

## ASEAN agrees to form free trade zone

KUALA LUMPUR, Oct 9: Economic Ministers of the Association of South-East Asian Nations (ASEAN) agreed Tuesday to "subscribe to the establishment" over 15 years of a Free-Trade Zone, reports AP.

In a joint statement Tuesday at the end of their two-day meeting, the ministers agreed to combine proposals from Thailand and Indonesia into a single package "toward the creation of a truly liberalized ASEAN market."

Bangkok had proposed that the group — comprising Thailand, Indonesia, Singapore, Malaysia, Brunei and the Philippines — form a free-trade area. Indonesia suggested a "common effective preferential tariff" system to harmonize duties on manufactured goods.

The compromise calls for lowering tariffs on manufactured goods to no more than 5 per cent as the free-trade area is created.

Tuesday's recommendations go to a summit meeting in January of ASEAN's heads of government, only the fourth in their 24-year history.

ASEAN was founded to boost economic and cultural cooperation. But except for the service and manufacturing center of Singapore and the oil-based economy of Brunei, the others compete with mostly the same exports — palm oil, rubber, tin, coffee, tropical hardwoods and other commodities.

## Indosuez officer arrested in Macau

MACAU, Oct 9: The Chief Cashier at the Macau branch of Banque Indosuez was charged Tuesday with embezzling 12 million Patacas (1.5 million US Dollars) to pay for his gambling habit, the police said here, reports AFP.

The suspect, surnamed Wong, was arrested last week and accused of stealing the money since 1987 by forging customers' signatures, police in this Portuguese colony said.

The alleged crime was discovered in August when Wong was on holiday, they said, adding that the bank had recovered about half the money.

The General Manager of the French bank here, Carlos Nunes, refused to give any details of the case, saying only: "we participated in the investigation by police."

## Thatcher ready to disown single Euro-currency deal

LONDON, Oct 9: Former Prime Minister Margaret Thatcher is prepared to disown any British agreement to move towards a single European currency at a key summit of European leaders in December, according to a report in Tuesday's Financial Times, reports AFP.

The report, which appeared on the opening day of the ruling Conservative Party annual conference, cited close associates of Thatcher as saying she was considering a campaign for a national referendum on British backing for amendments to the Treaty of Rome to pave the way for a single currency.

Thatcher aides quickly denied any such campaign was planned, but renewed speculation about her opposition to any compromise at the key European Community Summit in Maastricht threatens to undermine Prime Minister John Major's attempts to unite the Conservatives' contentious European issues.

Major is expected to indicate at the December Summit that Britain is willing to go along with moves towards a single Euro-currency while striking a deal whereby a final decision on the Pound's membership will be left to a future decision of the British Parliament.

## New policy to slow S Korean economic growth

SEOUL (South Korea), Oct 9: President Roh Tae-woo said Wednesday the government will slow the nation's economic growth next year by tightening the money supply and curbing domestic consumption, reports AP.

Meanwhile, tax authorities said they would investigate 9,500 people suspected of evading taxes while maintaining extravagant lifestyles.

The probe is part of a government-led frugality campaign, which began in August with alarms over rising trade deficits, imports of expensive foreign goods and extravagant consumption.

Roh's speech signaled an economic policy shift from expansion to stability next year. Critics contend that the government's growth-oriented policy has resulted in high inflation and a huge current account deficit.

## Mahathir opens Commonwealth meet

# Donors warned not to link aid with human rights

KUALA LUMPUR, Oct 9: Malaysian Prime Minister Mahathir Mohamad opened a meeting of Commonwealth Finance Ministers today with a warning that donors should not link aid to performance on human rights or the environment, reports Reuters.

"We should use whatever leverage we have to spread the gospel of democracy and human rights," said Mahathir. But we must not destroy the very people we wish to help.

He said the experience of the Soviet Union and Eastern Europe showed that moves towards democracy and free markets did not always lead to wealth, prosperity or stability.

In many countries — we are seeing increasing poverty and economic chaos, political in-

stability and civil wars, death and destruction, Mahathir told the meeting of 46 Finance Ministers from the grouping of Britain and its former colonies.

Mahathir said the World Bank, which holds its annual meeting with the International Monetary Fund (IMF) in Bangkok next week, is about to insist on new conditions for aid and loans to developing countries.

The Commonwealth should not just go along with the World Bank, he said.

But Mahathir recognised that profligate and irresponsible countries should not be protected, adding that donors should accept guidance and direct help.

Recalcitrant debtor countries should not just be con-

demned but solutions should be found for them, he said, adding that conditions of human rights and the environment should not be tied to aid and trade.

Do not just hold back aid because of alleged breaches of human rights or whatever, he said.

Already some vulnerable countries are feeling that they are being put under surveillance like criminals, he said. But now there is a new twist to the environmental conditions — goods must be recyclable.

This policy would affect poorer countries which are less able to produce such goods and would lead to reduced demand for their raw materials.

## Creation of UN Economic Security Council sought

MANILA, Oct 9: Mahbub Ul Haq, Special Adviser to the Administrator of the United Nations Development Programme (UNDP), said developed countries cannot continue collecting debts from poor nations while denying them trade access, reports AFP.

Mahbub proposed the creation of a UN Economic Security Council to mediate the write-off which he said should involve a reciprocal gesture from debtor nations.

AP adds: Mahbub called on Wednesday for international talks to write off developing countries' debt if they agree to divert savings to education and technology and not to corrupt rulers.

Developing nations cur-

rently owe about 1.3 trillion Dollars to foreign governments, banks and other lending institutions.

"I am certainly in favour of a very major global bargain to write off this debt," Mahbub, former Finance Minister of Pakistan, told reporters. "This kind of debt can never be paid."

Mahbub said that without debt relief and economic improvements, developed countries like the United States, Japan and Western European nations will face a tidal wave of immigrants and illegal workers from the Third World seeking a better livelihood.

"They have a high stake in it because in a few decades, people will start travelling if the opportunities do not," he said.

## C'wealth chief calls for Third World debt cut

KUALA LUMPUR, Oct 9: Commonwealth Secretary-General Anyaoku told a meeting of Commonwealth Finance Ministers the vast majority of developing countries still faced great difficulties which were often worsened by external debt, reports Reuters.

He told the meeting of 46 Finance Ministers from the grouping of Britain and its former colonies that the Commonwealth must follow up Britain's proposal, known as the Trinidad terms, which aims to slash the official debt of the world's poorest nations by 18 billion Dollars and reschedule the remainder on more favourable terms.

The Commonwealth must now give that final push to secure acceptance of these terms in Bangkok which is the only kind of response that can make an impact on the severe indebtedness of many low-income countries," Anyaoku said.

Finance Ministers from the Group of Seven (G-7) meet next weekend in Bangkok.

The Trinidad proposals are being discussed by the Paris Club of official creditors, but Anyaoku said they were being held up by objections from the US.

## It's just a rumour

MOSCOW: A Kremlin official said Wednesday he knew nothing about rumours sweeping far east financial market that Soviet President Mikhail Gorbachev had been shot, reports Reuters.

The official, an aide to Gorbachev's Chief of Staff Grigory Revenko, said: "It's just a rumour. I don't think there's any basis to it."

There was no sign of unusual activity around the Kremlin.

Gorbachev last appeared in public on Tuesday when he attended a meeting with US businessmen.

Rumours spread through far east markets on Wednesday that Gorbachev had been shot, moving the price of the dollar upwards.

## Chinese industrial output rises 15 pc

BEIJING, Oct 9: Chinese factories increased output 15 per cent in July and August but consumer interest remained sluggish and unsold stocks continued to swell, official reports said Wednesday, says AP.

The newspaper China Daily said industrial output in the two months totaled 581 billion Yuan (109 billion Dollars), up 15 per cent from the same period of 1990.

It said state-owned enterprises' pre-tax profits were up 19 per cent compared with July and August 1990. State sector profits plunged 17.5 per cent in January-June compared with the first half of 1990, and it was not clear how such a dramatic turn-around was possible.

The foreign ministry official said the package did not represent an answer to Moscow's long-sought financial aid for large-scale projects such as overhauling infrastructure or tapping Siberia's natural resources.

"We could not just sit and watch the situation after the failed coup attempt of August 18," he said.

A ministry of finance official told reporters Japan will not start considering large-scale financial aid until the Soviet Union comes up with a reconstruction programme for its economy.

The northern territories dispute involves four islands north of Japan occupied by the Soviet Union in the closing days of World War two but



Selling of cheese, a nutritious food is in progress at a busy city footpath. — by Shafuddin

## India cuts credit to curb inflation

BOMBAY, Oct 9: India, battling a foreign exchange crisis and 15.3 per cent inflation, announced a major credit squeeze, reports Reuters.

The Reserve Bank of India raised the bank rate by one point to 12 per cent and minimum lending rates for commercial banks by 1.5 points to a new range of up to 20 per cent, effective immediately.

Given strong inflationary pressures — and the anticipated slowdown in the real GDP (Gross Domestic Product) growth rate, there is an imperative need to bring about a significant slowdown in monetary expansion, the central bank said in a statement. It has forecast a slowing in GDP growth to three per cent in 1991/92 (April-March) from five per cent in 1990/91.

India's three-month-old minority government has initiated a radical overhaul of the highly controlled economy to ease a crisis over India's 72 billion Dollar foreign debt. It has said it aims to make the Rupee freely convertible within three years.

Initial measures, including a

sharp Rupee devaluation in June, have boosted prices. Meanwhile, the World Bank has said India needs to reduce its current account deficit to six billion Dollar in 1991/92 from an estimated 10 billion Dollar in 1990/91.

Announcing the moves, RBI Governor S. Venkatarman told a news conference he sought to spare exporters, planning a scheme to allow them access to foreign currency denominated credit.

Venkatarman said he expected to announce the scheme within two weeks but gave no further details.

An RBI statement detailing the rate rises, the second set in three months, also announced interest rate rises on new or renewed term deposits up to two years and curbs on many personal loans. It announced measures aimed at aiding exporters, including an easing of emergency cash margins on some export-linked imports and increased incentives to banks to extend credit to them. Banks have been asked to bring about a significant and enduring increase in the flow of credit to the export sector, it said.

Venkatarman said of the squeeze, "I am aware that this may affect production but I hope it will be offset by better cash management and efficiency."

Kuwait expects all the wells to be capped by the end of the year but firefighters say their mission could be over before that. The Emirate had earlier set next March as the target date.

## EC favours more development aid

BRUSSELS, Oct 9: Wealthy nations should make good their commitment to spend 0.7 per cent of GDP on aid to developing countries and may need to free extra funds to help them tackle global environmental threats, the European Commission (EC) said, reports Reuters.

The commission said rich nations should set a timetable for meeting their 0.7 per cent pledge at next June's UN Conference on Environment (UNCED) — the earth summit — in Rio De Janeiro.

The organisation for economic cooperation and development's assistance committee has committed its members to the 0.7 per cent target, but few have met it and most are well below.

"At UNCED, industrialised countries should agree on a timetable for the fulfilment of their commitment, the commission said in a strategy pa-

per recommending the position the 12-nation community should take at the conference. It said donor countries should emphasise that such aid

## OAS imposes trade embargo on Haiti

WASHINGTON, Oct 9: The Organization of American States (OAS) Tuesday imposed a trade embargo on Haiti to remain in effect until ousted President Jean-Bertrand Aristide is returned to power, reports AFP.

After 11 hours of debate, the 34-member OAS unanimously approved the measure that takes effect immediately, and also froze Haitian government assets that would be freed once Aristide resumes his post.

The OAS resolution strongly condemns the use of violence or military coercion,

had to be used for projects and programmes that contributed to sustainable, or environmentally benign, development.

Most assessments agreed that poverty, together with population growth and rapid urbanisation, was among the major reasons for the emergence of environmentally unsustainable patterns of development in third world countries, it said.

The commission added that new and additional funding on top of the 0.7 per cent of GDP may be needed to support developing countries' efforts to achieve sustainable use of their natural resources and tackle global environmental problems.

As well as direct aid, the commission urged further debt servicing relief to enable third world and eastern and central European countries to spend more of their own funds on environmental protection.

## ESCAP adopts strategy to fight poverty

MANILA, Oct 9: Asia-Pacific nations adopted a common strategy to fight widespread poverty in the world's most populous region, calling for increased aid and more international aid, reports Reuters.

On the second-day of a regional conference of the 49-member Economic and Social Commission for Asia and the Pacific (ESCAP), delegates approved a "Manila Declaration" mapping out a social development strategy into the next century.

The improved international political climate had opened up new opportunities to reduce military spending and divert the money to promote social development, the declaration stated.

## Taiwan to hire 15,000 workers from outside

TAIPEI, Oct 9: Taiwan will hire 15,000 workers from Thailand, the Philippines, Indonesia and Malaysia, easing a long-standing ban of foreign workers to cope with a severe labour shortage, officials said today, reports Reuters.

Six industries will be allowed to hire, 15,062 workers from South East Asia starting this month, the Council of Labour Affairs said.

"We will re-evaluate our trial programme next year and decide whether to further ease or restrict the hiring of foreign workers," said Chen Yi-Min, Council Section Chief.

The quota was only about half the total requested by local firms because officials feared too many workers could cause social problems and hold back modernisation by sustaining old-fashioned, labour-intensive industries, he said.

Previously, the government had only allowed 1,200 foreign labourers to work legally in Taiwan on state infrastructure projects under a special programme launched last year.

Tens of thousands have slipped into Taiwan in recent years drawn by its economic boom and the promise of higher wages. The unemployment rate was just 1.37 per cent in June.

## ANC announces programmes to protest VAT

JOHANNESBURG (South Africa), Oct 9: The African National Congress and South Africa's main trade unions announced plans Wednesday for a general strike to protest a new government tax. A union officials warned of "action on a scale not seen before," reports AP.

The strike and plans for nationwide demonstrations threatened to spark a major confrontation with the white-led government and add to growing political tension.

The ANC has said the protests would be a "nightmare" for President FW de Klerk.

Officials of the ANC, the allied Congress of South African Trade Unions (COSATU) and 12 other unions outlined plans for the strike Nov 4 and 5 to protest the new Value Added Tax (VAT).

The unions represent millions of black workers and leaders said they would bring the country to a halt. COSATU Secretary-General Jai Naidoo said the strike would unleash "action on a scale not seen before."

## Pollution becomes permanent feature in Gulf

ABU DHABI, Oct 9: Pollution caused by the dumping of oil and waste has become a permanent feature in the Gulf, the world's largest oil producing region, a Saudi expert has said, reports AFP.

"Pollution of the Gulf is no longer a passing phase, according to Naser Al-Saleh, Manager of the Saudi Fisheries Company. It has become a persistent and permanent feature of the region's life.

Saleh's view was outlined in a paper to be presented to an international conference on the environment in Dubai later this month. A summary of the paper was received by AFP on Tuesday.

Several regional and world experts will participate in the October 22-23 forum, organised by Gulf area oil companies and the Dubai World Trade Centre.

It comes amid growing environmental concern after a massive oil slick caused by fighting in the Gulf killed thousands of sea animals and threatened the region's vital desalination plants.

"The oil spill of 1991 in the Gulf has attracted world-wide attention because it has had no other parallel," Saleh noted.

# \$2.5b Japanese aid package for Soviet reforms

TOKYO, Oct 9: The 2.5 billion Dollars aid package for the Soviet Union announced by Japan today is a message of support for reforms and not a bargaining chip in a long-running territorial dispute, a senior foreign ministry official said, reports Reuters.

The package consists of 1.8 billion Dollar trade insurance, 200 million dollar in export credits and 500 million Dollar in emergency food and medical aid.

Foreign Minister Taro Nakayama was scheduled to visit Moscow later this week to discuss details, such as which government — the federal or

the republic — would receive the credit.

Nakayama was to meet both Soviet President Mikhail Gorbachev and Russian President Boris Yeltsin.

This does not mean we have abandoned our position to seek the return of the northern territories," the senior ministry official said.

"Rather, this is meant as Japan's clear political message for the cause of post-coup reforms."

The northern territories dispute involves four islands north of Japan occupied by the Soviet Union in the closing days of World War two but

claimed by Japan.

The foreign ministry official said the package did not represent an answer to Moscow's long-sought financial aid for large-scale projects such as overhauling infrastructure or tapping Siberia's natural resources.

"We could not just sit and watch the situation after the failed coup attempt of August 18," he said.

A ministry of finance official told reporters Japan will not start considering large-scale financial aid until the Soviet Union comes up with a reconstruction programme for its economy.

The European Community yesterday announced it would offer 1.5 billion Dollars in new credit guarantees for food and medicine.

This brought total EC food assistance for Moscow to 2.4 billion Dollars.

The US has offered 2.5 billion Dollar in agricultural loan guarantees and Canada was expected to follow suit with its own package.

President Gorbachev asked for 10 billion Dollar in food aid from G-7 countries — Germany, Britain, France, Italy, Canada, the US and Japan — to meet a threatened winter shortfall.

The amount of Japan's new package had nothing to do with EC demands that Japan match its offer. That is a coincidence in figures," the official said.

Details of the G-7 aid would be thrashed out by the group's finance ministers at a meeting on Friday in Bangkok. A separate meeting of financial officials of the G-7 would also take place shortly in London, foreign ministry official said.

Japan has been refusing to extend the massive aid to Moscow says its needs until the Soviet Union agrees to return the four islands in the Kuriles chain.

The issues has blocked the signing of a World War Two peace treaty.

The 500 million Dollar in food and medical aid would bring to 600 million Dollar the amount pledged by Japan so far in humanitarian aid.

Negotiations for the first 100 million Dollar tranche which Japan extended last December, were in their final stages, the foreign ministry official said.

The food aid, which also covers costs of transportation, would most likely be offered directly to the far Eastern region of the Russian republic, he said.