

Reserve Bank detects 187,860 sick units

India to shut losing public concerns

NEW DELHI, Jan 20: India is preparing to grapple with the latest reform of an economy steeped in four decades of socialism — how to rehabilitate or close down chronically inefficient public sector industries, reports Reuter.

The government held talks today with representatives of India's powerful trade unions and managers of public sector industries on restructuring the public sector.

The government has already allocated 2.5 billion rupee (100 million dollar) to finance an employee compensation and retraining programme called the National Renewal Fund (NRF).

The World Bank has promised a 500 million dollar concessional loan for the 1992/93 fiscal year (April-March), in part to provide funding for the NRF.

According to a paper pre-

pared for Monday's talks, 58 public sector units, employing more than 400,000 people, have been identified as chronically loss-making enterprises.

The total cost of restructuring these units and assisting their workers would be about 60 billion rupee (2.4 billion dollar), it said.

The government has referred 50 of these to the Board for Industrial and Financial Reconstruction for Rehabilitation or Termination.

"The dimension of the problem is large," the paper said.

According to the Reserve Bank of India, 186,441 units in the small scale sector and 1,419 in the medium and large sectors were listed as sick, as of the end of September 1989, the latest figures available.

One proposal under study is for the government to write off all the loans it was made to

loss-making manufacturing companies and divest its equity at zero cost, provided it does not have to finance any further losses.

Last July, the government initiated drastic economic reforms and announced structural changes to tide over an unprecedented economic crisis.

These included abolishing most industrial licences, allowing foreign investors a majority stake in Indian companies, a steep devaluation of the Indian rupee and partial privatisation of public sector undertakings.

The government in its 1991/92 budget also announced that it would sell of 20 per cent of the equity in selected public sector enterprises.

It has yet to identify the industries, whose shares would be sold to state-run mutual funds and ultimately offered to the public on the nation's stock markets.



MAKING A LIVING THRU SERVICE TO DEVOTEES: A hawker of straw mats approaching the Bishwa Jitma (world congregation) of Muslims at Tongi, Dhaka, Sunday.

No quick fix for 30m jobless in OECD area

PARIS, Jan 20: Labour Ministers Sunday held out little prospect of early relief for the nearly 30 million people out of work in the industrial world, concluding that there was no quick fix for the scourge of unemployment, reports Reuter.

"We don't think that throwing money at the problem is the answer," Canadian Labour Minister Bernard Valcourt said.

"As preoccupied as we might be, it would be a mistake to look for a short-term, band-aid solution," Valcourt, who chaired a two-day meeting of labour ministers from the 24 nations of the Organisation for Economic Cooperation and Development, told a news conference.

About 28 million people are now without a job in the OECD area — 7.4 per cent of the workforce — and another 1.4 million are expected to join them in the dele queues this year.

But the ministers, citing the steady rise in unemployment rates in the 1970s and 1980s, concluded that the poor record on jobs predated last year's economic downturn.

Rising unemployment was caused by deep-seated factors such as population trends and rapid technological change that could be countered only by a long-term strategy, they said.

"They are convinced that (the) focus on labour market adjustment in a medium-and long-run context provides a good approach to balancing equity and efficiency objectives," the ministers said in a closing statement.

While rejecting the idea of a quick fix, they said swift steps were needed to halt the inexorable rise in long-term unemployment, now at record levels.

"Unless corrective action is urgently taken, the increase in the ranks of unemployed during the recent recession may further exacerbate the major social and economic problem of long-term unemployment," they said.

There was no shortage of ideas aired during the conference for developing an active jobs policy, described by Swedish Labour Minister Borje Hornlund as the "Missing link in economic development in the 1980s."

World oil demand may hit record 66.8m BPD this year

PARIS, Jan 20: The world's rising thirst for oil will hit a record 66.8 million barrels per day (BPD) this year but growth in demand is still stuck in a sluggish trend begun in 1990, the International Energy Agency (IEA) said here, reports Reuter.

In its monthly oil market report, the Paris-based oil watchdog for industrialised countries said output would rise only 500,000 BPD this year, the largest annual increase since the 1.1 million BPD growth between 1988 and 1989.

This year the growth will depend on the higher consumption in the 24-member countries of the Organisation of Economic Cooperation and Development (OECD), which the IEA says will use 500,000 BPD more this year.

Most of the growth will be supplied by North America, which is still awaiting an upturn in its economic performance.

Despite the stronger demand, forecast prices are near 11-month lows, at a time when

seasonal demand is expected to justify higher prices. The North Sea Brent crude price, in international benchmark, was around 18 dollar a barrel this week.

The price performance is even less satisfactory for oil producers. In real terms, with inflation stripped out, values are back at mid-1980s levels when Saudi Arabia's drive to regain market share took the price into single figures per barrel.

The uncertainties on the supply side this year range from the timing of Iraq's comeback as an oil exporter to the former Soviet Union's ability to maintain export volumes.

The IEA says Russian exports will probably average 1.8 million BPD this year, down from 2.1 million in 1991, as the state modifies its export licensing system and other regulations related to the liberalisation of its oil sector.

The return of Iraq, still under UN sanctions for its invasion of Kuwait, to the oil export market depends largely on the political will in both

Baghdad and the United Nations Security Council.

But Iraqi and UN working parties have set about establishing fair and practical ways for the exports to start flowing from what was OPEC's second largest exporter before the Gulf Crisis started.

The Organisation of Petroleum Exporting Countries meantime has to try to balance supply with world demand and a ministerial meeting supply with world demand and a ministerial meeting set for February 12 in Geneva is seen as crucial to the stability of the oil market.

The IEA foresees the call on oil from OPEC and companies' own inventories falling to 22.7 million BPD in the second quarter from 24.6 million BPD in the first.

The 13 OPEC members pumped 24.2 million BPD in December, the highest since March 1990, the IEA said. Last week the average price for a basket of seven crudes was 16.57 dollar a barrel, well below OPEC's 21 dollar reference price.

Tokyo effects childcare leave law Apr 1

TOKYO, Jan 20: More than 20 per cent of Japanese companies have childcare leave systems but guarantees for wages during the leave are insufficient, according to a report released by the Labour Ministry, says Kyodo.

The report on the employment of women and management in 1990 showed that 21.9 per cent of companies nationwide had childcare leave systems as of February 1, 1991, up 2.7 percentage points from a year earlier.

The increase is the result of company efforts to retain female employees amid the current labour shortage and a

childcare leave law to become effective April 1, 1992, the ministry said.

The law allows employees, both men and women, to have a year's childcare leave until children reach the age of one.

The report, however, showed that only one per cent of the companies surveyed allowed childcare leave for both men and women.

Companies that allow employees leave until children are one year old amounted to 64.7 per cent of the total with leave plans, it said.

Those allowing leave until children were 3 totalled 6.4 per cent, and 1.4 per cent of the companies allowed leave until children reached age 2. But 12.6 per cent of the companies allowed only six months of leave.

The report also said 51.1 per cent of the companies pay their employees while they are on leave. Of them 43.2 per cent said the sum corresponds to the social insurance fee employees regularly pay. The childcare leave law does not oblige companies to pay employees on leave.

The survey also said 14.8 of the companies had a system to reemploy women who had left their jobs for reasons such as marriage or childcare, down from 16.6 in the previous year.

Dollar, shares dip in Tokyo

TOKYO, Jan 20: The US dollar fell sharply against the Japanese yen in Tokyo Monday morning, as share prices tumbled in thin trading, reports AP.

The dollar was trading at 123.70 yen at 11:30 am (0230GMT), up slightly from its opening but down 4.25 yen from Friday's close in Tokyo and further below its close in New York at 124.55 yen, where it fell on intervention by the US Federal Reserve.

The 225-issue Nikkei Stock Average continued to lose ground, closing the morning session at 20,982.96 points, down 338.41 points or 1.59 per cent from Friday's close at

21,321.37 — its lowest since October 1990.

The Tokyo Stock Price Index of all issues listed on the first section, which lost 18.12 points or 1.12 per cent Friday, stood at 1,581.21 points, down 19.05 points or 1.19 per cent.

The benchmark 10-year Japanese government bonds stood at 106.37 points as of 11:05 am (0205GMT), up from Friday's 105.97 — point close. Their yield fell to 5.290 per cent from 5.345 per cent.

Currency dealers said the dollar's lower opening followed its plunge in New York on intervention by the US Federal Reserve and disappointment

with US trade figures.

Government trade figures released at the end of the week showed that imports shrank as Americans curtailed their purchases while exports in the manufacturing sector remained sluggish.

The Tokyo currency market remained nervous due to uncertainties about the dollar's bottom as it appeared to approach the postwar historic low of 120.25 yen.

Some market players were beginning to buy back the dollar, causing expectations it would settle at the 123-yen level, a foreign exchange dealer at Citibank said.

Japanese now set their eyes on condom export

TOKYO, Jan 20: Japan, the world's largest user of condoms, is turning its attention to the AIDS-conscious export market, reports Reuter.

"We're going to see a growing emphasis on exports in the next few years as the Japanese market is virtually saturated," said Teruyoshi Okubo, a spokesman for one of the world's largest condom manufacturers, Okamoto Industries.

Exports currently account for about 10 per cent of Okamoto's output and are growing fast, he added.

Condoms were not on US President George Bush's agenda during last week's talks in Tokyo aimed at opening up the Japanese market to American exports. But the contraceptive business offers a striking example of Japan's success in building up its exports while keeping imports out.

Okamoto and the two other main domestic manufacturers, Fuji Latex and Sagami Rubber Industries, have stitched up

over 90 per cent of the Japanese condom market. Imports are virtually unknown.

Japanese use some 600 million condoms every year compared with an estimated 450 million in the United States and Canada combined.

Condoms account for over 80 per cent of contraceptive sales, partly because the pill is unavailable over the counters in Japan.

Meanwhile, Japanese exports in the 10-month period to October 1991 totalled 1.83 billion yen (14.4 million dollar).

A spokesman for Fuji Latex, Japan's second largest prophylactics manufacturer whose headquarters is sited like a huge condom, said the company exports nearly half its output, mainly to western Europe, North America and Australia.

One factor behind Japanese efforts to increase exports is the greater awareness of AIDS overseas. Widespread public information campaigns in

many countries recommend the practice of "safe sex" by using condoms, industry sources said.

A recent government survey showed Japanese still understand little about AIDS. Transmission of the HIV virus which causes the disease occurs mainly through sexual contact and the sharing of needles to inject drugs, but some 60 per cent of Japanese questioned thought they could catch AIDS from a mosquito bite.

"In Japan we don't have anybody like Magic Johnson or Mercury to make people more aware of the dangers of AIDS," said Okamoto's Okubo.

US basketball legend Johnson announced in November that he was HIV-positive, meaning he had been exposed to the virus shortly afterwards British Rock star Freddie Mercury died of the disease.

Official figures show 415 people in Japan have full-blown AIDS and 1,898 are car-

riers of the virus, although homosexual rights activists say the numbers could be up to 10 times higher.

For foreign prophylactic makers, one major obstacle to breaking into the Japanese market is Japan industrial standard T-9111, a strict set of tests established by the health and welfare ministry, Okubo said.

Condoms for use in Japan must meet certain ageing and elasticity standards and also pass the "Pinhole Test", in which they are exposed to a specified electric current.

"There is a question mark against the ability of foreign companies to comply with these quality controls," Okubo said.

Size is another problem, industry sources say. US and European condoms are about 20 cm (eight inches) long, while domestic brands average about 18 cm (seven inches).

A complex distribution system also deters many would-be importers.

"You really need a good distribution partner to succeed in the Japanese market, so it's very difficult to start up," said Gary McVean of Ansell Japan Co., a subsidiary of the large US condom manufacturer Ansell.

Ansell shelved its own plans to break into the Japanese condom market and concentrates instead on medical products.

"But the main problem is not obstructionist, the market's simply saturated. If someone wanted to set up here they probably could," McVean added.

A tiny handful of enterprising individuals have done just that, putting anonymous advertisements for their imported wares in the classified section of a Tokyo English-language magazine.

One entrepreneur, who calls himself the "preventer", said he was not in the business for profit but was just trying to satisfy a long-neglected need for "gaijin (foreigner)-sized" condoms among Tokyo's expatriate community.

US failure to aid CIS under fire

WASHINGTON, Jan 20: Public and private officials trying to speed US food and medical aid to the former Soviet republics are frustrated by what they call the Bush administration's failure to move with any sense of urgency, reports AP.

German officials also have hinted they are unhappy with the US reaction to the crisis. As the largest contributor of financial aid to the former Soviet Union, Germany will be a major participant in the 47-nation conference Bush will convene in Washington this week to discuss ways to help the nations emerging from the Soviet collapse.

Skyrocketing prices accompanied by shortages of basic commodities such as bread and milk could threaten the survival of the democratic experiment led by Russian President Boris Yeltsin, according to some experts.

While Yeltsin and other republic leaders try to deal with shortages, US officials can't decide what to send and where to send it.

"Not nearly enough (is being done)," said Paul Goble, who recently resigned as the State Department's special adviser on Soviet nationalities.

"They're not acting with a feeling there is any kind of emergency," said an official with a private group trying to coordinate a 100 million dollar aid effort.

Churches and synagogues are collecting an outpouring of food from people eager to help. But the efforts often are stymied by difficulties in getting the foodstuffs halfway around the world and then distributing them.

"You end up spending 10 dollar to ship a dollar's worth of beans," said Lewis Townsend, executive director of the Fund for Freedom and Democracy. Townsend recommends that people send money.

But "the need is overwhelming," said Maggie Peterson of Project Hope, the non-profit group Bush has designated to take the lead in providing medical assistance.

Homelessness no shock for young Americans

NEW YORK, Jan 20: A poll published Monday found Americans divided over whether the pervasive sight of homelessness is numbering people to the problem, reports AP.

The New York Times-CBS News Poll showed significant differences in the way people of various age groups view the homeless.

Fifty-five per cent of those between 18 and 29 years old said they thought most people are so used to seeing the homeless that they don't feel upset by them.

Forty-five per cent of respondents between 30 and 44 years old, and 41 per cent of those between 45 and 64 years old, agreed with that sentiment.

Overall, 44 per cent said they believe most people have gotten so used to seeing the homeless that they don't get upset; 42 per cent said most people feel upset.

The poll also showed that: — Six of 10 Americans say they encounter the homeless in their communities or on their way to work. That contrasts with a 1986 Times-CBS poll that found six of 10 people saw the homeless only on television or by reading about them.

Recession to hit Labour more than Tory?

LONDON, Jan 20: Recession could damage the British Labour Party's election chances more than the Conservative government which presided over it, according to a study by academics and market economists, reports Reuter.

A first-past-the-post electoral system already counts against the opposition Labour Party — the Conservatives won in 1987 with fewer votes.

But Labour has believed the current recession would help it overcome that barrier. Not so, according to the report published by Shearson Lehman Brothers today.

"Labour already has a mountain to climb even before the effects we found are taken into account," said Shearson Lehman economist Peter Spencer, one of the authors of the reports.

Prime Minister John Major must call an election by mid-June but may do so much sooner — early April or early May.

Conventional wisdom has been that Labour would benefit from damage to one of the most prosperous sections of the community, but in a reversal the report suggests that Labour will hurt more than the Conservatives.

Coke reigns world

WASHINGTON, Jan 20: Led by industry giant Coca-Cola, the marketing of soft drinks abroad has reached record proportions as companies vie for the top spot in an increasingly global market, reports IPS.

Roberto Goizueta, Coke's chief executive, in a newspaper recently said "We increasingly global because 95 per cent of the world's consumers are outside this country."

Goizueta predicts that by the year 2000, the consumption of Coke worldwide will double to a billion servings per day.

Europeans now consume the most Coke products, on an average of three and one half cans per week, according to figures quoted by the US based Fortune magazine. Germans consume an average two cans of Coke per week while the French consume one half can per week.

Unlike the domestic market, Coke enjoys an almost unchallenged position abroad. In foreign markets, Coke outsells Pepsi, its closest rival by a four-to-one margin.

Germany has proved to be a gold mine for the company. Goizueta expects one billion dollar in retail sales in East Germany alone this year, and the company has increased investment throughout Eastern Europe.

Coke has gone ahead with its relentless internationalisation, using all manner of marketing and management methods. To penetrate difficult markets like Asia and Latin America.

As a result, the company has seen non-stop growth, its international profits going up to 80 per cent from 50 per cent in 1985. Over the last five years, Coke's earnings have grown at an annual rate of 19 per cent, reaching 1.3 billion dollar last year on sales of 10.2

billion dollar.

Helping its product become almost ubiquitous all over the globe is the company's marketing strategy, which offers high profile celebrities and catchy advertisement jingles.

The company has also enjoyed marketing results from highly publicised promotions in the past, such as the donations of Coke to US troops in Saudi Arabia during the Gulf War last year and to East Germans crossing the border after the fall of the Berlin wall in 1989.

Although it has been less successful abroad, Pepsi has matched Coke's mammoth US marketing campaigns with successful advertisements of its own, featuring celebrities like Madonna, Ray Charles and Tina Turner.

These fiercely contested "Cola Wars" will soon continue at the international level as Pepsi vows to increase its investments abroad and seeks to challenge Coke's predominance in foreign markets.

Bush plans cut in income tax for families with children

WASHINGTON, Jan 20: President George Bush plans to propose an income tax cut for families with children by increasing the exemption for each child by 500 dollar, a senior administration official said on Saturday, reports Reuter.

The tax cut would be part of Bush's strategy for reviving the economy and would figure in the fiscal 1993 budget, the official told Reuter.

"The basic policy is going to be the 500 dollar a child exemption," he said.

EC bans U-15 labour

BRUSSELS, Jan 20: The European Commission Sunday approved a draft law outlawing work by young people under the age of 15 and aiming to protect youths in employment, reports AFP.

The proposed directive covers all those aged under 18, but excludes such activities as baby-sitting, home newspaper deliveries or employment in family concerns such as farms, stores and workshops.

Youths at work constitute a group "at risk," the Commission, which is the execu-

tive arm of the European Community, said.

Under the proposals, nightwork would be forbidden for young people, except for jobs such as those in catering for bakers.

The working week would be limited to three hours per day for a total of 15 hours for those still in full-time education, while for others the length of the working day would be limited to eight hours and the working week to 40 hours.

Such limits already exist in most EC countries, the Commission said.



ERD Joint Secretary KM Ezazul Huq and ADB Resident Representative Geert Van der Linden signing an accord on Tk 340 crore ADB loan to Bangladesh Sunday. —PID Photo

Business briefs

Kuwait moves to aid CIS, China: Kuwait said Sunday it was sending a high-ranking delegation to former Soviet republics and China to discuss possible economic assistance to them, the Kuwaiti News Agency (KUNA) reported, says Reuter from Kuwait.

It quoted Foreign Minister Sheikh Salem Sabah Al-Salem Al-Sabah as saying the delegation of oil, trade, economic and health officials would be led by Finance Minister Nasser Abdullah Al-Rodhan.

Guyana's diamond output up: Guyana's diamond production increased from 14,877 carats in 1990 to almost 22,000 in 1991, reaching the record high since 1978, the official news agency said, reports Xinhua from Bridgetown (Barbados).

The Guyana Public Communications Agency said that the Guyana Geology and Mines Commission attributed the improved performance to good weather and a diamond regime introduced three years ago.

Food for Somalian refugees: The Red Cross on Sunday began distributing emergency food to hundreds of thousands of starving refugees from Somalia's war-shattered capital, reports AP from Nairobi.

The food was transported to the capital aboard dhows from ships anchored off nearby ports, said Gregoire Tavernier, a spokesman with the International Committee of the Red Cross in Nairobi.

Low-noise super train: A research arm of Japan's JR Railway group will begin developing a low-noise superexpress train which can travel as fast as 350 kilometers per hour, reports Kyodo from Tokyo.

The Railway Technical Research Institute said it will launch the project in fiscal 1992, which starts April 1, aiming at developing necessary technologies by fiscal 1996.