

High price, widespread hunger feared

World food output drops 1.4 pc

ROME, Dec 19: Drought and wars helped cause global food production to decline this year for the first time since 1983, threatening to worsen famine in Africa and shortages in the Soviet Union, a UN report said Thursday, reports AP.

The UN Food and Agriculture Organisation said drought, war and the "disruption of production and marketing systems" in Eastern Europe and the Soviet Union combined to cut worldwide food and agricultural yield by 1.4 per cent compared to last year.

"Our food security next year will depend to a large extent on the success or failure of the 1992 harvests," Edouard Saouma, FAO Director-General, warned in his year-end message.

Cereal production was down by four per cent, and wheat output down by seven per cent. Those numbers included a 23 per cent drop wheat production in the Soviet Union, where drought damaged spring wheat. Other losses there were caused by "inadequate infrastructure and shortages of spare parts and fuel," the report said.

But early prospects for 1992 harvests are mixed because of "less than ideal" crop conditions, the FAO report said.

The US wheat crop was off 28 per cent from last year's bumper harvest due to less planting and adverse growing conditions. Dry weather in the Central Plains and northwest United States leaves next year's harvest uncertain, the FAO noted. An Australian drought cut down wheat harvest by 35 per cent compared to last year's good harvest.

As in other agricultural nations, low prices caused less acre to be planted in Australia.

Soviet Union and Eastern Europe need "major injections of capital and technology and substantial food aid during this extremely risky period of transition from collectivism to market economies," Saouma said.

Saouma said 60 per cent of Somalia's population, or 4.5 million, face starvation in that African country devastated by civil war. Civil conflict also disrupts relief operations in Mozambique. Ethiopia's food situation is "still grave," he said while shortages continue in

Angola, Liberia and Sierra Leone.

Another despatch from Washington adds: World food prices could rise sharply and cause widespread hunger if dwindling grain stocks are not replenished by next year's harvest, the head of an environmental research organisation said.

Lester R Brown, President of the Worldwatch Institute, said the 1991 world grain harvest is down 86 million metric tons from last year, the largest one-year drop on record.

The decline in this year's production, due largely to hot, dry weather in the United States and the Soviet Union, could draw down grain stocks to extremely tight levels, Brown said Wednesday.

Exporters and grain companies also are worried about being able to meet domestic and overseas commitments because US wheat stocks are expected to fall to their lowest level since 1973-74.

"A crisis environment, a crisis mentality similar to that which occurred in the 1970s hasn't developed yet. But if stocks remain tight, then it will be incumbent on us to adjust our farm programs to

make sure production is maximized," said Steve McCoy, President of the North American Grain Exporters Association.

World grain stocks are expected to total 316 million metric tons in 1992, compared with an estimated 337 million metric tons this year, the Agriculture Department says.

Although stocks are not as low as in 1972-73, when world grain prices doubled, Brown said, "they're definitely getting close to that sensitivity point."

The dip in supplies means next year's harvest is key to stabilizing world food security, he said.

"With low carryover stocks of grain that will exist when the new harvest comes in next year, if there's a poor harvest in any of the four major grain producers — the United States, China, the Soviet Union or India — then we could expect a degree of food price rises unlike any we've seen since 1972 and 1973," Brown said.

Escalating prices could cause enormous hunger problems in developing countries, since most import grain, he said.



CRY FOR WATER: Women members and supporters of nationalist Jiy-e-Sindh Tehrik party protesting against shortage of water in Layari district, the slum area of Karachi. Layari is also the constituency of Asif Zardari, husband of Benazir. — AFP photo

BSCIC open market at Ctg resumes today

The weekly open market organised by Bangladesh Small and Cottage Industries Corporation (BSCIC) for publicity and promotion of locally produced handicrafts and cottage industry products will resume today (Friday) at Badamtali in Agrabad, Chittagong.

Mir Mohammad Nasiruddin, Mayor of Chittagong City Corporation will inaugurate the open market as chief guest at 3:00 P.M. Mohammad Maniruzzaman Chowdhury, Chairman, BSCIC will be present as special guest.

The weekly open market will continue up to April 12, 1992 on every Friday, according to a BSCIC press release.

Earth work on N'ganj hosiery estate in progress

NARAYANGANJ, Dec 19: Industries Minister Shamsul Islam Khan Thursday visited the under-construction Narayanganj hosiery industrial estate of Bangladesh Small and Cottage Industries Corporation (BSCIC) to see the progress and prospect of the project, reports ISS.

The Minister was informed that earth work was going on in the project area. After the earth work about seven hundred industrial plots would be ready for allocation. The total estimated cost of the project is Taka four crore.

The Minister expressed his satisfaction at the progress of the work and hoped that BSCIC authorities would be able to complete the work within the scheduled time.

Khan also visited the proposed site of the BSCIC Narayanganj industrial estate.

Reform to revamp Indian banking, says expert

NEW DELHI, Dec 19: A radical overhaul of the Indian banking system recommended by a government committee on Monday would usher in a new era of competitive and efficient banking free from political pressures, bankers and businessmen said, reports Reuter.

"The report could not have come at a more appropriate time," said Sidharth Dasgupta, a banking expert with the Federation of Indian Chambers of Commerce and Industry. "It will further sharpen the government's economic reforms."

Dasgupta said the proposed deregulation of banking will create more competition which is the basic tenet of banking.

The report calls for restrictions on private and foreign banks to be lifted and for no more nationalisation of banks. Some 20 major banks, nationalised in 1969, control 90 per cent of the assets of the banking system.

The report recommends allowing joint ventures between Indian and overseas banks. About 20 foreign banks are waiting for approval from the Reserve Bank of India to set up in India, said one foreign banker. "It's a very realistic report," he said.

The report also suggests reducing the Statutory Liquidity Ratio (SLR), the Cash Reserve Ratio (CRR) and an obligation to give concessional credit to deprived groups.

Dasgupta said the SLR, CRR and concessional credit requirements accounted for nearly 80 per cent of bank deposits.

"This has left only 20 per cent of bank funds for commercial lending, pushing interest rates to as high as 30 per cent," he said. "A cut in SLR and CRR would lower interest rates."

"Under the revamped system, banks could determine interest rates and service

charges, unlike in the present system where these are dictated by the government," he said.

Banks are obliged to use the 40 per cent of their funds in SLR and 15 per cent in the CRR to buy government paper which finances Delhi's chronic budget deficits.

The reserve requirements "are meant to curb money supply but in effect are used to plug deficit financing," Dasgupta said.

He said the government might be reluctant to follow the report's recommendations and cut the reserve ratios as it still needs much bank credit, but is under pressure from the World Bank and International Monetary Fund (IMF) to enact the reforms.

Bankers said they would probably mean the end of the loan 'Melas' (fairs) of the past, where money was offered to small farmers and political workers without any collateral.

BCCI close to pleading guilty

NEW YORK, Dec 19: Bank of Credit and Commerce International could plead guilty to financial fraud charges under a tentative agreement being worked out with prosecutors, according to several sources, reports AP.

The sources, speaking on condition of anonymity Wednesday, emphasized that the agreement is tentative. It must be approved by BCCI's court-appointed liquidators in London, as well as the bank's majority shareholders in Abu Dhabi, the United Arab Emirates.

"It is not yet signed, sealed and delivered," one source said. In Washington, two sources within the Bush administration, also speaking on condition of anonymity, confirmed this account.

It was unclear whether BCCI would plead guilty to fed-

eral or state charges. The sources would not specify the nature of the plea.

But BCCI and its liquidators are scheduled to return to New York Supreme Court, the state's trial-level court, on Friday to enter a plea on a grand jury indictment from last July alleging the bank engaged in financial fraud.

The sources said the plea agreement could be announced by the end of the week. That hearing has been postponed at least five times since this summer, as negotiations continue in Abu Dhabi, London and elsewhere over a payout plan to BCCI's 1.2 million depositors worldwide.

The New York Times, citing sources close to the negotiations whom it didn't identify, reported Thursday that BCCI liquidators had tentatively agreed to place more than 100

million dollars in a fund to help the American banks that had been secretly owned by BCCI.

The Times said the funds to aid First American Bankshares Inc., the largest bank holding company in Washington, DC and Independence Bank of Encino, Calif, will come from about 550 million dollar in cash and other assets BCCI had in the United States when it was seized July 5.

The Times also said another 100 million dollar will be set aside for a fund to help reimburse BCCI's depositors in 69 countries.

The Federal Reserve has charged BCCI used front men to secretly acquire First American's parent company.

The federal and state charges were filed after the bank was seized on July 5 by bank regulators alleging insider dealing and widespread fraud.

A New York grand jury indicted BCCI and founding executives Agha Hasan Abedi and Swaleh Naqvi on fraud, grand larceny and false accounting charges on July 29. The settlement reportedly covers BCCI but not the individuals in the case, the sources said.

On Nov 15, a federal grand jury in Washington indicted the two along with Saudi businessman Othman Pharaon on racketeering and fraud

charges. Pharaon has said through his lawyers he did nothing wrong. Abedi is in Pakistan and authorities are holding Naqvi in the United Arab Emirates.

Some agreement must be reached with US authorities before the bank and its assets can be liquidated.

Reuter from Washington adds: Wall Street Journal reported Wednesday that under the proposed settlement liquidators for BCCI will agree to pay substantial fines, give a large capital infusion to First American Bankshares Inc — a Washington-area bank that it secretly controlled for years — and cooperate further with US investigators.

It said a settlement would mean no additional federal and state charges would be filed against BCCI.

Any settlement involving BCCI and the Justice Department probably would come under close scrutiny by Congress.

A number of Democrats in Congress already have criticised the Justice Department for failing to aggressively investigate and prosecute BCCI.

There also has been criticism that the Justice Department was too lenient in accepting a BCCI plea deal in 1990 in Florida to criminal charges of laundering of drug money.

Business briefs

Croatia plans own currency: Croatia will back up its declaration of independence by breaking away from the Yugoslav dinar shortly and launching its own currency, reports Reuter from Zagreb.

Ante Otčin-Sain, Governor of the breakaway republic's central bank, told Reuters in an interview that the new currency would be launched around the turn of the year.

IDB to raise capital: The Islamic Development Bank (IDB) will ask members to increase its capital when they meet in Libya in February, its Chairman said late Tuesday, reports AFP from Abu Dhabi.

Ahmad Ali told reporters that most members of the Organization of the Islamic Conference (OIC) had agreed on the increase.

Butter sales down, cheese up: Increasingly popular fat-free diets are driving down world sales and prices of butter, but people are eating more cheese, the OATT trade body said in an annual review of the world market for dairy products, reports Reuter from Geneva.

Declining demand was expected to push butter production down two per cent to 7.55 million tonnes in 1991 from 1990. Exports have fallen steadily from one million tonnes in 1988 to 700,000 tonnes in 1990, according to the report by the (GATT) secretariat.

Beijing takes tough stand: Beijing's negotiators are prepared for a tough weekend of talks to try to stave off imminent US trade punishment that could cost China's economy dearly, officials said today, reports Reuter from Beijing.

"It's obviously not going to be very easy," a senior Chinese official who deals with trade said in an interview. The official, who asked not to be named, declined to say whether China had substantially new proposals on the protection of intellectual property — copyrights and patents — to offer at the talks, scheduled for Saturday and Sunday.

Fuel crisis hits Soviet coal mines: A halt in supplies of diesel fuel threatens to shut down coal mines, and steel and iron plants in Donbass in eastern Ukraine, Tass news agency said on Wednesday, reports Reuter from Moscow.

Donbass is the second biggest coalfield in the crumbling Soviet Union and a major metallurgical centre.

Crisis due to hoarding exchanges: The Soviet financing crisis may be due more to a hoarding of foreign exchange by republics and enterprises than to a real worsening of the trade balance, the Organization for Economic Cooperation and Development (OECD) said Thursday, reports AFP from Paris.

There was evidence that import compression in the former USSR "has offset declining export revenues," the OECD said in its year-end economic outlook.

UK products show in Dubai: Britain in the Gulf 1992, the exhibition for British products and services to be staged at the Dubai World Centre next April, has attracted many of the country's leading companies and manufacturers, reports Wan from Dubai.

Organised by International Conferences and Exhibition Ltd in collaboration with Britain's Department of Trade and Industry, the exhibition has already exceeded the organisers' initial estimates of participation and now seems set to bring more than 100 companies to Dubai.

Cocaine use in US rises: Cocaine use increased in the United States this year despite the federal government's three-year war against drugs, according to the latest Household Survey of Drug Abuse, reports AP from Washington.

Past month use of cocaine rose from an estimated 1.6 million in 1990 to 1.9 million this year, says the survey, which will be released Thursday.

Overall drug use figures declined, but the figures indicated an even more pronounced drop in drug use by adolescents.

Shares plunge in Tokyo

TOKYO, Dec 19: Share prices plunged in Tokyo Thursday, as the dollar rose against the Japanese yen, reports AP.

On the stock market, the 225-issue Nikkei Stock Average closed at 21,991.19 points, down 638.71 points or 2.82 per cent, from Wednesday's close of 22,629.90 points.

The Tokyo Stock Price Index of all issues listed on the first section, which shed 14.77 points on Wednesday, fell another 35.75 points, or 2.10 per cent, to 1,668.26 points.

The dollar closed at 128.70 yen, up 0.28 yen from Wednesday's close and higher than the overnight close at 128.35 yen in New York. After opening at 128.62 yen, it ranged from 128.55 yen to 128.71 yen.

As of 3:00 PM (0600 GMT), benchmark No 129 10-year

Japanese government bonds fell to 104.16 points from Wednesday's 104.31-point finish. Their yield rose to 5.655 per cent from 5.630 per cent.

"Most investors are holding back to see effects from the tightening of futures trading" announced Tuesday by the Tokyo Stock Exchange, said a trader with Okasan Securities who requested anonymity.

The exchange's move was aimed at helping prevent erratic price movements in the cash market recently traded to wild price swings in futures and options trading.

The dollar started lower in New York in anticipation of an upcoming US interest rate cut, but it bounced back on testimony to Congress by Federal Reserve Chairman Alan Greenspan that the Fed did not intend to take immediate action on interest rates.

Pentagon's food for Muscovites

WASHINGTON, Dec 19: The Pentagon will send 300,000 pounds of bulk food and excess military rations from the Persian Gulf War to residents of Moscow and St Petersburg, the US Defense Department announced on Wednesday, reports AP.

A US Air Force C-5A transport aircraft will deliver the items Dec 20-22, the announcement said.

The bulk food includes tea, milk, bread, sugar, shortening, flour, rice and potatoes, while the military rations consist of ham, beef, salmon, chicken and pork entrees. Fruits, vegetables, and dried foods such as potatoes, rice, and pasta will also be included.

Nearly every passenger has a story about Aeroflot

MOSCOW, Dec 19: Independent republics are diving up the Soviet airline Aeroflot, but the new head of the Russian branch says passengers now face even longer delays and greater risks than before.

"We've got lots of problems," Alexander A Larin, head of the air division of the Russian Federation Ministry of Transportation, acknowledged Wednesday. He commands the 6,500 planes in Boris N Yeltsin's airline.

With the fall of the central government, Yeltsin and other republic leaders are abolishing more than 80 monopolistic Soviet ministries. That includes the Ministry of Civil Aviation, which ran Aeroflot, until recently the only Soviet airline.

publics and the three newly independent Baltic states have claimed Aeroflot assets on its soil. And several regions in the vast Russian Federation have their own airlines, for a total of 34 slices of the Aeroflot pie.

But the "airlines" are still government-owned, and nearly all the planes still bear the blue-and-white Aeroflot label. Larin did not know how soon the airlines might be sold to private owners, or when they would offer competing flights.

For now, the regional airlines are linked in a complex web of timetables, fuel and supply lines that have collapsed along with the rest of the central government.

The results of the collapse are visible in Moscow, where hundreds of air passengers sit or lie on couches, waiting for flights that are delayed for days at a time.

"The network used to fit together," Larin said. "Before, we had a plan. We knew how much kerosene to send to Siberia, how much to send to Sverdlovsk. Now all the republics are sovereign and want to decide everything themselves."

Nearly every traveller in the Soviet Union has an Aeroflot story.

my head through the curtains to the galley. The crew was frying up a chicken on an open-flame stove," said one Western diplomat. The practice is banned worldwide by air safety authorities.

After arriving by bus, Mikhail Gamidov was to leave Moscow on Monday for the Central Asian city of Bishkek to buy trucks for his collective farm.

"Now they tell us they will give us information about the flight at noon Wednesday," Gamidov said.

"The whole night long, there was nowhere to sit... Disgusting. They know it is their fault, and they are so rude, beastly. I'm 35 years old and I've never had a good flight on Aeroflot."

the fleet, Larin said, and lack of fuel is causing delays of several days on many flights.

Maintenance problems helped make this year the most deadly in Aeroflot history, with 240 people killed in 33 air crashes and other accidents through November, according to the newspaper Komsomolskaya Pravda.

Seventy per cent of Aeroflot's jets and helicopters have outlived their intended lifespan and are unsafe, and two-thirds of the aircraft assigned to one Moscow airport have been grounded for safety reasons, the paper said.

Despite the horror tales, Larin predicts quick modernization.

Some Westerners say Aeroflot has already come a long way.

"On my first flight from Baku to Moscow, a shepherd got on board with two sheep," said Fred Zomer, an American engineer working in oil-rich Azerbaijan, along the Caspian Sea.

The stewardess came up and told him "No sheep in the cabin." And he showed her two tickets, one for him and one for the sheep. She still said no, so he took out a great long knife and slit the throat of one of the sheep, and it bled to death, right there in the aisle. She just let him sit where he was.

"That was two years ago," Zomer said. "They seem to be learning. I never see anything like that any more."

Draft GATT accord today

GENEVA, Dec 19: Negotiators struggled against the clock Wednesday to agree on draft accords wrapping up five years of crucial talks to liberalize world trade, reports AP.

Arthur Dunkel, Director-General of the General Agreement on Tariffs and Trade, set a midnight deadline for agreed texts on the areas under discussion. In the absence of a breakthrough, the Chairmen of sectorial working parties would come up with

proposals on their own initiative.

Dunkel aims to present a draft Uruguay Round accord Friday. It will cover trade in agriculture, commercial services, textiles, intellectual property like patents, more up-to-date rules on anti-dumping, improved dispute settlement procedures, and import tariffs.

The Uruguay Round, launched in 1986, is the most ambitious attempt ever to reform global trade. Some 108

nations are taking part.

Given that the negotiations have reached a particularly sensitive stage where there is likely to be delicate tradeoffs between different sectors, GATT officials declined to say which of the seven areas had made the most progress.

However, no breakthroughs were reported in talks between the United States and the European Community on the most politically sensitive issue, agricultural subsidies.