

## Miyazawa may put off US visit

TOKYO, Feb 7: Japanese Prime Minister Kiichi Miyazawa's visit to the United States pencilled in for May is likely to be postponed, Japanese newspapers reported Friday, says Reuter.

The Asahi Shimbun and Yomiuri Shimbun newspapers, quoting Foreign Ministry officials, said the planned dates clashed with presidential primary elections in the United States, where Japan's huge trade surplus with America has become a key issue.

There was no-one available for immediate comment at the Japanese Foreign Ministry.

Tensions are running high in Japan-US relations after Japanese leaders made a series of derogatory remarks about American workers.

Miyazawa himself fanned the flames this week with a comment in parliament suggesting that Americans had lost the work ethic.

## ECO includes 3 ex-Soviet republics

ANKARA (Turkey), Feb 7: The Economic Cooperation Organisation that groups Turkey, Iran and Pakistan agreed on Thursday to accept the former Soviet republics of Azerbaijan, Turkmenistan and Uzbekistan as full members, reports AP.

Foreign Ministers Hikmet Cetin of Turkey, Ali Akbar Velayati of Iran and Muhammad Siddiq Khan Kanju of Pakistan said in a joint statement the agreement granting full membership would be signed by June.

The new members will be able to attend the organisation's summit meeting at presidential level in Tehran on Feb 16-17.

The statement added that other Central Asian republics, willing to join the organisation, could attend the Tehran meeting as observers.

The foreign Ministers also agreed to establish an investment and development bank, and a maritime transportation company.

They initiated a protocol to lower tariff barriers in trade and decided to develop joint transportation and communication projects.

The three countries, joined in a military alliance with United States and Britain in 1960s under the short-lived Central Treaty Organisation (CENTO).

The organisation was re-named and restructured into ECO in early 1980s.

## Iran sees better trade after Soviet collapse

TEHRAN, Feb 7: Iran's economic situation is more promising than ever following the collapse of the Soviet Union, Deputy Minister for Mines and Metals Ali Shams Ardakani said Tuesday, reports AP.

He told an economic conference in the United Arab Emirates that his country expected forge solid links with the six former Soviet Muslim republics because of its proximity to them.

Iran's economic situation is more promising than ever in the wake of the new changes in the world, Ardakani said in statements carried by the official Iranian news agency Irna.

Iran, he said, is the only country with direct surface links with the Muslim republics.

Only Iran can provide these republics with the shortest route to the open seas for their business dealings, he added.

Ardakani said Iran's annual growth rate currently stood at 8.1 per cent, with mines showing the largest growth rate at 19.5 per cent followed by the oil and gas sector at 8.7 per cent, industry at 4.2 per cent, agriculture at 6.1 per cent and construction at 5.4 per cent.

## US Cong won't release \$12b for IMF

WASHINGTON, Feb 7: The chairman of a key Senate subcommittee said Thursday that Congress this year will not provide the 12 billion dollar it owes the International Monetary Fund to help emerging democracies, reports AP.

"It's an election year for me. I'm just not going to do it," said Senator Patrick Leahy.

Leahy, Chairman of the Appropriations Panel that handles foreign aid, said foreign aid is too unpopular with his colleagues to burden the bill further by adding the IMF money. A similar bill was defeated in the House of Representatives last fall.

Making the money available

to the IMF does not require outlay by the United States. The money remains US property and pays some interest to the US Treasury when the Fund lends it out. But it does appear in the US budget and makes the federal deficit look bigger.

An expert familiar with the Fund said that the industrialized nations that are the main source of its money have promised to pay their share of the 60 billion dollar increase, except for the United States and Italy. The United States joined in the agreement in May, 1990.

He spoke on condition of anonymity.

He added that there is a possibility that if the United

States does not pay, it will lose enough of its voting power in the Fund so that it would no longer have a veto over major decisions. The Fund is owned by 156 governments, with voting power based on contributions.

The United States has the largest voting power—over 18 per cent. It takes 15 per cent to have a veto, and only the United States now has that much.

"There will be no IMF quota increase," Leahy told a small group of reporters. "I mention that to save them the postage of sending the request up here—to Capitol Hill."

"It won't fly. The votes aren't there," he added.

"I'm not going to sit there and have a debate on IMF and have everybody say, 'Why are you giving this to the banks when we don't have the money for this and that—domestic program,'" Leahy said.

Secretary of State James A. Baker said Thursday that the IMF would be the vehicle for aid to the new nations emerging from the wreckage of the former Soviet Union.

"We should find a way to fund the IMF increase, because it's the IMF that's going to play a central role in helping these new nations... preserve their tentative steps toward democracy," Baker told the Foreign Affairs Committee of the House of Representatives.

## UN Council retains ban on Iraq

UNITED NATIONS, Feb 7: The Security Council retained economic sanctions against Iraq Wednesday, saying Baghdad did not comply with UN demands on monitoring its weapons industry, reports Reuter.

US Ambassador Thomas Pickering, this month's Council President, said members also "strongly deplored Iraq's refusal to continue talks with UN officials on resuming its oil exports."

Asked if any action would be taken to make Iraq comply, Pickering said only, "stand by

for further news."

Pickering's sentiments were echoed in a Council statement that accused Iraq of "forgoing the possibility of meeting the essential needs of its civilian population and therefore bears the full responsibility for their humanitarian problems."

The statement was unusually critical of Iraq compared to previous periodic review every 60 days after the Council's adoption in April 1991 of a wide-ranging Gulf War ceasefire resolution calling for scrapping Iraq's weapons of mass destruction and reparations payments among other

demands.

The statement said there was "serious evidence of Iraqi non-compliance over its programmes for weapons of mass destruction and the repatriation of Kuwaitis and other third country nationals detained in Iraq."

It added, "the president of the Council concluded there was no agreement that the necessary conditions existed for a modification of the (sanctions) regime."

A spokesman for the special commission overseeing the destruction of Iraq's nuclear, biological, chemical and ballis-

tic weapons and materials said Iraq refused to comply with long-term monitoring of its defence industries.

The Council in October approved a commission plan for large-scale monitoring in Iraq for years to come, including so-called dual use industries that are used for peaceful purposes but have arms capabilities.

The latest sanctions review began the day after a group of UN inspectors was jostled by Iraqi demonstrators in Baghdad in the most recent harassment on UN teams sent to find and destroy Iraq's weapons of mass destruction

## Mongolia floats stock exchange

ULAN BATOR (Mongolia), Feb 7: Mongolia on Friday opened its first stock exchange, part of an ambitious privatisation plan to bring the country closer to Asia's free-market economies, reports AP.

Brokers from 29 companies linked by telephone to each of the country's 18 provinces and the three largest cities participated in the first trading session, where 16,000 shares in three companies were offered.

"Capitalism has come to Mongolia," proclaimed Zolzhargal, chairman of the stock exchange in the capital of Ulan Bator.

Under the privatisation programme, vouchers worth 10,000 tugrik (250 dollar) were distributed to the country's 2.1 million people. The vouchers can be used to buy shares in the 340 large and medium-sized state firms due to be floated on the stock market, or to bid for ownership of almost 3,000 small state enterprises.

During the 75-minute opening session, vouchers worth 3.16 million tugrik (79,000 dollar) were exchanged for shares in the one large firm and two medium-sized companies.

## Tea OK, but no balls on rackets

UNITED NATIONS, Feb 7: It's all right for Iraq to import 105 tons of black tea. But 81,000 table tennis balls, 21,000 badminton rackets and 26,000 "leather-like" handbags are forbidden, the Security Council's Sanctions Committee ruled Thursday, reports Reuter.

Vietnam had sent the committee a letter requesting permission for these items to be exported to Iraq, together with a number of lacquer paintings, in fulfilment of a 1989 contract of unstated value.

They were shipped in July 1990 but got stuck en route when the Security Council slapped Iraq with economic sanctions the following month because of its invasion of Kuwait.

The black tea is brewing at a Ukrainian Black Sea port while the table tennis balls and other items are bobbing around the docks at Trieste, Italy.

According to an earlier Reuter report: Asked to state Iraq's main objections to the oil sales scheme, Iraqi US ambassador Abdul Amir al-Anbari said: "There are so many. But just to give you an example—the resolution takes no account of the cost of production and transportation (of oil) within Iraq."

They impose on Iraq to produce and transport, but without making allowances to deduct from the gross income the cost of production, cost of transportation and cost of repair.

He agreed this issue should be discussed in Vienna but suggested there was little leeway in view of the constraints imposed by the Council resolution itself.

The conditions they (the resolution) impose on various phases of oil marketing, from the negotiation with the customers all the way to the deposit of money in the bank, are beyond Iraq's control."

## Bush proposes \$35b insurance plan for poor

CLEVELAND (Ohio), Feb 7: President George Bush, trying to seize the initiative on one of the top US campaign issues, proposed on Thursday a 35-billion dollar plan to help poor and middle-class Americans get private health insurance, reports Reuter.

But Democrats, who control both chambers of Congress, denounced the plan as too paltry and vowed to put forward their own plans.

The United States is one of the few industrial countries that has no national health care insurance for all citizens.

## Economy flat, says top Bush Aide

WASHINGTON, Feb 7: President George Bush's top economic adviser said on Thursday the US economy was flat as a board and the US central bank should be ready to lower interest rates again if things do not improve soon, reports Reuter.

Michael Boskin, testifying before Congress, also laid at the central bank's door part of the blame for the US economy's inability to recover from the recession which began in the summer of 1990.

He spoke after a dismal government report showed the US industrial sector was deep in recession, with factory or-

ders declining in 1991 for the first time in five years.

Boskin, Chairman of the Council of Economic Advisers, which helps the president prepare his annual economic report to Congress, said the central bank should watch government economic data closely in the coming weeks.

If data come out in the next few weeks and other events occur that suggest the probability is not very high that the economy will be recovering with the monetary policy that's been in place, then yes, the bank should ease, he said.

From late last summer to early this year, the economy

went flat as a board, Boskin said. The central bank, called the Federal Reserve, probably should have acted sooner than it did to stimulate the economy with interest rate cuts.

Federal Reserve Chairman Alan Greenspan signalled earlier this week that the central bank would resist cutting interest rates again for now but he left the door open to further action if the economy failed to pick up.

An AP despatch adds: The government on Thursday reported sharply lower factory orders in December and stagnant jobless claims in late January. Major retailers said

sales improved last month.

The retail sales improvement came in comparison to a year earlier when consumers were gripped by the Gulf War.

Orders for durable and non-durable goods plunged 3.8 per cent in December, contributing to the steepest annual loss since the previous recession nine years ago, the Commerce Department said.

In a second report that analysts said provides more evidence of a stagnant economy, the Labor Department reported little improvement in the number of initial claims for jobless insurance in late January.



MOSCOW: A mother along with her baby lines up at the cashier counter to pay for infant milk, set down in the carriage, at a government shop Feb 6 in central Moscow. Price of baby milk like other kind of food, increased by 200 per cent in three weeks. —AFP photo

## G-7 rejects Russia's fund request

WASHINGTON, Feb 7: The major industrial nations have turned down a request by the Russian Federation for 12,000 million dollar in balance of payments assistance and 5,000 million dollar for establishing a currency stabilization fund, according to Under Secretary of the Treasury David Mulford, reports USIS.

The request was discussed by Yegor Gaidar, the Deputy Prime Minister in Charge of economic reform, during a February 1 meeting with Treasury Secretary Nicholas

Brady and Federal Reserve Governor Alan Greenspan. Mulford told a House Banking Subcommittee February 5.

Mulford, who also attended the meeting with Gaidar, said that US officials convinced the Russian official that such assistance was not warranted at this time. Once economic reforms are in place—tighter monetary and fiscal policies and privatization of state firms—such assistance can be considered, he said.

At some point I have no doubt that one (a stabilization fund) will come, he said.

Saying he was speaking for the Group of Seven industrial countries, Mulford said: "NO one is going to sit down and write a 12,000 million dollar check."

AP from Lisbon adds: The European Community will link massive aid for the former Soviet Union to continued respect for human rights and disarmament in the newly independent nations, Portugal's foreign minister says.

Portugal currently holds the EC's rotating presidency and is to play host in May to a

major international conference on aid to the Commonwealth of Independent States.

"How could you persuade your taxpayers to make sacrifices... if at the same time you know that they (the former Soviet states) are spending a lot of money on armament," Minister Joao de Deus Pinheiro said Wednesday.

Speaking in an interview with the Associated Press, Deus Pinheiro said the EC was providing about 75 per cent of the total world aid to the former Soviet Union.

## Continued poverty may endanger E European reforms

DAVOS (Switzerland), Feb 7: East European leaders insist that their region's switch to market economies is irreversible, reports Reuter.

But they say reforms could be undermined if they do not bring real benefits to their suffering population soon.

The risk is that governments might be forced to take populist measures that destroy the region's hopes for prosperity, said some of the politicians gathered at the World Economic Forum in the Swiss mountain resort of Davos.

A greater danger still is that the region, or at least its poorer countries, could become a source of instability for the whole of Europe.

And the greatest fear, voiced by many of the business and political leaders attending the Forum, is that rich western countries could be overwhelmed by millions of economic refugees fleeing poverty at home.

"What worries me is more the social side of the transformation than the economic side,"

said Czechoslovak Finance Minister Vaclav Klaus, a committed free-market reformer and architect of his country's radical reforms.

Although the transition to a market economy, following the collapse of communism just over two years ago, has turned out to be much harder than was originally thought in the West, the region has notched up some notable successes.

Around 100,000 small businesses have been sold off already, laying the foundations for a private sector on which future prosperity depends.

Plans are advanced in many countries to sell off some 20,000 large state enterprises over the next few years.

Some western companies have already invested in sectors ranging from cars to electrical engineering to detergents.

While some countries are still suffering the traumas of a 1930s-style depression and inflation bottled up under communist controls exploding into double- or triple-digit price

rises, others have managed to make economic progress.

Czechoslovakia, which for some months last year attained zero inflation, hopes to keep monthly price rises in 1992 to one per cent.

Last year was the most successful for the Czechoslovak economy since the communist takeover in 1948, said Economy Minister Vladimir Dlouhy.

But it was also the year when industrial output fell by 22 per cent and unemployment, once negligible, hit 6.8 per cent.

The whole region has suffered a cumulative contraction of its economy of around 20 per cent in the last two years.

Not all was due to the impact of reform. Much of the recession was caused by the loss of exports after the collapse of the Soviet-led COMECON trade bloc and the Gulf War.

But reform, too, had its costs as subsidies to uncompetitive enterprises were slashed, causing prices to rise and output and employment to fall.

"Now there's a new crisis caused by the transition itself—the destruction of the old structures," said Romanian President Ion Iliescu.

Kalaus said that at least in Czechoslovakia a clear pro-reform constituency had emerged, which made him optimistic that his centre-right Civic Democratic Party would do well in elections this June.

But he said with the political spectrum still fragmented, as the process of developing a few western-style parties is not yet complete, there was a problem with timing and the country needed positive results soon.

Elections in Poland have already created an upset, when parties associated with radical economic reforms failed to win a mandate. The new minority coalition government campaigned on promises to tackle the recession as much as fighting inflation, although in practice it may have to continue former policies.

Bulgaria's Zhelyu said reforms in his country had now reached a critical point.

## Only a 50-dollar credit for women can make the difference

WASHINGTON, Feb 7: As millions of rural women around the world slip deeper into poverty, some 90 per cent of them can get no credit even though 50 dollar could make many of them self-supporting, a UN study said yesterday, reports Reuter.

The UN International Fund for Agricultural Development (IFAD) said targeting poor rural women for credit programmes is essential to enable them to farm and feed their children, and to hold their families together.

"There is no way we can feed the world without empowering women," IFAD President Idriss Jazairy said in an interview.

Jazairy was in New York this week to promote an upcoming summit of some 60 wives of leaders of developing countries who will push for more economic power for women.

"Half of the world's nations will be represented by the First Ladies," said Jazairy, who added that Finance Ministers and representatives of economic agencies also would attend.

The summit, scheduled for February 25-26 in Geneva, will consider economic restraints on women such as laws against

women owning land or obtaining loans without husbands' authorisation.

Such laws keep women—the main food providers in the developing world—from hiring labour or buying fertiliser and pesticide needed for productive farming, IFAD said.

The study also showed that women are far better credit risks than men and have been effective in transforming small loans into efficient farms or cottage industries.

"Fifty dollars can be the difference between misery and a decent life," Jazairy said.

The IFAD study showed that 550 million women live in rural poverty, up 50 per cent from 20 years ago.

"Over the same period, the number of rural poor increased by 40 per cent, a clear indication that rural women are even more vulnerable than men," the study said.

Contributing to that was a rapid rise in the number of rural households headed by women, largely because of men migrating in search of work, the study said.

"On the local level, the main sufferers are families of the women, especially children, who do not have enough to eat and lack adequate medical care," IFAD said in a statement.

## Mafia controls NY's garment industry

NEW YORK, Feb 7: The Mafia controls New York's bustling garment industry and you can't do anything about it, a former manager at a top fashion house testified on Wednesday, Richard Wallace, former production manager for high-priced designer Nicole Miller, was called as a prosecution witness at the corruption and extortion trial of Brothers Thomas and Joseph Gambino, reports Reuter.

The two millionaires, whose father, Carlo Gambino, ran the Mafia family that bears his name, control trucking companies in New York that service garment firms. Prosecutors contend the two are members of the Gambino crime family, which authorities say is now run by John Gotti and is the most powerful crime clan in the United States.

Gotti is on trial in Brooklyn for racketeering and murder. "The contracting shops were all married to the truckers, said Wallace, 56. The mob controls the shop and you can't do anything about it. If you want trucks, you just have to play the game, he said. Wallace said that when he started in the business 26 years ago, he was told that the Gambinos owned the trucking firms and that he was not free to select his own trucks.

The state has accused Thomas Gambino, 62, and Joseph, 54, of enterprise corruption, restraint of trade, extortion and grand larceny. The brothers portray themselves as philanthropists. On cross-examination by defence lawyer Gerald Shargel, Wallace said he was aware of the Gambino Brothers reputation and that they were the sons of the late Mafia Don Carlo Gambino.

The Gambino brothers and two trucking company salesman are charged in a 55-count indictment. If convicted, the defendants each face up to 25 years in Jail.

## Price Waterhouse says BCCI deceived it

LONDON, Feb 7: Price Waterhouse says its regular audits of the Bank of Credit and Commerce International failed to discover widespread fraud at the bank because BCCI officials lied to the accounting firm in a sophisticated "scheme of deception", reports AP.

Price Waterhouse provided its first detailed defence to accusations that it was negligent in failing to detect BCCI's fraud in a 29-page report it submitted to a parliamentary select committee Wednesday.

Price Waterhouse, which became BCCI's lead auditor in 1987, faces lawsuits in Britain and the United States claiming the firm was negligent in signing off BCCI's audits.

US, British and other authorities seized BCCI on July 5 on allegations of long-term, widespread fraud.

Regulators are liquidating BCCI, which was registered in Luxembourg, had most of its operations in Britain and was

controlled by Abu Dhabi majority shareholders.

The liquidators and shareholders are negotiating a deal that would give depositors about a third of their money back.

A total of 1.1 million depositors with 19.5 billion dollar on deposit were affected by the seizure.

Price Waterhouse's report said, "Even the best planned and executed audit will not necessarily discover a sophisticated fraud, especially one where there is collusion at the highest level of management and with third parties."

It cited "the collusion of major customers and other prominent individuals with BCCI management under which they produced false confirmations to auditors confirming fictitious and non-recourse loans."

Price Waterhouse also accused BCCI of "the falsification of book entries and false supporting documentation."

## Business briefs

**Sharif opens Islamic welfare fund:** Prime Minister Nawaz Sharif announced the establishment, Thursday of an Islamic welfare fund, with an initial capital of two billion rupees (80 million Dollar), reports AFP from Lahore.

Officials said another 40 million dollar would be allocated in fiscal 1992-93, starting July, for the fund which is designed to combat poverty in society.

**Iraq to attend OPEC meet:** Iraq will attend next week's meeting of the Organization of the Petroleum Exporting Countries (OPEC), even though it has not exported oil for 18 months, the Iraqi News Agency (INA) said Thursday, reports AFP from Baghdad.

Wednesday's gathering in Geneva will focus "on ways likely to break the fall in prices and consider a production ceiling for the second quarter" this year, INA said, quoting a reliable Iraqi Oil Ministry source.

**Afghan traders threaten to halt exports:** Dozens of Afghan traders have threatened to halt exports unless the central bank withdraws a deposit regulation it introduced two months ago, leading businessmen said in Kabul Wednesday, reports AFP from Kabul.

They said angry exporters complained to the private-sector founded Economic Advisory Council (EAC) that the central bank ruling had harmed their businesses.

**US Commerce Dept under fire:** Members of the US Senate on Thursday praised Commerce Secretary nominee Barbara Franklin while criticizing the Commerce Department for lack of economic leadership, reports AP from Washington.