poor.

In a wide-ranging speech which touched on all of Brazil's many social economic and religious problems the Pope said:

### Hashimoto agrees on Yen rise plan

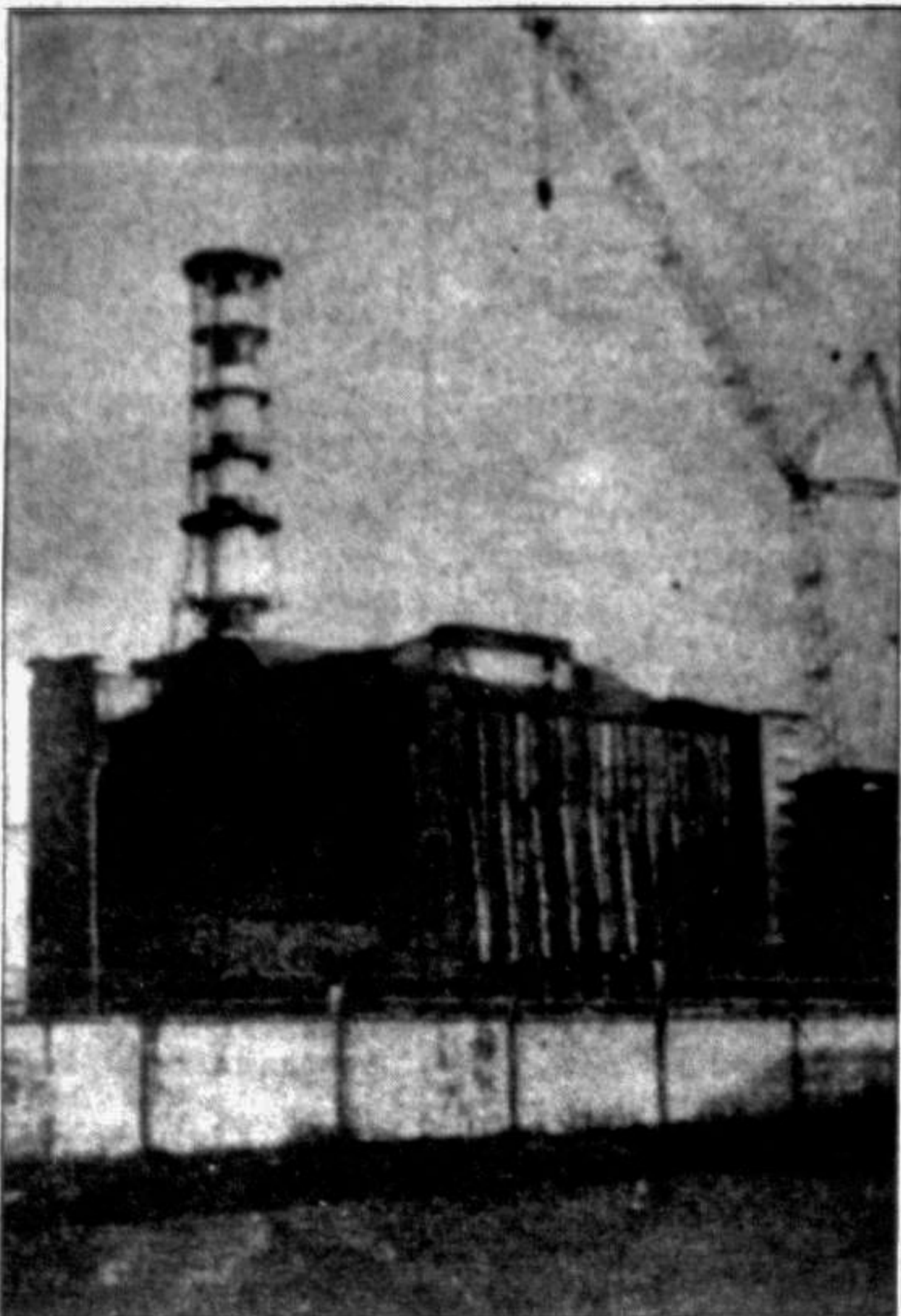
BANGKOK, Oct 14: French Finance Minister Pierre Berégovoy called for a further rise in the Yen and said Japanese Finance Minister Ryutaro Hashimoto took the same view at yesterday's Group of Seven meeting here, reports Reuter.

"As far as France is concerned, I very much hope this trend will continue," Berégovoy, referring to the recent slight rise in the Yen, told reporters.

Berégovoy said Hashimoto objected to any specific reference appearing in the communiqué to the desirability of a higher Yen but agreed that the Yen should "rise somewhat."

The fact that the G-7 statement said exchange rates were "broadly" in line with continued trade adjustments was meant to show that the G-7 was not completely satisfied with current rates, Berégovoy said.

"No doubt it would be desirable if the Yen were to rise a bit more," he said.



CHERNOBYL: View of the generator building at the Chernobyl nuclear plant's reactor N2 October 12. In which a turbine caught fire after a short circuit October 12. Radiation levels within the area reported slightly higher than before. — AFP/UNB photo

### World Bank increases environmental funding

WASHINGTON, Oct 14: The World Bank is making rapid progress in integrating environmental concerns into its lending operations for projects in the Third World, according to its 1991 report on the environment, says a USIS press release issued in Dhaka.

The report released October 14 says that in the fiscal year that ended June 30, the Bank lent 1,600 million Dollars for projects that had primarily environmental objectives. This compares with 404 million Dollars spent the previous year.

In addition, the report noted that 40 per cent of all World Bank projects approved in fiscal 1991 had at least 10 per cent of its total costs or benefits directly related to the

environment. About 6 per cent of the Bank's staff time was devoted to environmental activities during fiscal 1991, the report said.

Mohamed El-Ashry, the recently appointed Director of the bank's Environment Department said the Bank now intends "to play a leadership role in the wise management of natural resources and in demonstrating sustainable development on the ground."

Among the major environmental initiatives undertaken by the Bank during fiscal 1991 were:

Establishment of the Global Environment Facility (GEF) in November 1990.

### Political ties for economic union a must: Gorbachev

MOSCOW, Oct 14: President Mikhail Gorbachev has told assertive Soviet republics that they cannot have an economic union without committing themselves to some form of political framework, reports Reuter.

In a television interview broadcast on Saturday, he also expressed confidence that the Ukraine, second most powerful of the 12 republics, would choose to stay in the new looser union he was striving to create.

"I cannot think of a union without the Ukraine, I cannot imagine it," he said.

"I am sure that the Ukrainians and Russians, everyone who lives there, will come to the same conclusion, I am convinced of it," Gorbachev said.

He was referring to the referendum to be held in the re-

public of 52 million people on December 1 to endorse the declaration of independence its parliament passed on August 24.

Gorbachev won pledges on Friday from leaders of 10 republics, including the Ukraine, that by next Tuesday they would sign an outline agreement governing their continuing economic relations.

Gorbachev said a food distribution agreement to ensure supplies through the winter was a crucial part of it. Soviet Premier Ivan Silayev told reporters earlier that he was confident the food agreement would be signed by Tuesday too.

"Now every republic realises that it is impossible to overcome the grave economic crisis alone," Silayev said.

### West to support USSR until IMF membership

BANGKOK, Oct 14: Western states will provide support to the Soviet Union before the country becomes a full member of the International Monetary Fund (IMF), Canada's Associate Deputy Finance Minister David Dodge said, reports Reuter.

"We, as national governments, have to do what the IMF would otherwise do," Dodge told reporters. "The fund is absolutely committed to helping but they haven't got infinite human resources."

Dodge will represent Canada when the Group of Seven Deputy Finance Ministers visit Moscow soon to

discuss specific approaches to Soviet economic and financial problems.

The visit of deputies forms part of an agreement reached at a special meeting of the Group of Seven industrial countries on the Soviet Union.

"We will not be talking about humanitarian aid," said Dodge. "We are going in there to short out the financial side." The G-7 communiqué said finding ways for fulfilling existing and future financial obligations, both of the Soviet government and the republics, was one of four fundamental issues in upholding the country's creditworthiness.

## AIDS on World Bank, IMF agenda for the first time

BANGKOK, Oct 14: Acquired Immune Deficiency Syndrome (AIDS) has been put on the agenda for the first time in a meeting of the World Bank and IMF, a recognition of the potential impact of the disease on the world economy, says Mechai Viravaidya, a Minister in the Thai Prime Minister's office and the country's most prominent AIDS activist, reports Reuter.

He said the World Bank had begun including funds in health loans specifically for measures to combat AIDS. A proposed health package for India included 70 million

Dollars for AIDS, 63 million of which would come from the bank. Mechai said Thailand was allocating 110 million Dollars for its 1991 campaign. Blood sampling across Thailand showed 200,000-400,000 people were currently infected with the disease, he said.

Over the decade some 8.7 billion Dollars could be lost to AIDS in Thailand in terms of health care costs and losses in potential income, Mechai said.

However, if campaigns succeed, the epidemic could be contained more or less at its

## Rich-poor rift over arms spending

BANGKOK, Oct 14: A war of words was unfolding between rich and poor nations ahead of the IMF's annual meeting over the fund's right to call for cuts in arms spending, reports Reuter.

Repeated appeals by IMF Managing Director Michel Camdessus for all countries to reduce their arms spending have won plaudits among many industrial nations but have irritated some big arms spenders in the developing world.

Dutch Finance Minister Wim Kok backed the fund's stand on arms spending in a speech on Sunday to an influential policy-making panel even though he said the IMF should retain its non-political character.

"Military expenditure is a legitimate concern of the fund, as it can have undesirable consequences," Kok told the IMF's Interim Committee.

"The fund can, in fact, give its considered comments, indeed criticism, in cases of excessive military spending to the authorities concerned without rocking its non-political foundation, precisely because it is non-political," he said.

The Dutch Minister's remarks followed a snub to Camdessus on Saturday by the Group of 24 developing nations, which said in a statement the IMF and World Bank should not get involved "in is-

suces beyond their strict economic and financial mandate."

Colombian Financial Minister Rudolf Hommes, who chaired the G 24 meeting, said some developing countries

feared the IMF might make cuts in military spending a condition for fresh loans.

The group of ten industrial nations riposted on Sunday in its final statement — issued after a brief meeting of finance

ministers — which called for cuts "in unproductive expenditures including excessive military expenditures, in all countries."

A Dutch official said the reference was inserted at the request of Italy, with the backing of Belgium and the Netherlands.

The rift over the issue is not solely between rich and poor countries, however. "There are shades of opinion both among the industrial and the developing countries," an Argentine official said.

Latin American countries, with memories still fresh of oppressive military dictatorships, are enthusiastic advocates of lower arms spending. Colombia had earlier hoped that the G 24 would make an explicit stand against high arms spending.

In contrast, Middle East nations are still spending more than 10 per cent of their economic output on armaments.

The United States is believed to have doubts as to precisely what role the IMF should play in the debate, while Germany is thought to be considering curbs on bilateral aid to big arms spenders.

US Treasury Secretary Nicholas Brady made no reference to the issue in his speech to the Interim Committee.

### World Bank fears collapse in GATT talks

BANGKOK, Oct 13: The World Bank's Chief Economist says there is little hope that the Uruguay Round of trade talks will help further the cause of freer global markets.

In an interview with Reuters, Lawrence Summers said attempts to swiftly conclude talks going on under the General Agreement on Tariffs and Trade (GATT), stalled since last December, are threatening to water down the significance of any agreement.

"I don't see the current Uruguay Round as say that it is going to stem the tide of greater restraint."

The five-year old discussions have been bogged down by wrangling that pits the US and other major agricultural producers against the European Community and its farming subsidies.

Many feel that time is running out for an agreement to be reached. In a communiqué

released on Saturday, the Group of Seven nations re-emphasized the importance of bringing the Uruguay Round — "to a rapid and successful conclusion."

GATT Chief Arthur Dunkel told international negotiators on Friday to quickly wrap up talks or face final collapse of the talks.

Summers said he does not see actions at the Uruguay Round that would substantially reduce agricultural protection, that would substantially limit dumping and that foster freer trade of multi-fibre products such as garments.

"The idea that the only forward momentum in trade for the next decade is going to be the Uruguay Round is a profoundly discouraging one," Summers said.

"The best you can say for the Uruguay Round, is that it will keep things from getting worse."

### Condoms for World Bank delegates

BANGKOK, Oct 14: Mechai Viravaidya wants international bankers to think about sex, reports AP.

"Safe sex," says the Minister in the Prime Minister's office who has handed out hundreds of souvenir condoms to delegates at the annual meeting of the World Bank.

"Here is one for you — European size," he told a British journalist seeking an interview.

Known as Thailand's "Condom King," Mechai has promoted contraception to blunt the country's population growth. More recently, he has focused on slowing the spread of the AIDS virus.

AIDS, which weakens the body's immune system, is spread most often through sexual contact. It also is spread by sharing contaminated hypodermic needles, contaminated blood products or from pregnant women to their children.

Normally serious economists giggled as Mechai passed out his "World Bank Survival Kit" at a seminar on the deadly disease last Saturday.

Mechai warned that 160,000 Thais will be dead of the disease if urgent action is not taken. The seminar focused on the economic consequences of AIDS worldwide.

Mechai's condoms, attached to a plastic key chain, come in two sizes. Attached instructions say, "In case of emergency break glass."

### Soviets seek corn on credit from Canada

OTTAWA, Oct 14: The Soviet Union has asked Canada for 500,000 tons of corn as part of a credit package for food, member of the Ontario Corn Producers' Association said, reports Reuter.

Canada finalised a deal late Friday to give credits worth 150 million Dollars to the Soviet Union to help it avoid food shortages this winter, a Canadian government official said.

The Soviet buying team, in Ottawa on Friday, was told by the Ontario Corn Producers' Association that 500,000 tons was available for shipment this year.

Market rumours late last week said the Soviet would want up to one mln tons of corn.

The exact amount of each product in the credit package offered to the Soviet Union is not known.

### Rich states urged to keep aiding poor

BANGKOK, Oct 14: The World Bank has appealed to rich countries to avoid any real cuts in their contributions to Bank's annual meeting said on Sunday, reports Reuter.

But many industrial nations told the bank at a meeting over the weekend that finances were tight and they faced growing demands for their money from eastern Europe, the Soviet Union and elsewhere.

Some donor nations also questioned whether the affiliate, the International Development Association, should continue to devote as much as half of its money to Africa at the expense of poor countries elsewhere in the world, especially Asia.

"The needs are growing but a number of big industrialised countries say they are short of cash," said one delegate, who asked not to be identified. "It's

going to be tough."

IDA has lined up 15.1 billion dollars from 34 donor nations to lend to poor countries from 1991-93. The meeting over the weekend effectively marked the start of negotiations to cover the period after that, when the bank wants IDA to have at least as much money in real terms to hand out as it does now.

"I'd say you need a figure of 18 to 20 billion Dollars," said Momen Qureshi, senior Vice-President for operations at the World Bank.

That would take account of the effects of inflation and a growth in the number of countries eligible to borrow cheap funds from IDA. These include new World Bank member Angola and soon-to-join Albania, as well as Egypt, whose per capita income has fallen to the 700 Dollar per year cut-off point for IDA

funds.

But the development association is not the only lending organisation that is feeling the pinch, the International Monetary Fund's Enhanced Structural Adjustment Facility, which also lends cheap money to the world's poorest countries, faces new demands for its resources as well.

India has recently signalled that it might want to borrow money from the ESAF, said delegates to the joint IMF/World Bank annual meeting in Bangkok.

Until now, India has avoided dipping into that pool of funds but it may be about to change its mind because of its recent economic difficulties.

If India borrowed all that it is eligible for that would exhaust the facility's 7.8 billion dollars in resources. But New Delhi is aware to that and is likely to limit its borrowings.

### IMF may enlist more aid seekers

BANGKOK, Oct 14: The number of very poor countries eligible for special help from the International Monetary Fund may be expanded within weeks, the agency's Managing Director said today, reports Reuter.

Michel Camdessus told a news conference he hoped the Fund's Executive Board would consider extending the Enhanced Structural Adjustment Facility (ESAF), which provides very low cost loans to the world's poorest nations, in the next few weeks.

He made the remarks after the IMF's policy-making Interim Committee issued a communiqué saying the list of countries eligible for ESAF support should be kept under consideration with a view to possible expansion.

The ESAF was established in 1987 with a pool of eight billion Dollars to provide loans

to about 60 countries on extremely favourable terms — interest of one half per cent, repayable over 10 years.

Countries were eligible depending on certain per-capita income levels and balance-of-payments needs.

Camdessus said countries such as Mongolia and Angola, which were not even IMF members in 1987, should be eligible, and other countries above the per-capita income threshold in 1987 had now fallen below.

Camdessus said since the ESAF was introduced, the rate of growth for eligible countries had averaged more than four per cent a year, against only 2.5 per cent in the previous three years.

A few countries would no longer need ESAF, he said. "Of course they will remain fragile and we will continue to monitor them," he said, adding that

the IMF's other resources would remain available to help. Camdessus also noted that the Interim Committee had called on the Paris Club of official creditors to continue talking about how to provide additional debt relief to the poorest countries.

Interim Committee Chairman Carlos Solchaga, Spain's Economy and Finance Minister, said it would be impossible to ask poor countries to adjust their economies if they were not given the possibility of restructuring their debt.

Camdessus said the IMF was giving a clear mandate to the official creditors among its members to follow the call of the Group of Seven (G7) rich industrial nations made at their London meeting this summer.

### US for no further debt relief

BANGKOK, Oct 14: US Treasury Secretary Nicholas Brady asked Finance Ministers of other industrial countries Sunday to avoid pushing Washington on additional Paris Club debt relief for the poorest debtor nations, European officials said, reports AFP.

Commenting late Sunday on a brief discussion of the debt issue in the Group of Ten (G-10) earlier in the day, the official said Brady made it clear this would serve no purpose because of problems in the US budget process and with the US Congress.

Japan's Finance Minister Ryutaro Hashimoto virtually ruled out additional debt reduction for official borrowers when Third World debt was tackled in the Interim

Committee of the International Monetary Fund (IMF), the officials said.

British Chancellor of the Exchequer Norman Lamont told the Committee the debt problems of the poorest, which are mainly African nations, "demands immediate attention" from the industrial nations.

Dutch Finance Minister Wim Kok said the issue had become a "matter of urgency" and France also called for action.

G-10 diplomats who take part in Paris Club meetings said the stance adopted by the United States and Japan could jeopardize early progress on the issue in the Paris Club of official creditors, which makes decisions by consensus.

The informal club was asked by last July's London Summit of the seven leading industrial countries to continue discussions on how to "promptly" provide additional, case-by-case, debt relief measures for the poorest countries "that go well beyond the Toronto Terms."

Those terms provided for a set of options that has allowed debt and service reduction of up to 33 per cent for the most seriously indebted low-income countries since September 1988.

A British proposal, the so-called "Trinidad Terms", called for wiping out two-thirds of the debt of eligible countries, and France had called for debt reduction in the 50-to-80 per cent range.

### IMF expects moderate recovery next year

BANGKOK, Oct 14: The Interim Committee of the International Monetary Fund (IMF), the world financial agency's policy-making body, said today it expected a moderate economic recovery and lower inflation in 1992, reports Reuter.

"The recent moderation of inflation would likely continue (in 1992), improving prospects for sustained growth in the medium term," the committee said in a communiqué.

"Monetary and fiscal policies in the industrial countries should continue to focus on achieving the medium-term objectives of sustained global expansion, progress toward price stability, and provide the basis for lower real interest rates," the IMF Interim Committee said.

Noting the need for higher global savings to meet new demands for funds from the Middle East, Eastern Europe and the Soviet Union, it urged major nations to reduce budget deficits.

"An important contribution could be made by reassessing spending on defence and subsidies," it said.

The IMF committee said failure of the Uruguay Round of talks, which are trying to bring down barriers to the movement of goods over borders, could seriously jeopardise the international trade system.

It urged governments to attach the highest political priority to a speedy and successful conclusion to these talks.

Reaffirming its support for an international debt strategy, the committee said it was encouraged by economic progress made in an increasing number of developing countries.

### Mazankowski elected G-10 Chairman

BANGKOK, Oct 14: Don Mazankowski, Canada's Deputy Prime Minister and Finance Minister, was elected Chairman of the Group of 10 (G-10) industrial nations, the G-10 communiqué said, reports Reuter.

He replaces Belgian Finance Minister Philippe Maystadt.

As well as Canada, the G-10 includes the US, Japan, Germany, France, Italy and Britain — from the Group of Seven — and Sweden, Belgium, the Netherlands and Switzerland.

In its communiqué, the G-10 welcomed the special association between the Soviet Union and the International Monetary Fund. It also stressed the need for countries to cut military spending.

### Japan's trade surplus surges

TOKYO, Oct 14: Japan's trade surplus surged in September, reaching an unadjusted 9.76 billion Dollars compared with 6.89 billion Dollars in September 1990, the Finance Ministry said today, reports Reuter.

The almost 42 per cent increase in the surplus was mainly a result of weaker imports, economists said.

The trade surplus with the United States widened to 4.62 billion Dollars in September, from a revised surplus of 4.31 billion Dollars a year earlier.

### Anti-junta rally before WB, IMF meeting

BANGKOK, Oct 14: Ignoring military warnings, students and other government critics marched in the heart of the capital Monday, criticizing what they called the ruling junta's attempt to hold onto power, reports AP.

Army Chief Gen. Suchinda Kraprayoon had told citizens not to stage public protests — even peaceful ones — during this week's meetings of the World Bank and the International Monetary Fund (IMF).

Suchinda, No. 2 man in the junta that toppled Thailand's elected government in February, said Thailand should present a pleasant face to the world during the meeting.

Human rights groups and politicians criticized his comments, and students said they would demonstrate anyway.

About 100 people marched near Democracy Monument in the annual observance of the Oct. 14, 1973, killing by soldiers of 75 demonstrators at Thammasat University. That uprising led to the ouster of a military dictatorship and propelled a democratic government to power.

A statement issued by the demonstrators said a constitution drafted by the junta is not democratic. They said it would not require the Prime Minister to be elected and would let the junta appoint two-thirds of the Senate.

meeting of the World Bank and International Monetary Fund.

Michael Merson, Director of the World Health Organisation's (WHO) Global AIDS Programme said by 2000 infection rates in Asia could outstrip those in Africa, where in some urban areas one in three sexually active adults was infected.

Annual infections in North America and Europe were expected to remain relatively stable depending on the rate of heterosexual transmission, while in Africa and Latin America it is expected to peak

in the mid 1990s, he said.

One indisputable fact is that this epidemic is in its early stages especially in Asia, he said. "A further certainty is that during the 1990s there will be huge increase in AIDS case as the people already infected fall ill, he said. People infected are expected reach 30-40 million by 2000, but this could be reduced in national AIDS campaigns were effective.

Thailand has a massive sex industry. Officially accepted estimates say there are 200,000 prostitutes.

In the year 2000 if you visit