

Major in US to talk Soviet aid

KENNEBUNKPORT, Maine, Aug 29: British Prime Minister John Major arrived on Wednesday for talks with President George Bush on helping the Soviet Union move quickly to a market economy and feed its people during what may be a hard winter, reports Reuters.

British officials said Major and Bush agreed on the approach to assisting the Soviet

Union. Both believe Western aid to help move the Soviet economy to a free market should be limited to technical assistance until Moscow puts in place a far-reaching reform package.

The two leaders will also discuss how the West can help the Soviet Union get through what many analysts believe will be a hard winter. Bush told reporters on Wednesday there would have to be an "orderly process" to determine specific needs.

"It needs to be recommended and it's early for that," Bush told reporters. "Some have suggested that the problem is less the availability of food than it is distribution, getting the food to the shelves or getting the food to market. So it's one that we want to stay on top of all, he said."

Bush has however taken a cautious wait and see approach, preferring to wait until events in Moscow settle down to see who the United States will be dealing with before making important policy decisions.

\$1.96 Italian loan to Soviet

MILAN, Aug 29: Italy said Wednesday it would be more than double its commercial loans to the Soviet Union to 2.5 trillion Lire 1.9 billion Dollars this year to provide consumer goods and fuel for the upcoming winter, reports AP.

The state export credit insurance agency, SACE, on Wednesday authorized the payment of a further 1.5 trillion Lire (1.2 billion Dollars) of loans that were originally scheduled for the second half of 1993 and all of 1994, according to a statement from the Treasury Ministry.

The loans are part of a 5 trillion-Lira (3.8-billion-Dollar) government-guaranteed loan package to Soviet Union that was supposed to have covered the five-year period starting in 1990.

The decision came one day ahead of a key meeting in London of representatives of the heads of state and government of the Group-of-Seven (G-7)

British Prime Minister Major flies to Moscow on Sunday for meetings with Gorbachev and Russian Federation President Boris Yeltsin. Representatives from the Group of Seven industrial nations—the United States, Britain, France, Germany, Italy, Canada and Japan meet in London on Thursday to consider ways to expand aid to Moscow.

The G-7 in July agreed to extend the Soviet Union a special associate status in the International Monetary Fund and the World Bank agreed to help it become a part of the world financial system. Britain has called for Moscow to be made a full member of those institutions so it could qualify for international aid.

In Washington, Major warned of a danger of Soviet chaos and collapse but said the west stood ready to help. "I think it's in the interest of the Soviet Union and the west that they work together," Major told NBC television.

Demand for more development funds, less tax contradictory: Saifur

Star Economic Report

Finance and Planning Ministers Saifur Rahman on Thursday said that the opposition to Value Added Tax (VAT) had weakened. The initial reaction to VAT was due to "uninformed opposition" and also some "deliberate" attempts by the vested interests to embarrass the government, he said.

Addressing a workshop on VAT for senior and mid management personnel at Hotel Sonargaon sponsored by management consultant, Rapport Bangladesh Ltd, the Finance Minister said VAT was introduced for improved collection of revenue. He termed that the demand for raising development expenditure while opposing progressive moves for raising more domestic resources was a hypocrisy practised in politics. The Minister said it is not possible to raise

salaries further for the government employees due to fund constraints.

He said the government would pursue policies for vibrant trade and industry. He stressed the need for proper management of the economy with politicians playing responsible roles. He said if economic discipline and responsible politics are not pursued, foreign investors will not come to Bangladesh. He urged all quarters to shun "unethical and cynical economic and political jargon."

The Minister categorically assured all that the government would maintain a congenial environment at all costs so that a stable frame work for rule of law, fundamental rights and standard ethical practices for promotion of business.

The Minister said many countries have opted for VAT.

He stated there will be a uniform tax system in the world through VAT. He appealed to all not to make any demand which would distort the tax system.

The inaugural session of the workshop was also addressed by M Mosharraf Hossain, Managing Director of Rapport, Nurul Husain Khan, Secretary, Internal Resources Division and AKA Firoze Noon, Director of Bangladesh Shipba Bank.

Presenting his key-note paper at the workshop Shah Abdul Hannan, member of national board of revenue (NBR), noted the revenue receipts in the first month of the current fiscal year after the introduction of VAT were Taka 200 million higher than those of the same month last year. "The monthly return indicates a welcome situation," he stated.

Hannan observed VAT is capable of generating increasing amount of revenues. He added that the "built-in cross checking system" under VAT would dampen tax evasion and enhance domestic resource mobilization.

He said the cascading effect of tax is eliminated under VAT due to instantaneous credit mechanism. The tax payers would be encouraged to maintain legal documents for their own interest, he added.

Hannan said due to the flat VAT rate at 15 percent, financial distortions and inefficient resource allocation are reduced. He observed that the producers would be encouraged to use local inputs due to VAT credit facilities on domestic raw materials. He stressed the need for minimum exemptions under for the system to work smoothly.

USSR likely to emerge as force in aircraft industry

LONDON, Aug 29: The Soviet Union, freed from the shackles of communism, is likely to emerge as a force in the international aircraft industry, an expert with the respected Jane's Information Group said Wednesday, reports AP.

"It is strange to see the all-powerful, entrenched Soviet defense industrial complex, which was virtually a state within a state, emerging rather hesitantly into the demand-economy world," Mark Lambert said at a news conference to release Jane's "All the World's Aircraft 1991-92."

The Soviet Union does not yet have the airworthiness certification needed to export aircraft to the West, but Western manufacturers have begun to use Soviet factory capacity and the Soviets have been allowed to acquire Western civilian engines for the first time, Lambert said.

Western manufacturers, for example, have begun to take advantage of the cheap labour in the Soviet Union, supplying approved raw materials from which Soviet factories produce complete air frames or major components, he said.

3,18,000 Americans get unemployment benefit

WASHINGTON, Aug 29: More than 300,000 out-of-work Americans exhausted their unemployment benefits in July, the highest level in at least 40 years, said a study released Thursday by a group that advocates programmes for the poor, reports AP.

About 318,000 Americans exhausted their regular unemployment benefits in July and were unable to qualify for extended benefits, the Center on Budget and Policy Priorities said.

The study said the 318,000 was the highest one-month total since the government first began tracking monthly statistics in 1951.

At the current pace, the study said, the number of Americans who run out of jobless benefits this year will exceed any year since the nation's unemployment insurance programme was established in the 1930s.

"The problem is likely to remain acute in the months ahead," the report said.

In early August, Congress passed a 5.2 billion Dollars package to extend unemployment benefits to the long-term unemployed.

The measure, designed to help some of the 1.6 million workers put on unemployment lines by the recession, would have extended jobless benefits for up to 20 weeks beyond the 26-week standard.

But President Bush, noting that Congress offered no way to pay for the benefits, essentially killed the bill by signing it and then using a technical loophole in last year's White House-Congress budget agreement to avoid implementing it.

Baghdad to create fund to compensate Iraqi's war losses

BAGHDAD, Aug 29: Iraq's ruling Revolutionary Command Council on Wednesday decreed the creation of a special fund to compensate Iraqis for their losses during the Gulf war and local insurgencies the official Iraqi News Agency (INA) reported, reports AFP.

The Agency defined the rights of the fund beneficiaries, ways to claim money and the internal operations of the independent body which is authorized to manage contributions collected domestically and abroad.

The fund will be subsidized by the state, INA said without specifying for what amount.

In July Iraq's National Council (Parliament) called for an amendment to a bill presented by the government for the creation of this fund.

It criticized the Fund's form of financing and asked that the state contribute the equivalent of 10 million Dinars (32 million Dollars) at the official rate.

There are no published statistics in Iraq on losses incurred by those involved during the war but international jurists had in June put the country's total figure at 137 billion Dollars, INA said.

African debt relief sought

UNITED NATIONS, Aug 29: The UN Secretary General proposed on Wednesday that wealthy nations would cancel their official debt to African countries before the continent faced a crisis of tragic proportions, reports Reuters.

Five years after UN members promised to revive Africa's devastated economies Secretary General Javier Perez de Cuellar in effect called the programme a failure.

He concluded, in a major report on the plan, that Africa could never develop under a debt burden of 270 billion Dollars and proposed rich countries cancel bilateral government debts such as was done for Egypt and Poland and increase their aid.

By the end of 1990 it had become evident that the African economic crisis had indeed deepened, he said.

The average African continued to get poorer and to suffer a persistent fall in an already meagre standard of living.

On June 1, 1986, the UN General Assembly adopted a five year programme which was seen as a watershed in committing wealthy nations to supply resources for development. In turn African nations promised to restructure their economies reduce waste and reallocate government funds.

But according to the report resources fell far short of what was needed and many restructuring programmes were half-hearted and short sighted.

The document was prepared for a review of the programme in General Assembly Perez de Cuellar proposed that the Assembly now set concrete targets rather than general goals. These include:

- Doubling per capita income by the year 2015, entailing a six per cent annual economic growth rate. Even then annual income would still be only about 700 Dollars in most nations.
- Increasing aid to 30 billion Dollars by 1992 from 21 billion in 1989 and continuing to raise it by four per cent annually until the year 2000.
- Taking "bold" measures to reduce Africa's debt, which in 1990 cost at least 23 billion Dollars to service. This includes cancelling official government debt and semi-official export credits and reducing debt owed to multilateral institutions, private commercial debt should also be written down and reduced.
- Setting up an African diversification fund for technical assistance to ease a chronic dependence on primary commodities.

Kuwait resumes oil refining

AL AHMADI OIL FIELD (Kuwait), Aug 29: Kuwait has resumed refining its own oil six months after the Iraqi occupation ended and is due to produce gasoline in a few days, refinery officials said Wednesday, reports AFP.

Repairs to Kuwait's main refinery at Al-Ahmadi, were initial refining capacity is 110,000 Barrels per Day, will allow the emirate to provide for almost all of its domestic oil product needs soon, the officials said.

Before Iraq invaded Kuwait on August 2, 1990, the Al-Ahmadi refinery had a capacity of 370,000 Barrels per Day. During its retreat, the Iraqi army blew up and set fire to the main oil installations, particularly the computerized command centers.

The two other refineries are unlikely to be repaired before the second half of next year. "Hundreds of people have worked non-stop for two months" on the refinery here, Adel Al-Sharhan, one of the chief technicians said. "The first stages of refining started Monday." The most time-consuming work involved removing explosives left in the area by the Iraqi army.

The official opening of the refinery is due to take place in a matter of days in the presence of Oil Minister Hammoud Abdallah Al-Raqba, officials here said.

US economy shrinks

WASHINGTON, Aug 29: The US economy was still in recession between April and June, continuing to contract rather than rebounding as thought a month ago, the Commerce Department said on Wednesday, reports Reuters.

In its first revision of quarterly Gross National Product (GNP) figures, the department said the economy shrank at a 0.1 per cent annual rate in the second quarter instead of expanding at a 0.4 per cent rate.

The emirate's oil production stands currently at about 115,000 Barrels of oil a day, which does not include production in the neutral zone shared with Saudi Arabia, the Oil Minister said recently.

The country seeks to produce 800,000 Barrels a day by the end of 1992. Before the invasion, Kuwait produced about two million Barrels a day.



M. Saifur Rahman, Minister for Finance and Planning delivering inaugural speech at the seminar "Management Workshop on Value Added Tax (VAT)" sponsored by Rapport Bangladesh Limited at Sonargaon Hotel on Thursday.

IBM returns to India

NEW DELHI, Aug 29: International Business Machines Corp (IBM) is set to return to India, teaming up with the country's biggest private firm to manufacture computer hardware and software, officials and diplomats say, reports Reuters.

The joint venture with the Tata group is among the first to be considered by a new unit in the office of Indian Prime Minister Narasimha Rao set up last week to woo multinational firms to come to cash-strapped India, an aide to Rao said on Wednesday.

IBM pulled out of India in 1977 after the government enacted investment laws requiring foreign companies to reduce their stake in joint ventures to a maximum of 40 per cent.

Under a new policy announced last month, India will again allow foreign companies majority equity in joint ventures and has promised speedy approval for high-technology and export-oriented projects.

"They have yet to make a formal application. We're expecting it in the next few days," the aide said of the IBM venture. A spokesman for the Tata group in New Delhi also said no formal proposal had been made.

Rao's aide said the IBM-Tata project calls for both companies to put up 26 million Rupees each (10 million Dollars) as an initial investment. IBM's contribution would be in foreign exchange, of which India is in desperate need. Investment under the project would be one billion Rupees (390 million Dollars).

The venture will manufacture IBM's entire range of micro-computer systems and software and include a research and development centre. The project would also manufacture components for IBM's plant in Singapore, the aide said.

IBM's return to India would send a strong political signal to the rest of the world

Philippines unlikely to recover Marcos assets

MANILA, Aug 29: The Philippines is unlikely to recover in President Corason Aquino's term 2.4 billion Dollars worth of alleged ill-gotten assets of her predecessor, Ferdinand Marcos, and his associates, a senior official said on Wednesday, reports Reuters.

David Castro, Chairman of the Presidential Commission tracking down the alleged ill-gotten wealth of the late dictator, said it was difficult to recover such assets because there was no room for compromises.

"We're placed in a very difficult situation where a decision, a mode of recovery chosen was through full-blown litigation," he told reporters.

Assets of the Marcoses worth 68 billion Pesos (2.4 billion Dollars) were the subject of litigation, Castro said.

These include cash, real estate, and shares.

"Don't expect us to get ownership of 68 billion Pesos (worth) of assets between now and the end of the term of President Aquino", Castro said. Aquino's term expires in June, 1992. She came to office in 1986 in a popular revolt that overthrew Ferdinand Marcos, who fled with his wife, Imelda to Hawaii, Marcos died in exile in 1988 and his widow lives in New York.

The assets are the subject of civil suits filed earlier against the Marcoses, their children and close associates.

The government filed tax evasion and graft charges against Imelda Marcos earlier this month.

Wildlife body attacks GATT for overruling US tuna ban

GENEVA, Aug 29: A leading environmentalist body said on Wednesday a decision by a GATT dispute panel to overrule a US ban on tuna imports from Mexico was potentially disastrous for international conservation efforts, reports Reuters.

By faulting the ban, which the US imposed in 1990 because it said Mexican tuna fishing methods killed dolphins caught in tuna nets, the GATT panel disregarded US national conservation legislation, the World Wide Fund for Nature (WWF) said.

The three-member panel, in a report earlier this month, said the ban violated the rules of the General Agreement on Tariffs and Trade (GATT), which oversees 90 per cent of world trade.

Mexico had argued that the ban broke several GATT provisions, discriminating favouring US tuna fishing fleets under the guise of protecting dolphins, and seriously af-

ected its fishing industry.

The WWF said "if this GATT dispute panel ruling is formally accepted by the other 100 members of GATT, it will have a wide-ranging and potentially disastrous impact on international conservation efforts."

The report was sent earlier this month to the United States and Mexico, and will be circulated to other members of the trade body next month prior to being considered for adoption at a regular session of the GATT council on October 8, a GATT spokesman said.

The WWF urged the United States and Mexico to suggest alternative wording for the report so that it would not interfere with the right of individual nations to take trade measures to conserve common resources.

Failing this, GATT members should block formal adoption of the report at the October council meeting. Otherwise, the WWF said, "the stage will be set for many future conflicts

UPI goes bankrupt again

WASHINGTON, Aug 29: United Press International (UPI) on Wednesday sought legal protection from its creditors for the second time in six years in a move that its executives said would help the search for a buyer for the financially troubled news agency, reports Reuters.

In a petition filed in New York under Chapter 11 of the US Bankruptcy Code, the 84-year-old news agency said it had 22 million Dollars in assets and 65 million Dollars in liabilities, with about 4,000 creditors.

UPI, which said its operations will continue as usual, said it entered Chapter 11 in part because a group of creditors gave notice that they intend to redeem company stock for which UPI is committed to paying at least two million Dollars.

But UPI Chief Executive Pieter Vanbennekom said in a statement the bankruptcy fil-

ing may actually enhance the company's lengthy effort to find a buyer.

UPI spokesman Milt Capps said talks already under way with an international media consortium, he declined to identify and other potential buyers have been "stepped up" since reports of the company's latest financial problems that the Toronto Sun Corp and former UPI President Milton Benjamin are among those who have shown interest in buying the company.

Under chapter 11 protection, a firm can suspend payment of its debts while it tries to get back on sound financial footing. UPI last filed for Chapter 11 protection in April 1985, emerging in its current reorganised form in June 1986.

UPI was founded as United Press in 1907 by publisher EW Scripps and got its current name in a 1958 merger. Plagued by mounting financial

problems, it underwent numerous ownership changes and management upheavals in the 1980s.

UPI, currently a subsidiary of Infotechnology Inc, says it has 586 employees staffing 140 houses in 90 countries and serves more than 2,500 news media outlets.

UPI has doggedly survived for years largely because of the willingness of its employees to work at less than full salary.

Last November, UPI's 350 unionised employees agreed to a temporary 35 per cent pay cut after the company threatened to enter chapter 7 liquidation proceedings. Since then they have agreed twice more to extend the pay cuts at 80 per cent of their normal pay through the middle of next month.

Among the unsecured creditors listed in the UPI filing is the internal revenue service, owed two million Dollars.

China growing paddy for 9,000 years

BEIJING, Aug 29: Rice has been produced in China for between 8,000 and 9,000 years according to scientists who have pushed back by 1,000 years previous estimates for the grain's earliest cultivation here, the Xinhua news agency reported Wednesday, says AFP.

Chinese and foreign scientists offered the finding during a meeting on agricultural archeology in the central Chinese city of Nanchang.

The finding was based on a study of cereal found in Gazhouba, along the Vangtze river.

Indonesia leases satellite facilities to US firms

JAKARTA, Aug 29: Indonesia has leased transponders on its Palapa B-2 telecommunication satellite to the US firms International Entertainment and Sports Programme Network (ESPN) and the Turner Broadcasting System, the Antara news agency said Wednesday, reports AFP.

Perumtel has signed agreements with ESPN and the Cable News Network's (CNN) subsidiary Turner Broadcasting System for the lease of one transponder each on the Palapa B-2, Antara quoted Cacak Sudari janto, President Director of the state telecommunication company Perumtel.

Sudarijanto, who spoke Tuesday in nearby Bandung, did not say when the agreement was signed nor the value of each contract.

Industry sources said the contract with CNN was signed end of July while the ESPN agreement was signed August 7. Indonesia has so far leased its transponders for around 1.1 million Dollars per year, they added.

It has so far leased transponders of its two satellites currently in orbit, Palapa B-2 and Palapa B-2R to companies from Thailand, Philippines, Malaysia, Australia, Macau, Papua, New Guinea and New Zealand.

Sudarijanto said the presence of other satellites in the region, such as Aussat and

Asiasat-1 posed no challenge to Indonesia's own hopes to market its satellite facilities to neighbouring countries.

"The many potential (customers) who are interested and wish to lease our transponder services reflects the fact that they see our facilities as better because our prices are much cheaper than those of others," Sudarijanto said.

Aussat is Australia's telecommunication satellite.

The US built Asiasat-1, owned by a Hong Kong-based consortium Asia Satellite Telecommunication Grouping Companies based in Britain, China and Hong Kong—was launched by China on April 9

and has taken a geostationary spot above the Equator Southeast of Singapore.

Palapa, Aussat and Asiasat all offer television, phone and data relay services.

A US-made Delta-II rocket will put into orbit Palapa B-4, Indonesia's seventh telecommunication satellite and the third in orbit, early next year.

Originally planned for 1995, the launching of the Palapa B-4 had to be advanced to allow Indonesia cope with the rapidly growing domestic and regional telecommunication needs.

An archipelago of more than 13,000 islands, Indonesia depends largely on satellites for telecommunications and television broadcasting.

Strike hits S Korea's largest shipyard

PYONGYANG, Aug 29: About 18,000 workers at South Korea's largest shipyard Hyundai Heavy Industries Co., went on strike Wednesday calling for higher wages and the reinstatement of dismissed labour leader, reports Xinhua.

Company officials said the workers demanded a pay increase of 19 per cent or 156 Dollars a month and the immediate reinstatement of 33 labour leaders fired by the company in 1988 for union activity.

The management proposed an increase of only 125 Dollars and the reinstatement of 14 of the 33 union leaders.

Oil prices fall

LONDON, Aug 29: Oil prices fell on Wednesday after the American Petroleum Institute announced that US crude oil in storage had increased by five million Barrels, a rise which exceeded market expectations, reports Reuters.

At 1730 GMT, light US crude oil futures for October delivery on the New York Mercantile Exchange (NYMEX) had fallen 20 cents to 21.78 Dollar a Barrel.

The reaction of London Brent crude oil futures was more muted, but the October contract on the International Petroleum Exchange was still down seven cents at 20.04 Dollars a Barrel.

News of the increase in crude oil inventories led some US petroleum industry analysts to revise downwards their oil price forecasts for the fourth quarter, when cold weather in the northern hemisphere tends to push up demand and boost prices.

"It looks like we'll see flat oil prices over the next five months. Inventories are building more rapidly than they were a few months ago," said George Friesen of the Deutsche Bank Group.

Friesen said he recently trimmed his price forecast for US benchmark grade West Texas intermediate — on which the NYMEX futures contract is based — by 50 cents to a fourth quarter average of 22.50 Dollars a Barrel.

Norwegian co to meet gas supply despite accident

OSLO, Aug 29: The Norwegian state oil company Statoil said yesterday it will meet its gas supply commitments despite an accident on Friday when the base of a new platform sank during construction, reports AFP.

Gas deliveries to the European continent will start as planned in October 1993, using gas from a range of other Norwegian fields such as Statfjord, Gullfaks, Veslefrikk, Tommelten and Loke, Deputy Head of Information Wenche Skorge said.

There will however be a lack of transport capacity as the Nordpipe system, to which these gas fields are connected, has little room for the 4.2 billion cubic meters of gas to be delivered in 1993-94, she said.

A new pipeline, Zeebie, is under construction, but will mainly transport gas from the Sleipner and Troll fields. Statoil is considering ways of increasing the existing pipeline system to meet its obligations, Skorge said.

Alaska Govt reach accord on spill award

WASHINGTON, Aug 29: Alaska and the federal government reached a new agreement Wednesday on how to divide any damage award from the nation's largest oil spill, reports AP.

The pact, which will allow continued cooperation in prosecuting Exxon for 1989's 11 million Gallon (40 million Liter) oil spill in Prince William Sound, makes Alaska and the federal government for any money recovered from the company.

Last spring, Exxon Corp and Exxon Shipping Co agreed to plead guilty to misdemeanor charges and pay a 1 billion Dollars and criminal settlement.

However, the judge in the case threw out the deal, saying it let the company off too easily. Exxon later withdrew its guilty plea.

The two sides were supposed to have been trying to negotiate a new settlement, but an official familiar with the case described it as basically a one-sided conversation.