

WB sees faster E Asian growth

WASHINGTON, Dec 24: World Bank Vice President Gautam Kaji predicted that economic growth in East Asia will continue to be faster than that of other parts of the world in 1992 despite economic recessions in some western countries, reports Xinhua.

In a recent interview with Xinhua, the first he granted the press since he took office on December 1, Kaji said that although some countries with double-digit growth in the past years may have to reduce the growth rate, by any account, East Asia as a group will continue to perform well.

Kaji attributed the East Asian economic success to three 'basic factors'—competitiveness of products, strong export performance and the opening of economies of the largest members in the region such as China.

"Another factor is lots of investment in human resources which permitted the growth," he stressed.

Referring to the Asia-Pacific

Economic Cooperation (APEC) and the alliance of Southeast Asian Nations (ASEAN) economic cooperation, Kaji said that the social systems are different in those groups, but they are all heading to the opening economies which will help bring about the creation of a free trade zone in the future.

Because of the differences, he noted, no one would talk about a creation of a free trade zone overnight.

He said that there is a shift in the region, which shows that some countries are trying to move up in the technological change and some are coming to pick up the more labour intensive production.

The shifting has to be looked at in a longer-term framework to see exactly what does it mean in terms of volume of trade.

Kaji said that China is a large market and is also a large trading nation despite the fact that its trade does not account for a large percentage in the economy.

"You are a large trader, and clearly it has a major stake in the process," he said. On the world economic situation, Kaji said that all forecasts are not encouraging in terms of global economic growth in the sense of what's happening in the United States and Europe.

For those countries with a recession, he said, the question is 'short of resurgence of demand, hence lack of fast growth'.

Asked about World Bank's view on China, chief of China and Mongolia Operation Division David Pearce, who was also at the interview, praised China's economic stability after its retrenchment since late 1988 and 1989.

"Growth resumed this year and will continue next year. That will be 6 to 7 per cent this year and will continue next year," Pearce said.

He said the 8th five-year plan just announced by the Chinese government are the guidelines for China's eco-

nomie growth and the World Bank has 'positive view about the Chinese economic performance'.

He also pointed out that lack of infrastructure and inefficiency of some state-run enterprises are the bottlenecks of China's economy.

The World Bank and the International Development Association (IDA), an affiliate of the Bank which provides concessional lending for developing countries, have granted China 12.6 billion dollar in loan and credits this year.

Asked about the Bank's priority for lending to China in 1992, Kaji said the Bank will continue to provide help in terms of reducing China's infrastructure bottleneck, alleviating of poverty, and helping its efforts in the area of environmental protection.

Kaji said that the World Bank's assistance to Vietnam will depend on its reform process and to Cambodia depend on when it will have an elected government.

ESCAP silk fair at Dusseldorf in Sept. '92

By Staff Correspondent

The 5th bi-annual Silk fair for Asian silk producers, organised by ESCAP, will be held in September, 1992 at Dusseldorf, Germany, in collaboration with the Igedo-Dusseldorf International Fashion, according to ESCAP sources.

The fair is planned to promote the silk exports from the developing countries in the Asia-Pacific region.

The demand for silk and silk products outside the region expanded fast from about 2750 tonnes in 1975 to about 5700 tonnes in 1989. The region alone produces about 95 per cent of the total global consumption.

ESCAP has also released a directory for silk importers containing detailed information about 3473 silk importers, wholesalers and retailers in Europe and elsewhere.

The directory is available free of charge from the Trade Promotion Centre, International Trade and Tourism Division of ESCAP, Rajdamern Avenue, Bangkok, Tel: 2829161-200, Ext. 1446.



With increasing supply, the price of winter vegetables is gradually coming down. —Star photo

Dunkel's plan unacceptable: EC

BRUSSELS, Dec 24: European Community trade and farm ministers said a compromise plan for world trade liberalisation put forward by GATT Director-General Arthur Dunkel was unacceptable on agriculture and had to be modified, reports Reuter.

In a communique, the ministers said Dunkel's package contained some positive elements but was not balanced.

The ministers called on the United States and Japan to make genuine efforts to help clinch a deal in the five-year-old Uruguay Round talks being held under the auspices of the General Agreement on Tariffs and Trade.

opinion that the paper is not balanced in total and therefore invites the (European) Commission to negotiate further necessary improvements to it."

GATT member states are set to meet on January 13 to take up Dunkel's plan, which was floated late last week. Dunkel said his proposal was a balanced package and that its main thrust should not be radically modified.

The EC communique said "genuine efforts from some major trading partners, especially the United States and Japan, should be obtained to ensure mutual advantages and to increase benefits to all participants."

unique contained stronger language than an earlier draft document which only expressed serious concern over the GATT chief's plan and did not call it unacceptable.

The final communique said a definitive assessment of Dunkel's proposal was premature and would be possible only after further negotiations among GATT contracting parties.

Another despatch from London adds: British Prime

Minister John Major discussed the struggling Uruguay Round trade talks with Dutch Prime Minister Ruud Lubbers, whose country holds the European Community (EC) presidency, government officials said.

Overnight Major discussed the GATT crisis with New Zealand Prime Minister Jim Bolger as part of a series of telephone calls with world leaders to try and unblock negotiations.

Steps to combat faking of products urged

By Staff Correspondent

A week-long discussion on quality control organised by the Bangladesh Standard Testing Institute (BSTI) stressed the need for effective measures to combat faking and adulteration of products.

The discussion that began on December 18 also urged the producers to maintain the standard of products set by the BSTI.

The programme held at the seminar room of the BSTI was attended by the representatives of Investment Board, TCB, Directorate of Import and Export Control, Bangladesh Steel and Engineering Corporation, Mukti Jodha Kalyan Trust, Bangladesh Sugar and Food Industries Corporation, CI Sheet Manufacturers Association, Vegetable Oil Refiners Association and the Consumers Association of Bangladesh.

French state firm lied for nuclear trade abroad?

PARIS, Dec 24: Most Western countries are turning away from nuclear power, for reasons of cost or safety, but France is pushing it aggressively from Czechoslovakia to China, reports AP.

Electricite de France, the state-owned utility that built the world's largest nuclear network, seems to have salesmen everywhere, and some people accuse them of unfair tactics.

They carried out fraudulent public opinion polls, then printed the results in fancy booklets to influence Parliament," said Suzsza Poltenyi, a Hungarian environmentalist. "There books presented misinformation as fact. They spent huge amounts of money winning and dining our naive politicians."

Hungary is one of a dozen countries, including most other former Soviet satellites, targeted as lucrative markets for French nuclear technology.

A poll financed by Electricite de France indicated

most Hungarians would not oppose more nuclear plants. Mrs Foltenyi, who heads an environmental institute and a conservation society, said a Gallup poll conducted later reported the opposite.

She claimed French nuclear salesmen overwhelmed members of the new non-communist Hungarian legislature, who were elected only 18 months ago and are unaccustomed to Western-style lobbying.

"Let's face it, the whole concept of marketing is something new to Hungary," she said in a telephone interview.

Officials of the French state utility deny spreading false information or conducted an expensive lobbying campaign.

"We produced information and we will continue to," said Yves Morat, a company spokesman. "Of course, there are people who don't like us who will accuse us of lobbying and other things, but all we have done is produce information on which the Hungarians can make up their own minds."

Marketing efforts by the utility and Framatome, the state-owned nuclear reactor manufacturer, have full government backing. President Francois Mitterrand personally made final arrangements for the sale of two reactors to Pakistan during his visit to that country in February 1990.

Also on the books are contracts to sell two 1.8-billion dollar, 1,000-megawatt nuclear plants and a pumping station to China, and an agreement to build a plant in Ivory Coast.

And under an agreement signed last year, French technicians will show the Soviets how to extend the lives of their aging pressurized-water reactors.

Framatome, which faces competition from US and Canadian companies, has formed a joint venture with the German giant Siemens to export reactors.

Electricity generated by French-built nuclear plants already is used in Britain, Italy, Portugal, Spain

The communique, issued after an afternoon of talks here, did not reject Dunkel's proposals out of hand.

However, the ministers said that because Dunkel's plan called into question the Community's agricultural policy, "the paper is not acceptable and therefore has to be modified."

It added that further opening of markets and improvement of rules governing world trade were indispensable in the strategy to remedy the threat of world economic recession.

Countries opening up their economies would draw special benefits from a successful GATT Round, the ministers said.

While not rejecting Dunkel's proposal, the com-

figures were the latest bad economic news for consumers in the 12 former Soviet republics.

Mongolian bank runs out of fund to repay loan

ULAN BATOR (Mongolia), Dec 24: A leading bank said it cannot repay a 18 million dollar loan due Tuesday, setting the stage for Mongolia's first major default since it began attracting Western loans and aid last year, reports AP.

"We don't seem to have the funds," said Sukh-Erdene, chairman of Mongolbank International. "If we default we'll probably be sued."

Mongolia has borrowed heavily since it began to convert its centrally planned socialist economy into a free market in 1990. The transition is part of a larger shift from communist dictatorship to democracy, inspired by the changes in other Soviet-bloc countries.

Inflation risks Pak growth

KARACHI (Pakistan), Dec 24: Pakistan's central bank urged the government to curb inflation and the fiscal deficit, identifying these as the main threats to sustained growth, reports Reuter.

The State Bank of Pakistan's annual report for 1990/91 (July/June) said inflation had averaged 12.7 per cent that year, and added, "this could prove disastrous."

The inflation rate slowed to 8.64 per cent in November. The fiscal deficit, which has stayed stubbornly high despite the demands of the International Monetary Fund, is seen ending the current year close to the Fund's target of 4.8 per cent of GDP.

The bank said the government had taken some action to curb the fiscal deficit, which

was 7.5 per cent of GDP in 1989/90.

But it urged "much bolder effort to contain the deficit within manageable limits to make for sustained growth within the framework of monetary stability. It is imperative that the fiscal deficit is reduced."

On inflation, which was six per cent in 1989/90, the bank said, "At this juncture, Pakistan cannot afford to compromise on the battle against inflation."

The bank praised the government's economic reforms, including sweeping privatisation.

But it said financial sector reforms, which meant borrowing at market-related rates through auction of treasury bills and bonds, had initially

pushed up the fiscal deficit.

"All this resulted in the government of Pakistan debt rising from 374.2 billion dollar at the end of June 1990 to 440.3 billion dollar at the end of June 1991," the bank said.

It also urged the government to curb population growth, saying, "If unchecked, the present population growth rate of over three per cent can easily thwart efforts to improve living standards and harm the social fabric of society."

The bank said 1990/91, when the Gulf War cost Pakistan 700 million dollar in extra fuel costs and lost remittances from Pakistanis working in the region, was a "difficult" year.

Business Briefs

Indian rupee devalued further: The Reserve Bank of India (RBI) in Bombay Tuesday announced a further downward revision of the rupee by 0.68 per cent in relation to the pound sterling, making the British unit costlier by 33 paise, reports PTI from Bombay.

The new middle rate now works out to Rs 48.51 per sterling as against Rs 48.18 previously.

The new selling and buying rates for spot delivery are 2.0561 and 2.0665 sterling per Rs 100, corresponding to Rs 48.64 and Rs 48.39 per sterling respectively.

The rupee had depreciated by 1.35 per cent Monday.

Bonn airlifts food to Moscow: The German air force airlifted 27 tons of foodstuffs to Moscow this morning as the first shipment of a German food aid, according to a German Foreign Ministry announcement today, reports Xinhua from Bonn.

The food aid is offered by German non-governmental organizations Soviet airplanes will carry the remaining foodstuffs to their country this evening and tomorrow morning.

Germany's food aid is part of an aid package reportedly valued at 100 million European currency unit promised to the Soviet Union by the European Community.

IMF to examine Filipino economy: The International Monetary Fund (IMF) Board will discuss the Philippine economic programme at its meeting in February even if the senate has still to pass the required tax measures, Finance Secretary Jesus Estanislao said, reports Reuter from Manila.

Estanislao, just back from talks with the IMF in Washington, told reporters the IMF management would endorse his country's economic stabilisation programme for 1992 on January 25, in time for the Board's executive meeting by the third week of February.

Ethiopia, Sudan need food aid: Ethiopia and Sudan will need more than 1.5 million tons of food aid in 1992 despite above average harvest this year, a UN agency said Monday, reports AP from Nairobi.

The UN Food and Agriculture Organization said 6.1 million drought victims, displaced people and demobilized soldiers and their families in Ethiopia will need 880,000 tons of emergency food.

In Sudan, the agency said, 662,000 tons of food will be needed to help feed 7.1 million victims of drought, war and natural calamities.

UN halts aid to Liberia: The United Nations has "indefinitely suspended relief activities in Liberia's south-eastern Grand Gedeh country until the country's main rebel group accounts for a recent attack on one of its workers, UN officials said, reports AFP from Monrovia.

Sean Devereaux, head of the UN's Zwedru office, was attacked December 13 for refusing to give relief food to rebels from Charles Taylor's National Patriotic Front of Liberia (NPFL). UN special emergency relief coordinator Ross Mountain said here late Sunday.

Kevin Maxwell quits Daily News: Kevin Maxwell resigned as publisher and chairman of the Daily News effective Jan 1, the newspaper announced Monday. His brother, Ian, will also resign from the paper's board that day, the News said.

Meanwhile, the US bankruptcy judge hearing the Maxwell Communication Corp PLC case says there has been substantial progress toward drafting a procedure to avoid conflicts with the company's British bankruptcy filing.

Buyout of Fairfax Publishing done: Australia's oldest and second largest media group passed into foreign hands Monday when Canadian publisher Conrad Black put the final touches to his buyout of the 160-year-old Fairfax publishing house, reports Reuter from Sydney.

Black chief executive and major shareholder in Hollinger Inc, signed a 1.5 billion dollars (1.15 billion US) deal that will see 80 per cent of John Fairfax Group Pty Ltd floated on Australian stock exchanges early next year, possibly by February.

Dollar tumbles, then eases

NEW YORK, Dec 24: The dollar tumbled further Monday in reaction to the widening interest rate gap between the United States and Europe, but a late rally on Wall Street helped the US currency partly recover, reports AP.

Gold prices rose slightly. On the Commodity Exchange in New York, bullion for current delivery fetched 359.30 dollar tray ounce, up 70 cent from Friday. At Republic National Bank in New York, gold fetched 359.50 dollar as of 4 p.m. EST (2100 GMT), up dollar one from Friday.

Foreign exchange traders said dollar-sellers battered the currency through much of the day, accelerating the slide of late last week that resulted from higher interest rates in Germany and falling rates in the United States.

On Thursday, Germany's central bank hiked key rates to battle what it considered unacceptably high inflation in the most powerful European economy. On Friday, the Federal Reserve in Washington announced an unexpectedly big drop in its lending rate to banks, aimed at stimulating

the anemic U.S. economy.

Both moves caught many currency-market strategists unprepared. Lower interest rates in the United States make the dollar worth less, and higher rates in Germany make the mark more valuable.

But the dollar's slide was eased late in the afternoon by a powerful rally on Wall Street, where investors were heartened by a belief that lower US interest rates will provide the dose of economic vitality and consumer confidence needed to escape the recession.

In Tokyo, markets were closed for the Emperor's birthday, a national holiday. In London, the dollar fetched 126.50 yen, well below Tokyo's late Friday rate of 128.32 yen. Later in New York the dollar fetched 126.65 yen, down from 127.55 yen Friday but higher than an intra-day low of 126.20 yen, a level not seen since October 1990.

The dollar fell to 1.5135 German mark in Europe, down from 1.5335 late Friday. In New York the dollar fetched 1.5130 mark, down from 1.5340 late Friday but above its intra-day low of 1.5062 mark.

Half the Brazilians go hungry

BRASILIA, Dec 24: Some 80 million Brazilians, more than half the country's 150 million population, go hungry everyday and approximately 60 million people have insufficient incomes to satisfy their basic needs, an official report has concluded, reports Xinhua.

The Parliamentary Commission on Hunger in Brazil made its announcement in a study made public today.

At present, malnutrition affects five million children under the age of seven. In some regions such as northeast Brazil, infant malnutrition is

three time greater than the tolerance level set by the World Health Organization (WHO), the report said.

On infant mortality, the commission said that everyday, more than 1,000 Brazilian children aged under one year die from starvation.

In the north-east, 157 out of every 1,000 babies born alive die before they reach the age of one, the report said.

The commission's study, delivered to the President of Brazil's House of Representatives, recommended 20 urgent measures

to fight hunger.

For one, Brazil has some 350 million hectares of fertile soil, but only 14 per cent of it is dedicated to food production due to poor weather conditions and other reasons.

The country's agricultural production has declined approximately 20 per cent over the last two years, while its population has grown at least four per cent.

Brazil has been compelled to import seven million tons of grain this year at a cost of 1.5 billion US dollar just to supply the domestic market.

poor and disabled."

Losses to the Treasury from all the scandals total hundreds of millions of dollar this year and could account for half the projected budget deficit of two billion dollar, said one participant in a Central Planning Office symposium.

Lawina, the government analyst, said even all that corruption would be like just a mild cold in a healthy organism, but could be fatal to Poland because of the "sick condition of the economy and state structures."

Whether in banking, customs, taxes or foreign trade, "disorder is everywhere," he said.

When agencies don't work properly, Poles routinely pay bribes to speed things up, making state and local bureaucracies prime grounds for corruption. "All over the world, you have institutions that issue licenses, but that does not mean that you must have corruption," Lawina said.

This agency, the Supreme Chamber of Control, is one of several charged with acting as watchdogs.

So far, Lawina said, the swindlers have the upper hand.

"True, there are a lot of institutions controlling things," he said, but in fact, they do nothing.

Meanwhile, parliament ended Poland's 2-month-old government crisis Monday by narrowly voting to accept a Cabinet that is expected to replace President Lech Walesa's tough, market-oriented economic reforms.

Lawmakers last week gave Prime Minister Jan Olszewski a vote of confidence by rejecting his resignation, which he filed after saying his feud with Walesa made it impossible to select a Cabinet.

The Sejm, or lower parliamentary chamber, then faced the option of accepting Olszewski's Cabinet or leaving the question unresolved until January. Poland has been without a Cabinet since elections on Oct 27.

On Monday the Sejm voted 235-60 with 139 abstentions to accept the government. Olszewski needed 218 votes to approve the choices.

A million here, a million there; it all adds up

WARSAW, Dec 24: Most Poles toil away, hoping the switch to capitalism will pay off someday, but a few speed toward the good life on a slick track of bribes, graft and fraud, reports AP.

Their motto seems to be: A million here, a million there; it all adds up.

Poland has been rocked by scandal involving the state treasury and banking system. Some estimates say the cost in 1991 alone may reach 500 million dollars.

Regulators admit having no idea how extensive the corruption is, and acknowledge there may be far more scandals than those uncovered so far.

Experts say a "Wild East" mentality is spreading as Poland and other formerly communist countries in Eastern Europe move from centralized economies to capitalism.

Change occurs so quickly that the rules have not yet been written. In the gap, anything goes.

Bank fraud is easier in a country where ledgers are

kept by hand and there is no central clearing house, where controls like independent auditors, standard accounting practice, tax offices and computerized databases are a rarity.

The legislation does not keep up with the changing economic situation, and this leaves room for abuse," said Irena Popow of the Office of State Protection, Poland's equivalent of the American Federal Bureau of Investigation.

"I don't know if anyone could guess what the scale of this phenomenon is. This is a period of somewhat revolutionary changes in the Polish economy, and the causes some negative results."

Anatol Lawina, a senior government analyst, said: "The authorities just have to get rid of the corruption. The question is, how long will it take?"

In the biggest scandal, two entrepreneurs aged 28 and 31 are alleged to have lured a 1,000 dollar investment into more than 350 million dollar and fled with the money to Israel, which has no extradition treaty with Poland.

They claim they took advantage of legal loopholes, but did not commit a crime. The host of misdeeds alleged by prosecutors include obtaining huge loans with phony letters of credit, bribing bank officials, evading taxes and import duties and kiting checks to collect interest from two banks on the same money.

The President of the National Bank of Poland lost his job because of the scandal, and he and seven lower banking officials were arrested.

Another case involved alleged mismanagement of one billion dollar by the now-defunct government agency known as FOZZ, which was in charge of paying the interest on Poland's foreign debt.

It led to the resignation of the chief debt negotiator and put a cloud over Finance Minister Leszek Balcerowicz and several of his senior officials for not exercising proper oversight.

The agency, a holdover from the former communist regime, is alleged to have run wild in 1989-90, when the ministry was busy implement-

ing shock economic reforms.

By one estimate, FOZZ cannot explain what happened to 79 million dollar. Auditors are combing the records of a private company set up by the agency's former director and his assistant, who have been indicted.

In October, 13 people were arrested in France and accused of bilking Western financial institutions of millions of dollar with Letters of Credit from a non-existent Polish bank.

The bank supposedly had its headquarters in a new free-trade zone, also non-existent. A former Communist member of Parliament has admitted vouching for the phantom zone on official stationery because, he said, he wanted to woo foreign investment to Poland.

Daily reports in the Polish press tell of many smaller swindles, like using churches or phony charities as fronts to escape import tariffs.

Authorities stopped the duty-free import from Germany of 500 tons of high-octane gasoline that listed on a customs invoice as a donation "for the

poor and disabled."

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