

US proposal to reschedule Soviet debt criticised

BONN, Oct 25: A top Finance Ministry official on Thursday reiterated Germany's opposition to a possible rescheduling of the Soviet debt, as suggested by some U.S. officials, reports AP.

Horst Koehler, state secretary in the Finance Ministry, also said the Soviet Union must set up a new and functioning government structure before it can hope for concrete aid from the West.

Koehler spoke to reporters before senior officials from the seven major industrial nations, known as G-7, travel to Moscow this weekend.

He repeated earlier statements that it was "counterproductive" to discuss possible G-7 actions to help the Soviet Union cope with a payments crisis.

The mere discussion of the available options could endanger the creditworthiness of the Soviet Union in the eyes of Western banks and governments, he said.

Discussions by U.S. officials of the possibility of a Soviet debt deferral or the need for a bridge loan "are not helpful" at the moment, Coddler said.

Koehler stressed "it was crucial to the success of any reform programme that the Soviet Union maintain its creditworthiness."

The G-7 officials will seek further assurances in Moscow that both the central government and the republics will honour all debt commitments. This is a precondition for further discussions with the G-7, he said.

Koehler said two German banks have rejected loan demands from two prominent Soviet republics until legally binding agreements on the honouring of existing debts have been signed.

He said he was encouraged by recent talks with representatives of the Soviet republics, who had expressed their desire to honour all commitments and had said they are aware that this is a precondition for getting new credits. He did not name the republics.

19-nation free trade zone formed

STOCKHOLM, Oct 25: A pact forming the world's largest market gives European Free Trade Association (EFTA) countries free access to European Community markets, but some EFTA members said their sights are fixed ahead toward full EC membership, reports Reuter.

"Now we are heading full speed to the EC," said Swedish Prime Minister Carl Bildt after the completion early today of negotiations forming the 19-nation free trade zone.

EFTA members Sweden and Austria have already applied to join the EC, and Swiss government officials said the agreement was the first step on the way to EC membership. Finland and Norway also have stepped up debate over joining the EC.

Danish Prime Minister Poul Schluter told reporters after the weekly cabinet meeting he hoped negotiations with Sweden and Austria on their EC membership applications could get under way in the second half of 1992.

"The goal must still be to take in both countries as members on later than January 1, 1995," he said.

Customs probing fraud allegations in China

NEW YORK, Oct 25: Customs agents are investigating allegations that 23 textile and garment firms owned by the Chinese government have skipped hundreds of millions of dollars in tariffs, authorities say, reports AP.

Federal prosecutors in Manhattan are preparing for the possibility of scores of indictments accusing the businesses and their owners of failing to pay tariffs on textiles, clothes and shoes imported from China, said US Customs agents who spoke on condition of anonymity.

A prosecutor with the US Attorney's Office wouldn't comment on any aspect of the investigation.

Steven Beaker, an attorney with the New York Coudert Bros, which represent six of the Chinese companies, said he has been contacted by prosecutors and expects they will meet with him this week to present their evidence.

"So far we haven't seen any evidence that our clients have done anything wrong," he said in a telephone interview.

A two-year investigation involving more than 200 agents culminated September 5 and 6 when US Customs officials raided 23 Chinese firms in New York and Los Angeles, said Customs spokeswoman Joan Barran.

IMF may ask Pakistan to cut military spending

NEW DELHI, Oct 25: The International Monetary Fund (IMF) is expected to use its good office to impress upon Pakistan to reduce its military spending like India to release more resources for development and reduce mass poverty, reports PTL.

This was indicated by the IMF Managing Director, Michel Camdessus, who is visiting Pakistan after his four-day tour of India.

At a lecture on global economic trends here today, Camdessus said it was "gratifying" that India had already taken meaningful steps to reduce expenditures on defence which had fallen from 3.5 per cent on GDP in the 1980s to less than three per cent in the current union budget.

In a few days I am visiting Pakistan also. What a fine example it will be to the rest of the developing world, if these two great nations can each transfer substantial human and

financial resources to activities that will directly contribute to growth and to the reduction of poverty," he said.

"What a prospect that could create for a better life for everyone in the subcontinent," Camdessus said adding there was no doubt that at global level such reassessment of military expenditure could contribute significantly to solving the problem of global savings. Camdessus said in essence, the problem of shortage of savings was probably more one of "misuse" of resources rather than "scarcity".

He said he was confident that the problem of global savings could be solved, provided all countries make the necessary effort.

According to a World Bank study, 25 countries in the world including Pakistan and China spent more percentage of GDP on military than on social sectors like education and health.

Over 1.8 billion of the world

population lived in these 25 countries. India did not fall under this category which spent only 2.8 per cent of the GDP on defence.

Camdessus said there was no reason why the pressing needs of the developing countries of Asia, Africa, the Middle East and Latin America should be left "unsatisfied" because of the new demands stemming from Eastern Europe and the USSR.

Camdessus said "we are living in a very different world as a result of recent political changes in USSR and Eastern Europe."

Camdessus said that the large military cutbacks that had been envisaged by the USA and USSR and the countries of Central and Eastern Europe would have important economic consequences not only for these countries but also for the rest of the world.

It was this context that it was necessary for every country to reassess carefully

No conditions imposed on India: IMF

NEW DELHI, Oct 25: International Monetary Fund (IMF) Managing Director Michel Camdessus has denied imposing any conditions on India for giving a 2.2-billion Dollar loan, the Press Trust of India (PTI) reported, says Reuter.

"We don't impose conditions. This is not our working method," PTI quoted Camdessus as saying during a lecture on the global economic trend.

Camdessus said India was reorienting its policies in a way that addressed challenges it faced.

Camdessus said that his conversations with the Indian authorities convinced him that India was determined to take all measures necessary to meet the challenges.

Indian news agencies earlier quoted Finance Minister Manmohan Singh as saying that the IMF would approve a 2.2-billion Dollar loan on Octo-

ber 31.

India in July launched a package of economic reforms allowing foreign firms to hold a majority equity in joint ventures and abolishing most industrial licensing.

Opposition leaders said the government introduced the reforms to satisfy the IMF for getting the loan.

Camdessus said the balance of payments position and the large deficit in the government budget were the main features of India's economic crisis.

He said the government's response to this crisis in recent months was "courageous and far-reaching."

Camdessus said he hoped India's policy reforms would attract wider financial support from the global community.

Camdessus arrived in India on Thursday on a four-day visit.

India further devalues Rupee

BOMBAY, Oct 25: The Reserve Bank of India (RBI) here today announced a further downward revision of the Rupee by 0.40 per cent in relation to the Pound Sterling, making the British unit costlier by another eighteen paise, reports PTL.

The new middle rate now works out to Rs 44.38 per sterling as against Rs. 44.20 previously.

The new selling and buying rates for spot delivery are 2.2477 and 2.2589 Sterling per Rs. 100, corresponding to Rs 44.49 and Rs. 44.27 per Sterling respectively.

Yesterday the RBI initially appreciated the Rupee by 0.27 per cent and later in the afternoon depreciated the Rupee by 0.27 per cent.

China seeks EC help to join GATT

BEIJING, Oct 25: Chinese Premier Li Peng has asked European Commission (EC) President Jacques Delors to support Beijing's application to join GATT, the Vice-President of the EC's executive body said Thursday, reports AFP.

Frans Andriessen of the European Commission told reporters after talks with Li that the Chinese leader wrote in a letter to Delors that China's economic reform policy and progress in recent years should enable it to join the General Agreement on Tariffs and Trade (GATT).

The letter said China, which sought admission in 1986, had dropped its opposition to Taiwan's application last year to join Geneva-based GATT, the UN agency that oversees most of the world's

trade. Beijing also insists that Taiwan's status in GATT be the same that currently accorded to the British Colony of Hong Kong.

"The letter will be carefully studied," said Andriessen, the first leading official of the European Commission to visit China since the Tiananmen crackdown in 1989, which led to the freezing of all EC relations with Beijing.

Describing the meeting as "very successful" and "promising", Andriessen hoped the establishment of a group of trade experts announced Thursday would resolve differences between Beijing and Brussels on how the two sides calculate EC-China trade.

The EC claims it had a 6.7

billion Dollar trade deficit with China last year and that this deficit grew markedly in the first half of this year.

China, which restricts imports through high tariffs and customs barriers, claims it had a deficit with the EC of 2.4 billion Dollars last year. Beijing, however, excludes from its calculations all goods exported to Europe via Hong Kong.

Representatives from both sides will meet in February to examine obstacles to trade with the aim of developing harmonious and balanced exchanges between the EC and China, a statement issued at the end of the meeting said.

Their report will be examined at the next EC-China Joint Commission meeting, to be held in Brussels in 1992.

Population growth leads to resource collapse

WASHINGTON, Oct 25: A UN agency said Wednesday the planet's problems can be put simply: people are just ruining the place, reports AP.

The future, as seen through the report by the UN Population Fund (UNPF) is not pretty. Cities will sink into squalor, water will be too dirty to drink, forests will continue to rise.

"Population growth has a profoundly adverse effect on the environment," the agency says in its report, issued at a news conference.

This same agency reported last May that the world population was expected to reach 5.4 billion by the middle of this year and could rise to 10.2 billion by the year 2050, 25 years ahead of earlier estimates.

That report says the world fertility rate must be lowered from 3.8 births per woman 3.3, and in line with that, the new report says world population growth must be balanced against the resources to handle it.

"Every year of delayed action brings us closer to the brink — the red line of resource collapse and social dislocation that humanity must never cross," the new report says.

That may already have happened in some of the world's poorer countries, where population pressures are at their greatest, it says.

A foreign aid bill stalled in the House would provide 20 million Dollars for the agency this year, but President Bush has threatened a veto if the bill passes with that provision in it. Environmental groups lined up Wednesday to hail the UN report.

90 p.c. rise in Iran's non-oil exports

NICOSIA, Oct 25: A record 90 per cent rise has been registered in Iran's non-oil exports during the first half of the current Persian year compared with the same period last year, the Iranian news agency IRNA reported on Wednesday, reports Reuter.

It quoted Commerce Minister Abdul Hossein Vahhajj as saying on Tuesday the dramatic increase brought to the country more than one billion Dollars in hard currency.

He attributed the rise in exports in part to government action in easing restrictions on exports and offering foreign exchange facilities for producers.

IRNA, received in Cyprus, said the main items of export included hand-woven Persian carpets, refined sulphur, cast iron, copper vessels, garments, leather, pistachio nuts and fruit.

Iraq to lose 80 pc harvest this year

AMMAN, Oct 25: Iraq, facing serious food shortages because of the Gulf war and UN sanctions, will lose more than 80 per cent of its normal harvest this year, researchers said on Thursday, reports Reuter.

They said the bleak forecast was due to war damage to Iraq's electrical system preventing the pumping of water to irrigate land and to UN sanctions barring Baghdad from importing machinery, pesticides and other agricultural supplies.

"Before the war, Iraq was able to feed 30 per cent of the population (through its crops). Today, the number has sharply declined to a mere 13 per cent," Jordanian chemist Lyia

Abduinour told reporters.

Abduinour said crop yield in Iraq, most of it wheat, barely and maize, was expected to plummet to 8,37,000 tons in 1991-1992 from 5.1 million tons in 1989-1990. She said 1.2 million tons were produced in 1990-1991.

Abduinour was a member of a team of doctors, academics and economists who visited to 16 of Iraq's 18 provinces to examine the impact of the Gulf crisis.

Their report, compiled between August 23 to September 5, was funded by Charities and Foundations including the United Nations Children's Fund and Oxfam.

China, Taiwan indirect trade rises by 41 pc

TAIPEI, Oct 25: Indirect trade between Taiwan and China in the first eight months of 1991 inched up 41.06 per cent over the previous year to hit 3.51 billion US Dollars, the Board of Foreign Trade (BOFT) said Friday, reports AFP.

The BOFT added that the booming two-way commerce across the Taiwan Strait was expected to surpass five billion Dollars.

Exports to the mainland in the January-August period soared 40.82 per cent to 2.85 billion US Dollars while imports climbed 42.1 per cent to 663.4 million Dollars, leaving a surplus of 2.19 billion Dollars for Taiwan, the BOFT said. The trade handled through

Hong Kong accounted for 3.86 per cent of the export-oriented island's overall trade in the first eight months, it added.

The August indirect trade amounted to 470.3 million Dollars, a 44.59 per cent leap over a year ago, with the island enjoying 295 million Dollars surplus, it said.

Exports to the mainland transhipped via the British colony in August totalled 382.8 million Dollars, a 42.24 per cent hike while imports ballooned 55.48 per cent to 87.4 million Dollars, the BOFT said.

The BOFT has urged local manufacturers not to become over-dependent on the mainland market.

Accord on \$30 b Tumen delta development plan

UNITED NATIONS, Oct 25: North and South Korea, China, and Mongolia have agreed to collaborate on a 30 billion Dollar development programme over a 20-year period in the Tumen river area, the UN Development Programme (UNDP) said on Thursday, reports Reuter.

Agreement on the programme was reached last week at a UNDP-organised meeting in Pyongyang, North Korea, with Japan and the Soviet Union as observers.

The Tumen river delta covers a 10,000-square km coastal area touching the borders of China, North Korea and Russian port of Vladivostok and is within easy reach of the industrialised Chinese provinces of Jilin and Heilong Jiang.

The area is rich in energy resources and is able to draw on labour from a population of about 300 million people.

The Tumen area could become another Rotterdam or

Hong Kong, a trade and transport centre for Northeast Asia," K. G. Singh, Assistant Administrator for UNDP, told reporters.

The Soviet Union is not officially part of the project because it has been a donor, rather than a recipient of UNDP aid. But Singh said it could become part of the programme's management committee.

Under the agreement, the four countries pledged to begin the programme with two million Dollars to organise projects over the next 18 months.

But UNDP said the immediate aim was to lure investments to improve transportation and telecommunications. Singh said the Tumen river programme was one of four projects the participants identified as areas of cooperation in the immediate future.

The others are development of temperate zone food crop production, alternative energy sources

NARBONNE (France): Police peer out of their car which was damaged by protesting wine growers who also barricaded the roadway, in an effort to disrupt traffic October 24. French President Francois Mitterrand offered a package of proposals to the farmers, two days after warning that their violent protests had to stop. — AFP/UNB photo

India's Supreme Court dismisses petition against Union Carbide

NEW DELHI, Oct 25: India's Supreme Court Thursday dismissed a 100 million dollar review petition against Union Carbide Corporation for compensation for 50,000 victims of the 1984 Bhopal gas disaster, reports AFP.

A five judge bench headed by Justice Ranganath Misra said the claim filed by lawyer Charan Lal Sahu, on behalf of the claimants, was being dismissed because of a 470 million dollar "final" settlement reached by New Delhi and Carbide in February of 1989.

The Supreme Court upheld that settlement in October of this year.

Since 40 tonnes of deadly methyl isocyanate gas leaked into Bhopal city from Carbide's pesticides plant on the night of December 2, 1984, almost 4,000 people have died from the effects.

More than half a million people have claimed compensation, though many of the claims have yet to be backed by medical tests. The effects of the gas are irreversible.

Electronic data interchange in Asia soon

MANILA, Oct 25: The export promotion agencies of 11 Asian nations have agreed to set up an "electronic data interchange," to spur inter-Asian trade, the head of a trade conference said in the Philippine capital Wednesday, reports AFP.

The agencies which attended the Fifth Asian Trade Promotion Forum, also drafted a letter urging the General Agreement of Tariffs and Trade (GATT) to resolve the Uruguay round as soon as possible, but stopped short of endorsing the creation of an Asian trading bloc.

The forum was attended by private and official trade promotion groups from China, Hong Kong, Indonesia, Japan, Malaysia, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and host Philippines.

Araceli Pinto Mansor, Chairwoman of the Forum, said that they had agreed to set up a network where participating trade organisations could "exchange data" with each other on such subjects as lists of buyers, country profiles, trade activities and tariff regulations.

However she said there was still no target date for when this network would be set up or where its headquarters would be although this would be discussed in another conference in Tokyo next May.

She also said that while the trade promotion groups "were all for free and liberalised trading," to comment on a proposed Asian trade bloc was "outside our realm," and should be discussed on a bilateral or multilateral level.

Chulso Kim, head of the Korea Trade Promotion Corporation, said that during the conference some participants had "expressed concerns on regional blocs," such as the European Community and the emerging North American free trade zone.

"We have a substantial stake in seeing the Uruguay Round is successfully concluded."

Aid mission to visit USSR from Oct 26

MOSCOW, Oct 25: The world's seven leading industrial nations will send their deputy finance ministers on an aid mission to Soviet Union from October 26 to 28, a Soviet presidential spokesman said on Tuesday, reports Reuter.

Group of Seven (G-7) ministers agreed last week to a Soviet request to send representatives for further talks on planned free-market reforms and foreign aid requirements.

The meeting of deputy finance ministers should be taking place here in Moscow between October 26 and 28, President Mikhail Gorbachev's spokesman, Andrei Grachov, told a news briefing.

The G-7, which discussed the Soviet economic crisis on the fringes of last week's annual meetings of the International Monetary Fund (IMF) and World Bank, wants more information on the economy before making a commitment to further aid.

Gorbachev said the G-7 team would meet representatives from the 12 republics, eight of which signed an economic union agreement last Friday, and from government, financial and banking circles.

The G-7 comprises the United States, Germany, Japan, Canada, France, Italy and Britain.



MOSCOW: Irina Harlamova (r) 18, stands next to Eileen Ford, President of New York's Ford Modeling Agency, after winning Moscow's 'Soviet super Model' contest October 24. Irina from Nizhni-novgorod in Russia, wins a trip to Los Angeles and a shot at a quarter-million Dollar contract with the Ford Agency. — AFP/UNB photo

Soviet Rouble faces challenge from Russian central bank

MOSCOW, Oct 25: The future of the Soviet Rouble, cascading from the printing presses in what could be its last gasp, has been placed in further doubt by a Russian central bank threat to introduce its own currency, reports Reuter.

"The emergence of Russian money is inevitable and may occur at any moment," the Soviet news agency Tass on Thursday quoted the head of the bank's business information department as saying.

Mikhail Belyayev said introduction of a separate Russian currency still called the Rouble, could be the republic's response if similar steps were

taken by other republics which joined in an economic union agreement.

Earlier this week, the Ukraine, the second richest republic after Russia, said it planned to start replacing Roubles with coupons by the beginning of next year. This would be a major step toward creating its own separate currency, the Grivna.

Several other republics, including Byelorussia, Georgia and Moldova, have talked of establishing currencies, a recipe for financial ruin, according to some Soviet economists and bankers.

The newly-independent Baltic States of Latvia,

Lithuania and Estonia are bent on re-introducing their respective pre-war Lats, Litass and Kroons. But they acknowledge it will take time before they can dispense with the Kremlin's currency.

Economists point to collapsing trade between the Soviet Union and East European nations after the demise of the COMECON trading bloc as an example of what might happen if the closely-integrated former republics fail to agree on a common payments mechanism.

The Russian Federation's central bank, challenging the authority of the Soviet State Bank, said a group of between

12 and 15 people was working on the giant republic's currency.

Belyayev did not rule out the possibility of Russia leading the pack in introducing its own money, although he did not believe it was the best way to resolve the economic crisis.

He did not know how Soviet Roubles would be exchanged for Russian Roubles.

"It would be a big mistake if it took place in a confiscatory Stalinist way or Pavlovian way," he said.

This was a reference to withdrawal of large-denomination bank notes earlier this year by former Soviet Prime Minister Valentin Pavlov, a

move which wiped out the savings of millions.

Pavlov is now in detention charged with supporting August's failed coup against Soviet President Mikhail Gorbachev.

Belyayev said the only sure thing was there would not be a convertible Rouble in the near future. Non-convertibility has been a significant barrier to foreign investment.

Kremlin chief economist Grigory Yavlinsky said last week the Rouble could be convertible within the next year.

He also said he favoured a common payments mechanism. But he had no objection to republics issuing their own

Rouble bank notes, just as Britain has Scottish and other Pounds.

Belyayev said a normally functioning economy was essential for a convertible currency, but the Soviet Union was far from that goal.

Soviet inflation is running at about 10 per cent a month, this year's budget deficit is forecast at more than 200 billion Roubles (340 billion Dollars at the inflated official exchange rate) and money supply is out of control.

Soviet Prime Minister Ivan Silayev called on Thursday for a common currency and pricing policies within the economic union.