

\$ 225m ADB credit for rail project

# World Bank okays \$ 500m loan for Indian reforms

NEW DELHI, Dec 6: The World Bank has approved a 500-million-dollar loan for cash-strapped India to support ambitious reforms of the state-dominated economy, a Bank spokesman said Friday, reports Reuter.

The Bank's Executive Board said in Washington on Thursday another 400 million dollar would be allocated next year to help finance reforms such as a plan to retain workers who lose their jobs in a re-vamping of India's bloated public sector.

The 500 million dollar Structural Adjustment Loan (SAL) is the first such loan the World Bank has given to India. The spokesman said 300 million dollars would be disbursed immediately and the remainder next year.

Structural Adjustment Loans are given to support governments confronted with a balance of payments crisis and are not tied to specific projects.

The SAL was intended to help India to relax severe import restrictions, imposed earlier this year because its foreign exchange reserves were nearly exhausted and overseas banks had refused new lending, the spokesman said.

India's 71-billion-dollar debt is the third highest in the developing world.

Delhi borrowed four billion dollar from the International Monetary Fund (IMF) this year to cope with its external payments crisis. The money came with a list of painful reforms.

Within weeks of taking office in June, Prime Minister

PV Narasimha Rao launched a series of ambitious reforms to an economy steeped in decades of socialist dogma.

Prodded by the IMF, the government devalued the rupee by 23 per cent against major currencies, made deep spending cuts in the 1991-92 budget (April-March), overhauled trade policy, abolished most industrial licences, and

opened up foreign investment to once-hated multinationals.

The remaining 200 million dollars of the SAL and the 400 million dollar project loan will be conditional on new reforms in the 1992-93 budget, the Bank spokesman said.

The 200 million dollar SAL installment will probably be tied to more trade deregulation, he said. India's import

tariffs are among the world's highest-up to 700 per cent for some goods.

The 400 million dollar project loan may be allocated to a proposed national renewal fund that the government wants to set up as a safety net for workers who lose their jobs in a planned reorganisation of chronically indebted public firms.

"The idea would be that some of this would be available to offset the social cost of India's economic adjustment," the spokesman said. "But the specifics have yet to be worked out with the government."

Xinhua from Manila adds: The Asian Development Bank (ADB) has approved a loan of 225 million US dollars to India for the second railways project, the Manila-based Bank said Friday.

The project will support the goal of Indian railways to provide sufficient railway capacity to meet traffic demand up to the year 2000 on the northern railway corridor between Calcutta and New Delhi, the Bank said.

The loan, which is from the Bank's ordinary capital resources, has a repayment period of 25 years, including a five-year grace period, the Bank said, adding that the interest rate will be determined according to the Bank's pool-based variable lending rate system.

Together with the loan, Bank has agreed to provide three advisory technical assistance grants, totalling 1.9 million US dollar, for studies related to the project, the ADB added.

## Indian aid to Nepal

NEW DELHI, Dec 6: India announced a contribution of some 76,000 dollars for a Nepalese foundation as Prime Ministers of the countries held a first round of talks here Thursday, reports AFP.

Prime Minister P V Narasimha Rao made the announcement at a dinner he hosted in honour of the Nepalese counterpart, Girija Prasad Koirala, who arrived earlier Thursday on a five-day official visit to India.

Rao and Koirala met for about two hours at the first round of talks, an Indian government spokesman said. They are to meet Friday for a second and final round.

Rao said New Delhi was giving 20 million rupees (76,000 dollars) to fund a Bishweshwar Prasad Koirala Foundation to be set up jointly by India and Nepal to promote bilateral exchanges in fields such as education, agriculture, public health, science and technology.

"The B P Koirala Foundation will be an eloquent tribute to a truly great man, whose life and achievements are a precious

legacy common to our peoples," Rao said, referring to the late Nepalese leader, who was brother of the current Premier.

He recalled the late Nepalese leader was also actively associated with the Indian independence struggle against Britain, before leading a struggle for political reform and democracy in Nepal.

Rao said India was committed to the Kingdom's industrialisation and economic growth, and said both sides should work towards strengthening their overall relations with a sense of "pragmatism and purpose."

"Our shared prosperity will be our common asset," he said.

He said the two sides had agreed on several cooperation pacts, including one on curbing illegal border trade and another on water resources development.

A spokesman from the Indian foreign office said the two leaders agreed to check "terrorist activities" on the India-Nepal border.

## Air China to buy 7 Boeings

BELING, Dec 6: Air China has decided to purchase seven Boeing passenger planes in 1991, reports Xinhua.

The seven planes include two Boeing 747-400s, one Boeing 767-300 broad body planes, and four Boeing 737-300 light passenger planes. The Boeing 747-400s, which are the most luxurious and comfortable passenger planes in the world, can carry 406 passengers.

Air China plans to use the planes, which will give the company an additional seating capacity of 1,600 to add flights to a number of European countries.

## China business leaders in Cambodia

BANGKOK, Dec 6: A top Phnom Penh leader held a meeting earlier this week with a group of businessmen from China, the official radio Phnom Penh reported in a broadcast monitored here today, reports AFP.

During the meeting in the Cambodian capital Tuesday, Chea Sim stressed Phnom Penh's efforts to attract foreign investment in Cambodia.

China is the main ally of the radical Marxist Khmer Rouge group, the strongest in a guerrilla coalition which signed in October a peace treaty with Phnom Penh to end Cambodia's 13-year war.

Chinese foreign minister Qian Qichen was to visit Phnom Penh this week, but the trip was postponed after the storming by an angry mob late last month of Khmer Rouge headquarters in the Cambodian capital.

The attack forced Khieu Samphan and Son Sen, the Khmer Rouge representatives on the Supreme National Council (SNC) of Cambodia's rival factions, to flee Phnom Penh for their lives.

But the two are to return to Phnom Penh by mid-December under the terms of an arrangement aimed at guaranteeing the security of Khmer Rouge representatives in Phnom Penh.

After the compromise arrangement was worked out by the 12-member SNC and United Nations Security Council permanent members — the United States, China, France, Britain and the Soviet Union — Beijing announced that Qian's visit would go ahead, at a date to be announced later.

## Flowers fetch \$ 300 million for Colombia

SANTA FE DE (Bogota), Dec 6: The value of Colombia's flower exports has grown 41 per cent from 211 million US dollars in 1990 to 300 million dollars in 1991, reports Xinhua.

President of the Colombian Association of Flower Exporters Felipe Zuleta Lleras said here Wednesday that the export volume has increased by 36 per cent from 88,139 tons last year to 120,000 tons this year.

"The expectations of flower growers for this year have been fulfilled satisfactorily," Lleras said.

Exports to Europe claimed two folds during the period, due to tariff reductions on flowers and other agricultural products introduced by the European Community for a period of four years, he said.

The major buyers in Europe have been Britain and Germany, he added. Lleras pointed out that carnation accounts for 35 per cent of Colombia's total flower export and that Colombia continues to occupy first place in the world as a producer of that species of flower.

He added that a major growth in orders from Europe is foreseen for next year and that a greater capacity in air transportation is needed for this purpose.

# One billion dollar missing from Maxwell group coffers

LONDON, Dec 6: Fraud squad detectives were called in to hunt down huge sums of money said to have vanished from the pension funds of the late Robert Maxwell's media empire, reports Reuter.

Pensioners and staff reacted angrily to the discovery a month after Maxwell drowned at sea that, if secret loans from his public companies to his private interests were included, as much as 600 million pounds (one billion dollar) could be missing.

The Daily Mirror, Maxwell's media flagship, said on Thursday there was no trace of the funds which had disappeared from company coffers

only weeks before the tycoon fell overboard from his luxury yacht off the Canary Islands.

Ernest Bunting, who has taken over from Maxwell's son Ian as Chairman of Mirror Group newspapers, spoke of "the increasingly desperate actions of a desperate man."

And the Mirror's Editor, Richard Stott, was quoted as telling staff that it was almost certain the newspaper group would have to be sold.

He said: "The Mirror may have been heavily mugged and bleeding. But once we have been to hospital we will recover and be fighting fit."

Other commentators, freed

from the constraints of Britain's tough libel laws by Maxwell's death, lost no opportunity to condemn the flamboyant tycoon's business practices.

"The captain who mugged his crew," was the front page headline of the Daily Mail, while the Daily Star preferred "Mirror swindle fury."

The Financial Times said Hedington Investments, a Maxwell private firm, would be removed from family control in action taken under Britain's insolvency laws.

It said such a move would wipe out the family's estimated 1.9-billion-dollar private fortune.

On Wednesday night, all but two members of the board of Bishopsgate investment management, another private Maxwell company, resigned as financial regulators announced an investigation into its affairs.

The Maxwell family now seems almost certain to lose control of its public companies, Mirror Group and Maxwell Communication Corporation, as well as the private businesses.

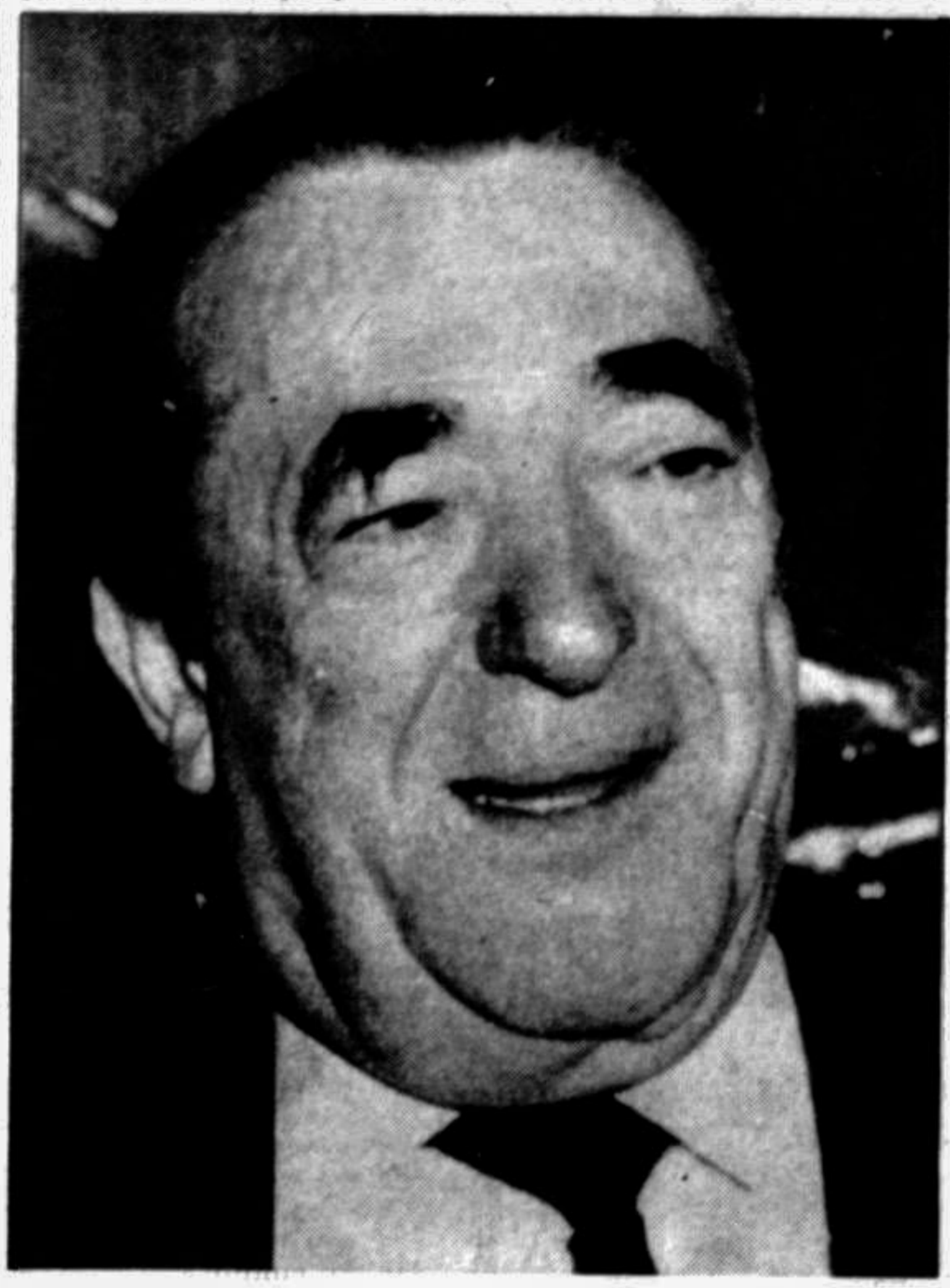
"Several banks are already pressing hard for receivership," said one of the family's bankers.

Maxwell's family, his bankers and his employees are still trying to unravel a tangled web of about 2.5 billion pounds (4.45 billion dollars) of debt threatening to choke his empire.

Pensioners said they would take legal action to appoint receivers unless the missing money was put back.

About 30 banks were due to meet here to decide the fate of private Maxwell companies, but fears were growing some may break ranks before then.

Kevin Maxwell and his brother Ian resigned from the boards of Mirror Group and Maxwell Communication on Tuesday, citing growing conflicts of interest between public and private Maxwell businesses.



Maxwell: He himself did it?

# World food reserves at lowest level since mid-80

WASHINGTON, Dec 6: Bountiful crops will be needed next year to build up world grain reserves and meet the needs of leading consuming nations such as the Soviet Union, US Agriculture Department (USDA) economists said this week, reports Reuter.

"Over the last few years the world has been dipping into grains stocks to meet its needs," Frank Gomme, a marketing specialist, told the annual USDA agricultural outlook conference.

Lower grain harvests in the United States and the Soviet republics in 1991 have cut into grain reserves this year.

The Agriculture Department's latest estimate says the world will have 319 million tonnes of grains in reserve by the end of the year, down from 337.34 million tonnes last year.

The stockpile of grains has fallen to the lowest levels since the mid 1980s at a time when demand is rising, especially in Eastern Europe and the Soviet Union.

Soviet grain production this year is expected to drop by almost 30 per cent from last year's near record crop of 235 million tonnes, and US production is estimated to be down 10 per cent to 277.64

million tonnes.

Graig Jagger, an economist with the USDA's agricultural stabilisation and conservation service, said American wheat products in 1991 harvested the second smallest crop since 1978.

"We are headed for very tight supplies," he said, pegging year-end US wheat stocks at 514 million bushels, the second lowest since 1971.

Year-end stocks are critical since they act as a bridge to fill domestic and export needs until newly harvested grains become available. Also, the reserves help to make up for seasons of low production.

people and former refugees, the World Food Programme said on Thursday.

The WFP, the Rome-based food aid arm of the United Nations, said the number of refugees was growing and that their needs for food aid in 1992 would be the largest ever.

The agency said the upsurge in civil crises in the last two years had increased the number of the world's refugee population from 15 million in 1990 to 17 million in 1991.

More than 10 million of them were dependent on relief food assistance by the international community.

Africa remained the region most affected by civil strife which made masses of people homeless, the WFP said.

It expects to carry out feeding operations in 27 countries, with the largest for Afghan refugees. Assistance will continue for Iraqi Kurds in Iran as well as Kurds who have returned to Iraq.

The United States currently provides almost half of the grain traded on the world market.

## Need for refugees

Another despatch from Rome adds: More than 1.6 million tonnes of food aid will be needed in 1992 to feed 12.1 million refugees, displaced



Dr. A M M Shawkat Ali (L), Additional Secretary, Economic Relations Division, and Mr Carl Olof Cederbal, Swedish Ambassador, signing an accord on Tk 10.98 cr Swedish grant for post-cyclone relief work on Thursday.

## BCCI serviced Polish debt?

WARSAW, Dec 6: Prosecutors from New York who are investigating the fraudulent collapse of the BCCI bank have visited Warsaw to investigate links between a fund for servicing the Polish debt (F033) and the BCCI, the Polish daily Zycie Warszawy newspaper reported on Thursday, according to AFP.

The prosecutors, James Kindler and Gerald McKevelly, declined to give any information about the reasons for their visit, describing it as "strictly confidential," the report said.

But their investigation concerned relations between a New York company, DLF Finances Ltd which was linked to the BCCI bank, and the F022, the report said.

The Director of the F022, Grzegorz Zemez, and his deputy Janina Chalm, are under arrest in Poland on charges of fraudulently obtaining 1.3 million dollar.

The F022, an organisation of the Polish government, instructed DLF Finances Ltd secretly to buy part of the private Polish debt, and provided 20 million dollars for the purpose

in July 1990.

During the investigation into the collapse of the BCCI bank, the New York prosecutor found several documents linking DLF Finances to the F022, the report alleged.

The BCCI bank collapsed after bank investigators in several countries raided its offices earlier this year, uncovering a global web of crime, corruption and losses.

Reuter from Miami adds: Deposed Panamanian dictator Manuel Noriega's personal banker said on Thursday that Noriega held a secret numbered bank account in which he made frequent deposits of as much as two million dollars until 1988.

Amjad Awan, a former branch manager of Bank of Commerce and Credit International's Panama city office, was convicted last year in Tampa of money laundering and sentenced to 12 years in prison and a 100,000 dollar fine.

Awan said he acted as a personal banker for Noriega, who is on trial for money laundering and drug smuggling charges.

AMSTERDAM, Dec 6: Does anyone eat those sugary, lime green desserts or the half-stale bread rolls lurking in the corner of airline meal trays?

Very few, it seems. For economy passengers, particularly on short-haul or charter flights, airline food has long been a source of jokes. "Excuse me, is this part of the tray or do I eat it?"

But for the financially beleaguered airlines industry, the fight for passengers is fought as keenly on the meal tray as on the ticket price. Uneaten food can mean lost passengers, reports Reuter.

"For airlines it is part of marketing to have good service on board, part of that is the meal," said Thomas Wurtz, who runs Airline Caterer Cuisinair,

# Air passengers are fed up with bread rolls

a subsidiary of Scandinavian Airlines system.

Airline catering executives clock up thousands of miles on their rivals' flight, sipping the wines in club class or eating the sandwiches in economy, jolter nearby for any noteworthy innovations.

British Airways in experimenting with menus for first class passengers endorsed by top chef Anton Edelmann from the Savoy Hotel. KLM Royal Dutch Airlines is examining under-glass or sous-vide cooking in economy. The low cooking temperatures are said to aid flavour and vitamin retention.

Air Canada has introduced the "Flexi meal," a cold snack that can be served as late as 30 minutes before landing. Others are experimenting with brasserie style snacks.

But where there is little competition, some airlines make little effort.

On one four-hour Aeroflot night flight from Moscow to Central Asia the only food was a piece of congealed chicken in a plastic bag tossed on to the laps of sleeping passengers. No cutlery. Not even a tray.

It was worse on the return

flight: Only the crew was fed. Travellers in the West are becoming ever more choosy especially in first and business classes.

It is no longer acceptable to offer only stomach-sinking food.

"People want less heavy food, less fill, less jelly stuff and mayonnaise," said KLM spokeswoman Claudia Rinke. "There was, for example, a hole in the market for light, fresh salads."

British Airways is offering a light evening meal for first class that can be served in one hour. Lurid deserts are out,

fresh fruit is in.

Also in is more choice, and special requirement meals. Low cholesterol, low salt, diabetic different sorts of vegetarian meals, kosher, and baby food. Many can now be ordered at check-in within an hour of departure.

Menus are designed according to route. Cuisinair has its own sushi chef and supplies all Japanese food flown out of Amsterdam's Schiphol Airport.

All this costs money. Catering and in-flight service costs five to six per cent of airline operating costs. But the money is well spent if it builds

the airline and image that can support a higher ticket price during recession.

In a tour through cuisinair's kitchens at Schiphol a mouth-watering menu was being prepared for Singapore Airlines' first class passengers.

Breakfast: Crepes with fish ragout or beef brochette with onions and capsicums. Dinner: Duck in orange sauce, lobster with fine herbs, or veal steak in brandy.

"We prepare meals from around 10 guilders to 100 guilders (five to 50 dollars) a head," Wurtz said.

But the meal itself is only

part of the whole complex business. A Transatlantic Boeing-747 typically carries five tonnes of in-flight service related equipment, 25,000 items.

Ice tongs, wine coolers, caviar bowls, china, glasses, cutlery trays, aisle trolleys, newspapers and magazines, reheating containers, bottles and cans of drinks of all types, and of course the food itself.

Then there is the paraphernalia of duty free perfume, cigarettes, cigars, scarves, and still more bottles.

However carefully planned, things can go wrong, as KLM

# California, the promised land of US, running into recession

SAN FRANCISCO, Dec 6: California, which has traditionally enjoyed a reputation as America's promised land, is running into severe recession and employers are threatening to flee to friendlier turf, reports Reuter.

The nearly one million people who moved to California last year have discovered more than sun, surf and Disneyland — they have found an unemployment with a multi-billion dollar deficit.

Between mid-1990 and mid-1991, the state lost 380,000 jobs and survey by the California Round Table, and organisation of top business executives, found 25 per cent of more than 1,400 companies polled planned to leave the state in the next two years. A year ago, 13 per cent said they would do so.

"Most people in California are very pessimistic," said Lynn Reaser, Vice President and senior economist for First Interstate Bancorp, after a recent presentation of the bank's

economic outlook.

"Many of them believe that the situation is the worst they have ever seen."

In California, the nation's most populous state and the world's eighth largest economy, optimism has been eroded this year by a spate of gloomy financial news. Some of this gloom reflects the poor national economy but the rest stems from adverse business conditions peculiar to the state.

Reaser disputes some reports that the state is suffering its worst recession of the post-war era. She said the 1982 recession, with its double-digit inflation, high unemployment, and interest rates of nearly 20 per cent, was far worse.

First Interstate believes the state should recover next year and in 1993, but says it may not regain the kind of growth that led the nation in the 1980s.

Pressure is mounting on California Governor Pete Wilson and the legislature to create a more favourable busi-

ness climate. Surveys show businesses want to reform a workers' compensation system, reduce taxes and cut the red tape involved in meeting the state's stringent environmental standards.

"California has been shooting itself in the foot too long — and it's finally begun to hurt," Julie Meier Wright, Director of the Department of Commerce, told members of the state's Senate Finance Committee.

She said California must make drastic changes to create the 150,000 new jobs needed each year just to keep pace with population growth.

California's population is expected to grow to 36 million by the end of the century — an increase large enough to fill eight cities the size of San Francisco.

Despite higher taxes this year, Wilson still faces a two to three billion dollar budget gap and the threat that standard and poor's credit rating agency will lower the state's top-level credit rating.

Lawmakers are urging Wilson to call a special legislative session to deal with the crisis, but they have so far refused to meet his demands for more spending cuts and no new tax increases.

Meanwhile, Wilson has taken to the lecture circuit, saying that demographic changes are exacerbating California's problems.

He says groups that use state services most — students, welfare recipients, prisoners and medical insurance beneficiaries — are growing faster than the tax-paying population.

The governor's aides warn that even with a strong economic recovery, California could have 20 billion dollar annual budget deficits by the year 2000 unless it reduces the demands on the government purse.

noticed on its flights to South Korea.

Hungry passengers in tourist class were gobbling up almost everything in sight on their trays, but leaving the bread rolls.

"What they ate they ate completely, right down to the garnish on the side plates," said Thomas Plakke, a KLM catering manager.

The answer to the hunger was to serve more noodles.

So what about the bread? "Every airline has some problems with bread," Plakke said. Cool storage, down to five degrees Celsius (41 Fahrenheit), was needed for most food — but made bread go stale faster.

KLM has introduced on board-baked bread on some routes which its says is going down well.