

### ADB okays \$ 5 b loan this year

MANILA, Dec 25 : The Asian Development Bank (ADB) said Tuesday to member-nations and the private sector this year, a 26 per cent rise from 1990, reports AFP.

The total included 28 million dollar in equity investment in private enterprises, the Manila-based bank said in a statement.

Thirty-five per cent of ADB loans worth 4.984 billion dollar went to the energy sector, followed by agriculture at 21 per cent, transport and communications at 16 per cent, social infrastructure at 13 per cent, and industry and the financial sector at eight per cent each.

Indonesia, India, Pakistan, China, Bangladesh and Malaysia, in that order, were the major recipients of ADB funds, the statement said.



A new VW model which earned acclaim in this year's International Motor Show in Frankfurt. —INP photo

## Rao trims top brass

NEW DELHI, Dec 25: Grappling with a 15 per cent inflation, shrinking exports and rising foreign debts, Prime Minister PV Narasimha Rao has announced plans to trim India's elephantine bureaucracy, reports AP.

About 1,000 jobs in three government units regulating exports will be abolished in January, Rao told the National Development Council on Tuesday. The positions were made redundant by the government's recent liberalization of the rule-bound economy.

Rao also pledged to prune 10 per cent of the 600 highest bureaucratic positions, fulfilling a programme he announced on becoming prime minister last June.

Rao ordered additional measures to curb government expenditure and cut the budget deficit. He asked all government departments surrender 10 per cent of the nearly one million telephones allocated to elected representatives and government officials. He also banned ministers

and officials from flying first class on foreign trips and imposed a 20 per cent cut on travel.

"The rational economy is that there has been deregulation and liberalisation. Logically, there is less government work and less senior staff is needed," Rao told the council, a planning body of the highest elected state officials.

The nation's economic crisis were compounded by political instability in the last two years, in which revolving-door governments were unable to produce manageable budgets.

India's foreign debt has grown to 70-billion dollar — a quarter of its gross national product. Only Brazil and Mexico have more debts than India.

Foreign exchange reserves, needed to import oil and machinery to modernise the outdated factories, were reduced by last June to less than 1 billion dollar, enough to cover just three weeks imports. By December they had more than doubled with the help of loans

from the International Monetary Fund.

To get the loans, India adopted sweeping reforms, opening its doors to foreign investment, abolishing some subsidies, cutting red tape on trade and streamlining industrial policy.

The moves won praise from foreign investors but criticism from the people who had to pay more for everything.

Inflation rose to 15 per cent from 9 per cent in one year. Critics said Rao's policies hurt the poor, who constitute 40 per cent of the population, according to World Bank statistics.

Rao also abolished cumbersome licenses for starting industries and allowed overseas investors to hold up to 51 per cent of the stock.

But investment has been slow, as foreign companies seem to be waiting to see if Rao will follow up on plans to eliminate more regulations, lower interest rates, loosen up the capital market and shed money-losing state-run companies.

### Sad X-mas for BCCI depositors

LONDON, Dec 25 : Depositors and former employees of the Bank of Credit and Commerce International, closed in July for fraud, sent Prime Minister John Major a giant Christmas card asking him to do his best for them, reports AP.

"The former employees and depositors of BCCI will not be having a happy Christmas this year," Labour Member of Parliament Keith Vaz, coordinator of a special House of Commons committee on the bank said Wednesday.

The 32,000 depositors and 1,200 former members of staff will be having a miserable time. He said he designed to remind major that the government has an important role in getting the best possible deal. I hope that it gives him a nudge."

British depositors are to receive compensation from a special fund set up by the Bank of England, payable after the BCCI goes into liquidation. The high court here is to decide on January 14.

Negotiations for compensation are also being held with the Gulf emirate of Abu Dhabi, which holds 77.4 per cent of the bank's capital.

### Algeria calls for OPEC meet on oil cut

ALGERIA, Dec 25: Algeria, confirming an earlier published report, said it wants an emergency meeting of OPEC ministers to discuss how to reduce oil production, reports Reuter.

"Must we wait for prices to fall to within 10 dollar a barrel as in 1986 or 1988 for OPEC to finally react and defend its members' interests?" an energy ministry source said.

In a statement sent to Reuter and the Algerian news agency APS, the source criticised what he called exaggerated optimism by OPEC's most influential members at their meeting in Vienna last month. He said OPEC's reference price had fallen from 20.8 dollar to around 16 dollar Wednesday.

Saudi Arabia, the world's biggest oil exporter and OPEC's dominant member, has so far rejected a meeting on prices before a session scheduled in Geneva on February 12.

Earlier, Algerian Oil Minister Nordine Ait Laoussine said oil prices could sink to 10 dollar a barrel over the next few weeks. He said OPEC should immediately reduce oil output by at least two million barrels per day to prop up prices which have declined five dollar a barrel in recent weeks.

Ait Laoussine made the comments in a Monday interview in Algiers with the New York Times, published in Wednesday's International Herald Tribune.

## EC sends strong unity signal

BRUSSELS, Dec 25 : The European Community (EC) has sent a strong signal of unity after the recent Maastricht summit with its rejection of a GATT plan to free up world trade, writes Reuter.

EC trade and farm ministers late on Monday staked out a firm stand against a compromise global trade reform plan put forward by the Director General of the General Agreement on Tariffs and Trade, Arthur Dunkel.

They took the stance despite uneasiness, especially among the Germans and British, that the five-year-old Uruguay Round of trade talks was seriously close to failure.

The ministers' willingness to put those concerns aside in the interest of EC unity showed the depth of their opposition to Dunkel's approach to cutting farm subsidies, diplomats said.

It also marked a victory for France, which has steadfastly resisted calls by the United States and a group of food ex-

porting allies for deep cuts in farm subsidies, they said. In his 451-page proposal released late last week, Dunkel sought to prepare for a final bargaining round early next year.

GATT negotiators fear the talks could become swept up in political cross-currents which will gain force as next November's US presidential election approaches.

German Economics Minister Jurgen Moellmann voiced those concerns in his remarks to EC ministers on Monday.

"Already there are initiatives in the US Congress to tighten up US trade law further," Moellmann said. Failure of the round would unleash US protectionist pressures and threaten the EC economy, he added.

The German minister said GATT negotiators were very close to success on issues such as market access, services such as banking, insurance and telecommunications and establishing rules to protect against piracy of copyrights and

patents. "We must have success now or at the latest by the beginning of 1992," Moellmann said in remarks released to reporters.

EC farm and trade ministers prepared a draft statement voicing concern over the farm trade provisions of Dunkel's proposal but underlining the need to reap success in the Uruguay Round in order to stimulate the world economy.

However, the final communiqué was much tougher, saying Dunkel's farm trade plan was unacceptable and unbalanced.

"I was surprised that the definitive text changed the ministers' statement in a sensitive way to present a whole different image," a Dutch diplomat said.

The EC will display unity was in line with an effort a week earlier when the bloc, fresh from reaching its historic Maastricht monetary and

political unity pact, averted a split on recognition of Yugoslavia's breakaway republics.

EC officials said Dunkel's approach irritated ministers because it would undercut a central plank of the Community's proposed farm reform package, which would trim price supports and instead offer direct, income-linked payments to EC farmers.

Dunkel's draft proposal would also require a 24 per cent cut in the volume of subsidised exports between 1993 and 1999.

That was especially hard for French grain farmers, Danish beef and pork producers and Dutch dairy farmers to swallow, EC officials said.

The GATT chief's plan would lead to the dismantling of the EC's variable levy scheme that effectively curbs imports through automatically adjusting border taxes.

"The longer people studied the Dunkel text, the more they opposed it," the Dutch diplomat said.

## Bush bound to cut costs?

WASHINGTON, Dec 25: President Bush intends to honour the spending limits of the budget deficit accord when he unveils an economic growth package aimed at stimulating investment, spokesman Marlin Fitzwater said Wednesday, reports Reuter.

There has been an internal debate within the administration about the package, with some insiders contending that Bush should ignore the restraints imposed by the agreement aimed at narrowing the federal deficit.

"We have always said that we wanted to do it within the budget agreement and that certainly is the plan," said White House spokesman Marlin Fitzwater.

An administration official

said Bush would have to declare an economic emergency in order to waive the spending limits imposed by the budget pact. The Congressional budget office has already projected the deficit at a record 362 billion dollar.

Many of the options before Bush would be costly but popular with an electorate disgruntled with the sluggish economy, said administration officials.

Fitzwater dismissed calls by some to delay action and wait for the impact of the one per cent cut in the prime interest rate by the Federal Reserve Board.

"I think we're past that," he said. "I think the conclusion is that we've got to have some kind of a growth package. The rate cut needs to be

complemented with some economic stimulus as a positive impact that's targeted toward investment."

Bush, who will include the economic package in his Jan 28 state of the union address, faces a re-election process that begins in February with balloting in Iowa and New Hampshire for his party's nomination.

"It would be political suicide, just before formally declaring (his candidacy) to declare an economic emergency," said one administration insider.

Bush, who has not formally announced his candidacy even though he has made it clear he intends to seek a second four-year term, will declare his intentions shortly after the state of the union address.

One administration official acknowledged the political considerations influencing the package. "There are partisans in both camps," he said.

"There are some people in the administration who see this (the economic package) in a more partisan way than others," he said. "But there are also some... (in Congress) who want to block initiatives for partisan reasons, even if it means hurting the economy."

Fitzwater said Bush "has made some" preliminary decisions on his economic package, but that all were subject to change as officials draft the overall plan.

The final plan will be reached shortly after Bush returns to the United States from a 12-day trip to Asia and Australia that concludes Jan 10, Fitzwater said.

## Business Briefs

### Japan to make 5 days a week:

The Japanese government plans to shorten the work week to days for 1.17 million central government workers, possibly by the end of fiscal 1992, the Management and Coordination Agency reported Tuesday, reports AP from Tokyo.

An agency official, who spoke on condition of anonymity, said the Cabinet would formally decide on Friday. He said plans for the five-day, 40-hour work week followed a recommendation by the National Personnel Authority in August. The agency suggested that shorter working hours would help the workers enjoy a comfortable life and eventually stimulate the economy by giving them more leisure time in which to spend, the official said.

He said the 3.3 million local government workers would later be granted a five-day work week.

### Beijing executes bank chief:

China has executed the former head of a bank branch in the free-wheeling Southern Special Economic Zone of Shenzhen for taking bribes, the People's Daily newspaper said Wednesday, reports from Beijing.

Four others in the Southern province of Guangdong, which includes the Special Economic Zone next to capitalist Hong Kong, were executed for economic crimes, the newspaper said. In Urumqi, capital of the western region of Xinjiang, nine people were recently executed for murder, robbery, rape and setting off explosions, a local newspaper Wednesday said.

### French trade surplus slumps:

The French trade surplus slumped to 533 million French francs (98.7 million dollar) in November on a seasonally-adjusted basis, official figures showed Tuesday, reports AFP from Paris.

In October the trade balance had shown a surplus of 6.629 billion francs (1.2 billion dollar) which was the highest level for 13 years.

In September the balance had shown a deficit of 3,082 billion francs (565 million dollar) on a revised basis.

### Estonia short of fuel:

Estonia is short to fuel and is to ask the West for help, Estonian Economy Minister Jaak Leiman said, the Baltfax news agency reported Tuesday, reports AFP from Moscow.

Estonia intended to ask the West to supply oil directly or to provide credits in hard currency to enable Estonia to buy fuel from republics in the Community of Independent States (CIS), the minister said Monday.

Estonia has enough petrol for only three days, and will have to reduce services operated by public transport.

### Japan aids Indonesian schemes:

The Export-Import Bank of Japan signed an agreement Tuesday to lend up to 42 billion yen (328 million dollar) to private-sector projects approved by the Investment Coordinating Board of Indonesia, reports AFP from Tokyo.

Under the agreement, proceeds of the loan will be provided to six state banks, six private national banks and two other financial institutions.

The Japanese government-owned bank has extended three similar loans to Indonesia totalling 86 billion yen (672 million dollar) since 1988.

### BCCI executive to cooperate:

A former Bank of Credit and Commerce International (BCCI) executive agreed to cooperate with authorities investigating the scandal-ridden bank in exchange for having civil charges against him dropped, the US central bank, the Federal Reserve Board, said on Tuesday, reports Reuter from Washington.

Khusro Elley is one of a group of Middle Eastern businessmen the Fed accused of helping BCCI secretly acquire first American Bankshares Inc, the biggest bank in the US capital.

He agreed to cooperate with Federal and New York state authorities investigating the US operations of BCCI.

### Hanoi plans bank in Singapore:

The Bank of Foreign Trade of Vietnam wants to establish a branch or a joint venture bank in Singapore, The Business Times reported Tuesday, reports Xinhua from Singapore.

The paper quoted a spokesman of the Monetary Authority of Singapore (MAS) as saying that the way is clear for Hanoi to set up an office here.

He said financial institution in Singapore has resumed normal banking relations with Vietnam. So Vietnamese banks may explore the opportunity of setting up an office in Singapore provided they satisfy mass admission criteria for banks, he added.

## US demand unjust: China

BEIJING, Dec 25 : China blamed Washington today for the failure of Sino-US trade talks last weekend and accused the United States of making excessive demands, reports Reuter.

"Despite the sincere approach of the Chinese side in the talks, no agreement was reached between the two sides as a result of the excessive demands raised by the US side regardless of existing international norms," said a spokesman for the Ministry of Foreign Economic Relations and Trade.

Any threat of unilateral trade retaliation "will neither help solve the problems nor be accepted by China," the official China Daily newspaper quoted the spokesman as saying.

Washington has said it will slap punitive tariffs of 100 per cent on hundreds of millions of dollars' worth of Chinese goods if Beijing does not give in to US demands on the protection of copyrights, patents and trademarks by January 16.

China has said it would match any US move to punish it, leading to fears the dispute could develop into a trade war.

The two sides agreed to meet once again before the final US deadline. However Washington's chief negotiator, Joseph Massey, said in Beijing on Sunday that US patience was running out.

Many analysts see the dispute on the protection of intellectual property to be a trial run on the more important battle over US access to China's market.

Washington has given Beijing until Next October—just before the US presidential election—to satisfy its demands to allow in more US goods.

## India concerned over GATT chief's plan

NEW DELHI, Dec 25 : India has expressed concern at elements relating to intellectual property rights and textiles in the Dunkel compromise plan to save the Uruguay Round of multilateral trade negotiations, reports AP.

Minister of State for Commerce Palaniappan Chidambaram, however, did not reject out of hand the package worked out by Arthur Dunkel, Director-General of the General Agreement on Tariffs and Trade (GATT).

At first glance the Dunkel plan had both positive and negative features, Chidambaram said in a statement late Tuesday, adding New Delhi was still analysing the complex package released on the weekend.

India was unhappy with proposals that a product patent would have to be granted for all inventions (except plants and animals), Chidambaram said.

A 20-year duration for patents and the burden of

proof shifting to the alleged infringer in case of a dispute over intellectual property rights were other negative features, the minister said.

On textiles, the Dunkel draft provides for the phasing out of the multi-fibre agreement over 10 years which Chidambaram said was not "adequately front-loaded."

The fact that India would not have to give product patents for food, chemicals and pharmaceuticals until 2003 was a positive feature along with the provision for compulsory licensing which was "sufficiently broad and flexible," he said.

"At this point of time, it is difficult to say if the participating countries will accept the draft in toto," Chidambaram said.

Participants in the Uruguay Round have time until January 13, 1992 to respond to the Dunkel plan and "India will give its response reflecting its vital concerns," he said.

## Tokyo shares up

TOKYO, Dec 25 : Share prices rose in morning trading Wednesday on the Tokyo Stock Exchange, while the US dollar slipped against the Japanese yen, reports AP.

The 225-issue Nikkei Stock average gained 419.75 points, or 1.94 per cent, closing the morning session at 22,084.28. On Tuesday, the average fell 112.59 points.

The Tokyo Stock Price Index of all issues listed on the first section, which shed 10.10 points Tuesday, stood at 1,650.87 points, up 12.81 points, or 0.78 per cent.

At late morning, the dollar was changing at 127.05 yen, down 0.20 yen from Tuesday's close. It opened at 127.45 yen after finishing overnight at 127.35 yen in New York.

As of 11:05 am (0205 GMT), benchmark No 1205 Japanese government bonds rose to 104.92 points from Tuesday's 104.80-point finish. Their yield fell to 5.525 per cent from 5.545 per cent.

Share prices rebounded on small-lot buying in a favourable

reaction to a continued advance on Wall Street, where the Dow Jones industrial average added another 28.40 points on top of Monday's 88-point gain, traders said.

Noboru Yamada, an analyst with Sanyo Securities, said buying was inspired by expectations of lower interest rates following a monthly government report Tuesday indicating Japan was entering a recession.

"It was worth noting that the government for the first time acknowledged the nation's economy has been slowing down," Yamada said.

The central bank has been resisting calls for a rate cut, but traders anticipate one sometime after President Bush visits Japan Jan 7-10. Bush is expected to ask Japan to ease credit to boost imports.

The market shrugged off a report Wednesday that turnover on the Tokyo exchange's first section was forecast to be the lowest in nine years.

## Electronics to grow 5.6 pc in Japan

TOKYO, Dec 25 : Japan's electronics production is forecast to grow 5.6 per cent to 26,979 billion yen (211 billion dollar) next year, the Electronic Industries Association of Japan said Tuesday, reports AP.

The production of industrial electronic equipment is expected to climb 5.8 per cent to 12,533 billion yen (98 billion dollar), supported by healthy demand for mobile communications equipment and computers, the association said.

Output of electronic parts and devices is expected to grow 7.4 per cent to 9,544 billion yen (75 billion dollar), boosted by strong demand for integrated circuits and liquid crystal displays.



Minister for Industries Shamsul Islam Khan distributing stipends to poor but meritorious students Tuesday at Singair upazila auditorium in Manikganj. The awards were given by the Singair Samity at Dhaka. —PID photo

## As Bush is playing politics, so are we : Congressman

WASHINGTON, Dec 25 : The tax-cut battle between President Bush and Congress has become a contest between economists and pollsters for the ears and minds of politicians. If you money's on the economists, you lose, reports AP.

Congress last week finished three weeks of hearings on the recession during which economists warned that a big tax-cut not only wouldn't stimulate the economy but could cause long-term damage.

So what are lawmakers, and probably the White House, poised to do when Congress returns to work next month? Cut peoples' taxes, and prob-

ably reduce levies on businesses too.

The impetus is pretty clear : pollsters are picking up irresistible signals that on the eve of the 1992 campaign season, the public wants the government to do something about the recession.

President Bush, who is considering a 300 dollar rebate to each taxpayer, is "playing politics" on the issue, and "so are we," said Representative Dan Rostenkowski, a Democrat and Chairman of the tax-writing House Ways and Means Committee.

"Everybody on our committee is panting to do something, and I expect something will be done," said committee member Representative Raymond

McGrath, a Republican.

Uniformly, the economists told the lawmakers that granting several billion dollar in tax-cuts would have little if any effect on a 5.5 trillion dollar economy.

They warned that the economy's real problems are long-term, like the mammoth federal deficit, low productivity and a low national savings rate. A drive to cut taxes could swell the budget shortfall, while more serious, long-term problems are ignored.

"Much of what's going to happen in the next six months is already built into the system," Federal Reserve Chairman Alan Greenspan on the Ways and Means panel on Dec

18. He said Congress should "focus on the long-term and recognize that."

Robert Reischauer, Director of the Congressional Budget Office, gave the Ways and Means panel the same message : "I don't think there is anything you can do in the next six months that would affect the turning point in the economy."

One lawmaker urging caution is House Budget Committee Chairman Leon Panetta, who says the most important fiscal stimulus would be "if the president and Congress agreed to a long-term strategy for this economy."

But most politicians are incapable of ignoring what the

voters want, particularly with a presidential election reviving up.

The signals are clear : An ABC News-Washington Post poll conducted Dec 11-15 found that 70 per cent of the public disapproves of Bush's handling of the economy, with only 24 per cent approving.

Congressional Democrats were trusted to deal with the recession over Bush by a 46 per cent to 36 per cent margin, a refreshing finding for Democrats used to being considered second best in that area.

In a Times Mirror poll taken Oct 31 through Nov 10, 43 per cent of respondents said they were worse off eco-

nomically than they were four years ago, compared with 40 per cent who said they were better off. When candidate Ronald Reagan asked that question during his 1980 race against President Carter, Americans answered the same way and Reagan became president.

An NBC News-Wall Street Journal poll conducted Dec 6-8 found that people favour a tax-cut to stimulate the economy by a 57 per cent to 31 per cent margin.

With the election just 11 months away, those figures strike terror for the administration and cause joy for Democrats. As a result, neither side is likely to be able to resist doing something.