

US holds talks with Pakistan on aid

WASHINGTON, Feb 10: The United States is holding talks with Pakistan on prospects for resuming aid to the Asian country in the wake of Islamabad's admission that it has the capability to make a nuclear bomb, reports AFP.

"We continue to pursue that issue with the Pakistani government, and we've had more discussions in the past few days", State Department spokesman Richard Boucher said Friday.

In 1990, President George Bush's administration suspended more than 500 million dollar in aid to Pakistan after it was unable to certify to Congress that Islamabad was not trying to acquire a nuclear weapons capability.

At the end of a visit here during which he conferred with State Department and congressional officials, Pakistani Foreign Secretary Sharyar Khan publicly acknowledged for the first time that his country now possesses the components and know-how for assembling a bomb.

"The capability is there", he said in an interview with the Washington Post.

Boucher made it clear that any resumption of US aid would hinge on the outcome of talks between the two countries on several remaining points of disagreement.

The spokesman said Washington was considering a proposal from Pakistani Premier Nawaz Sharif to convene nuclear non proliferation talks bringing together Pakistan, India, Russia, China and the United States.

India first reacted negatively to the proposal but now appears to be more receptive.

Pakistan eyes with suspicion its rival neighbour India, which exploded a nuclear device in 1974.

Ethiopia gets \$622m aid

NAIROBI, Feb 10: After months of difficult negotiations, Ethiopia has won a 672 million-dollar international aid package that it will use to rebuild the economy after three decades of civil war and mismanagement, reports AP.

Approval of the emergency loans and grants was disclosed Saturday night by the Ethiopian News Agency after the return from Washington of Abd-al-Majid, the country's minister of foreign economic relations.

The agency quoted Al-Majid as saying Ethiopia would receive 150 million from the World Bank, 122 million dollar from the African Development Bank, 116 million dollar from the European Community and the rest from humanitarian organizations.

Al-Majid said the money would be used for construction of roads, schools and bridges, purchase of medicines and the rehabilitation of industry and agriculture.

The aid negotiations began shortly after guerilla armies ousted former President Mengistu Haile Mariam from the capital of Addis Ababa last May and set up a provisional government.

However, the talks became stalled over the reluctance of the new government to meet a World Bank demand that it at least partially deregulate the trucking and transportation industry.

Sources in Addis Ababa said the stumbling block was removed in the latest round of talks in Washington when Al-Majid agreed to the World Bank's conditions.

Ethiopia has begun separate negotiations with the World Bank on a larger, long-range reconstruction aid package that western diplomats say will require further economic liberalization. No specific dollar figure has been mentioned.

GATT talks success a must for world security, warns Quayle

MUNICH (Germany), Feb 10: US vice-President Dan Quayle, stepping up US pressure on Europe over trade subsidies, said on Sunday a successful end to the stalled GATT world trade talks was crucial for world security, reports Reuter.

Quayle, speaking at a Munich defence seminar, rejected protectionism as a "dead-end street" and said the post-Cold War world had to agree quickly on how to conduct freer trade.

The current talks have bogged down because of a rift between the United States and the European community over cutting farm subsidies as part of the GATT's Uruguay Round of talks.

Quayle called a GATT agreement "absolutely critical".

"It is critical to the security of Europe, the security of the United States and the security of Asia. We have to conclude the Uruguay Round of this GATT negotiation", he said.

"If we don't, you have the Cold War behind us and the disappearance of how we're going to conduct our trade relations."

Quayle's warning echoed comments made on Saturday by other American officials at the seminar, who said that what they called EC stonewalling on trade could undermine US public support for a continued American military role in Europe.

The US due to leave about 150,000 troops in Europe after current cuts are completed, might reduce its presence to only 75,000, senator William Cohen said.

This prompted Dutch Foreign Minister Hans Van Den Broek to complain about an unfair linkage between GATT and NATO.

"It won't work for you to say we have to agree on GATT or we'll leave NATO," said Van Den Broek, whose country was EC president in late 1991 when the Maastricht treaty agreeing on closer EC integration, including defence, was set.

"The charges of protectionism against the EC are exaggerated."

Quayle denied Washington was making a clear link between GATT and NATO. He said a failure in the trade talks would lead to more support for protectionist lobbies.

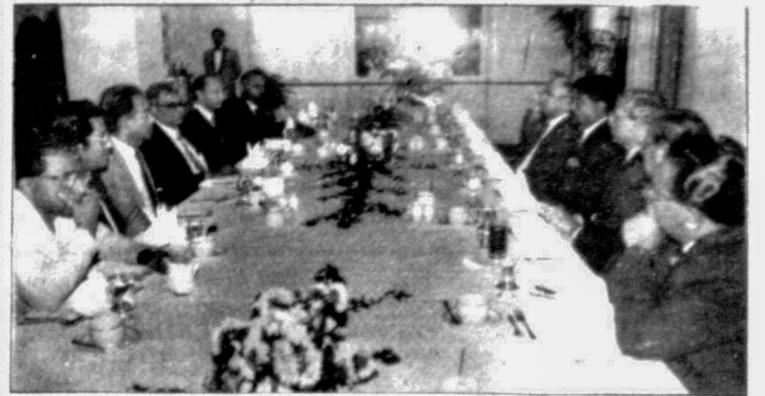
"More means more subsidies, more spending, more fiscal irresponsibility," he said.

Republican Senator Richard Lugar found the gap between the EC and the United States over GATT growing and said an agreement that did not address American concerns might be defeated in congress.

"It clearly would undermine all we are saying about US ties with NATO and our ability to lead," he told the seminar.

NATO Secretary General Manfred Woerner, in his closing remarks to the defence seminar, echoed Quayle's warning on the GATT talks.

"If that question is not satisfactorily dealt with, we risk a profound crisis in the Transatlantic alliance," said Woerner, a former West German defence minister.



SR de Silva (fourth on left row), Asian Regional Adviser for Employers Activities, ILO, Bangkok, at a meeting with the committee members of Bangladesh Employers Association in city Monday.

Global banking goes depressed

BASEL (Switzerland), Feb 10: International banking activity remained depressed in last year's third quarter, and international financing stayed "very low" during that period by comparison with the previous two years, the Bank for International Settlements (BIS) said in a report issued on Monday, according to AFP.

BIS, the central bankers' bank, explained the situation by weakened loan demand due to the economic slowdown in the industrialised countries, the banks' emphasis on quality assets, and a concern with numerous borrowers' solvency.

The reporting banks (banks in group of ten countries and other industrialised countries as well as their off-shore annexes) indicated that their total international claims were slightly up in the third quarter, by 7.3 billion dollar, in the

wake of a hefty 164-billion-dollar contraction in the second quarter by comparison with the first.

The outstanding amount of international bank loans in the period (after elimination of overlapping entries) rose by almost 20 billion dollar, from 11.6 billion dollar to 39.4 billion, despite a sharp slowdown in direct new loans to non-bank agents in the reporting area.

The BIS says that in Europe, very large declines in outstanding cross-border claims were recorded for banks in Luxembourg (9.7 billion dollar) and in Belgium (6.4 billion), owing to a scaling-back of the activity of the affiliates of German and Japanese banks in these two centres, respectively.

The report says that in marked contrast to earlier years, Japanese banks do not

appear to have undertaken window-dressing operations at end-September, the end of their interim accounting period.

And it noted that "A salient feature of the third quarter, however, was marked revival in the international business of Japanese Banks' offices located in Japan and Hong Kong."

As to currencies, the report notes that during last year's third quarter, there was an increase of five billion dollar in dollar-denominated claims (following a plunge of 131 billion in the second quarter), and faster decline in claims in EuroDM and Euroyen, and finally a jump in Euroaira claims (up 11 billion dollar or 13 per cent).

In a section devoted to the ECU (European Currency Unit) financial markets, the Bank for International Settlements says that "in some respects, the

strong official support and encouragement have not yet achieved their full development."

The various compartments in that sector (such as floating-rate notes and share-linked instruments) remain "underdeveloped," and "banking business is still heavily interbank" in that domain, the report says. Moreover, due to the virtual absence of the Ecu as a payment means in commercial transactions, "little scope exists for the development of Ecu-denominated trade financing products."

But the bank adds that "Nevertheless, the Ecu markets have undoubtedly matured considerably in recent years," particularly because a considerably larger number of investors in Ecu have emerged in the last few years.

Thieves offer uranium

VIENNA, Feb 10: Police in two Eastern European countries have caught thieves offering uranium on the black market, a spokesman for the International Atomic Energy Agency said Sunday, reports AP.

However, the uranium could not have been used for making nuclear weapons without enrichment, said the spokesman, Hans Friedrich Meyer. It apparently came from a plant in Romania that processes uranium for use in nuclear power plants, he said.

Some officials have expressed fears that with a general deterioration in law enforcement after the fall of communism, Eastern European countries could serve as a source or conduit for nuclear materials and other dangerous contraband.

The Vienna-based IAEA, a United Nations agency, oversees international nuclear safety.

BCC HK liquidation hearing adjourned

HONG KONG, Feb 10: The High Court adjourned Monday a liquidation hearing for the Hong Kong arm of the Bank of Credit and Commerce International (BCCI) because takeover negotiations were continuing, reports AFP.

The High Court adjourned the liquidation hearing to March 2 after lawyers for the receivers told the court the Hong Kong Chinese Bank, a subsidiary of Indonesia's Lippo Group, needed more time to negotiate any takeover.

The lawyer said the Bank needed at least another 21 days to complete the talks with the colonial government and the Abu Dhabi government representatives had no objection.

Russia may get billions after a successful reform: Baker

FRANKFURT, Feb 10: US Secretary of State James Baker said today that rich industrial nations may have to provide billions of dollar to help Russia stabilise its currency, reports Reuter.

But that could be done only after Moscow adopts a credible economic reform programme, he said.

He said the United States would push to ensure that Russia is admitted to the International Monetary Fund in late April when the IMF board meets.

Baker was talking to reporters on his way to Germany where he will oversee the first flights of a two-week US and allied emergency airlift of food, medicine and other supplies to Russia and the 11 other former Soviet republics.

Yen up while other Asian units firm

HONG KONG, Feb 10: The yen moved up in Tokyo as most Asian currencies firmed in a quiet week as investors awaited US economic data, reports AFP.

With trading cut short in some parts of Asia by lunar new year holidays, the Hong Kong, Taiwan, Singapore and New Zealand dollars moved up, along with the Philippine peso, the Thai baht and the Malaysian ringgit. The Australian dollar softened as did the South Korean won.

The effective exchange rate index ended the holiday-shortened week at 110.0.

Indonesian rupiah: The Indonesian currency opened trading on Monday at 2,004 rupiah to the dollar or at the same rate it closed on Friday the previous week. It strengthened to 2,003 rupiah Thursday and closed at the same rate Friday.

Malaysian ringgit: The ringgit finished Friday at 2.6085 to the dollar, up from the previous Friday's 2.6310.

Dealers reported good demand for the ringgit on Monday and Thursday when the local unit soared to a 43-month high at 26.030.

Philippine peso: The Philippine peso strengthened from 26.363 peso to the US dollar on January 31 to 26.179 on Thursday to settle at 26.159 pesos to the dollar last Friday.

The strengthening of the peso came amid reports that the dollar was pouring into the country to boost the campaigning for the may elections.

Singapore dollar: The Singapore dollar strengthened against the US dollar at an exchange rate of 1.6265 here Friday against last week's level of 1.6390.

Dealers said the local unit opened at 1.6340 against the US dollar earlier in the week but was taken down to 1.6300 mid-week before slipping further Friday.

They said trading in the Green back was small following the uncertainty in other Asian money markets.

Food, medicine supply to CIS begins

MOSCOW, Feb 10: The West starts flying in food and medical aid today in a gesture of support for the Commonwealth of Independent States as Russians show signs of annoyance at Boris Yeltsin's tough economic reforms, reports Reuter.

U.S. military flights were due to carry supplies left over from the Gulf War to several cities as part of "Operation

Provide Hopes" organised by the United States and the European Community.

Soviet and Western officials say the two-week operation, involving nearly 18 million kg (40 million pound) of supplies, is of mostly symbolic value since much larger quantities could be sent by land and sea.

Russian President Yeltsin's ground breaking reforms have had some success in putting

more goods in the shops. But they have led to protests against big price rises and demand for higher wage pensions, and other allowances.

One placard said we won't let the red shirts and brown shirts of the Russian CP (Communist Party) seize power.

The Itar-Tass news agency reported minor clashes between rival demonstrators in Chelyabinsk in the Urals in Moscow, thousands of police

ensured there was no trouble.

The airlift starts as US Secretary of State James Baker begins a tour of former Soviet republic in Kishinyov, capital of the southern republic of Moldova.

Reuter adds from Tokyo: Japan on Sunday shipped the first batch of its emergency medical and food aid to Russia by coastguard vessel, a Japanese coastguard spokesman said.



Managing Director of M/S Meng Hong Shipping (MHS) YB Kuo at a meeting with Sayeed Chowdhury of HRC Group recently. Kuo visited Dhaka to discuss and explore ways of further improving MHS feeder vessel service between Chittagong and Singapore. MHS currently operates four feeder vessels on Chittagong-Singapore route.

Aid assuming rising political role in CIS

MOSCOW, Feb 10: With a big US humanitarian airlift set to begin Monday, western aid is playing an increasingly important role in the internal politics of the former Soviet Union, reports AP.

Some of the tens of thousands of demonstrators who turned out Sunday to protest the policies of Russian President Boris Yeltsin consider it shameful to rely on help from former enemies. A group of nationalist parties

said Yeltsin's government is "the government of national humiliation."

But many ordinary Russians, facing high prices and shortages of food brought on by the painful switch to a market economy, will probably be happy to receive the supplies in the midst of a harsh winter.

Monday's flight to St. Petersburg, for example, will bring 70 tons of dried milk. In Moscow, at least one protest rally began in a line for milk

Water thirst, land reclamation sinking Asian cities

JAKARTA, Feb 10: Water-thirsty industry, land reclaimed with compressed rubbish and global warming are plunging many of Asia's most crowded cities closer to sea level, say environmental experts, reports Reuter.

That sinking feeling means more floods, more salt in the water in coastal cities, making it undrinkable for people and corrosive for industry and damage to roads and even buildings.

"The solution to the physical problem is known. But is it economically feasible? Is there the political will?" Asked an official with the United Nations Educational, Scientific and Cultural Organisation (UNESCO) regional office in Jakarta.

"Bangkok is going down at the fastest rate (in Southeast Asia)," he said. "It needs political decision which no one wants to take."

During summer months, ships sometimes can't fit under a bridge on the Yangtze

river near Shanghai. During the monsoons more and more of Bombay is flooded.

Between 1978 and 1981, some parts of Bangkok sank more than 10 cm a year, though in recent years the rate has slowed to no more than three cm.

"But it is still a high rate" said Somkid Buapeng of the Thai Industry Ministry.

As the water is pumped out faster than it can flow back, so the underground tables collapse and the land above subsides.

"Just look down the main roads in Jakarta. You can see the undulations," said the UNESCO official.

It might take 10 years and many millions of dollars to pipe in more water from outside Jakarta, whose population has ballooned to eight million from 600,000 in less than 50 years.

"May be in the end it would be cheaper to let Jakarta sink and move the people" the official said, adding that this

would at least give Indonesia the chance to build a capital with a sewage system.

Shanghai, China's largest city and chief port, has been threatened with sinking since the early 1950s, said an official with the city's environmental and geological station.

While the rate has slowed, he said the city had launched measures to try to stop the process altogether, including funneling water back into the water table during the winter to make up for heavy demand during the summer.

It means ships travelling down the Yangtze river are sometimes unable to pass under low bridges and off-loading cargo becomes complicated because machinery no longer reaches the decks of the ships.

"Shanghai is in no danger, at least until the end of the century," the official said, adding that other Chinese cities, such as Beijing, Tianjin and Ningbo were also sinking.

"Beijing has sunk less than a metre since the 1960s. It's not a problem," contended an official with the Beijing Survey Institute's engineering and geology office, adding that nothing special was being done to combat the problem.

Scientists in Manila are at odds on whether or not the Philippine capital is sinking.

"The sea level in Manila has risen one metre in the past 40 years," says Professor Roger Brocel, Secretary-General of the environmental group Earthsavers.

The reason, he says, is widespread dumping of garbage, silting of the Pasig river from indiscriminate logging and heavy demand on the underground water table.

He estimated rubbish in the river lay up to four metres deep.

Bamabang Soenarto, an official with Indonesia's Public Works Ministry, called for mass pumping of fresh water back into underground tables

and the extraction of salt water, while use of wells should be reduced.

In other cities, notably Bombay and land-starved Hong Kong, reclaimed land is sinking.

"It's obviously a matter of concern," said Dr Wyss Yim a Lecturer at Hong Kong University's Department of Geology and Geography.

A third of Bombay city and a third of its suburbs are on ground reclaimed from the Arabian-Sea.

"Most of the reclamation was done by filling garbage and domestic refuse. There was a little rock-fill but not at all scientific," Dr Balasubramania Arunachalam, chief of Bombay University's Geography Department, said.

As the city grows upwards, the weight of buildings compresses the new land.

Each year the list of flood-prone areas is growing and during the last monsoons, places which were never

flooded before were submerged," he said.

Several experts said many cities would become more vulnerable because of global warming — higher temperatures from increased carbon dioxide in the air which melts the earth's ice caps.

"There are 27 provinces and 124 coastal towns (in the Philippines) that will be affected by the rise of sea water because of the global warming," Brocel said.

Hong Kong's Yim said: "Low-lying coastal areas affected by storm surge and ground settlement are likely to face the greatest immediate threat."

The UNESCO official said in the worst case it was estimated that by 2050 the world's temperature would have risen by four degrees Celsius and the sea level by half a metre.

"But we know too damned little about the climatic system," he said.

IFC will step up investment in India

NEW DELHI, Feb 10: International Finance Corporation (IFC) will step up investment in India taking advantage of the sweeping economic reforms, IFC Executive Vice-President William Ryrice said, reports Reuter.

Liberal policies of the government are creating a situation encouraging greater IFC participation in India, Ryrice told a press conference.

Ryrice said India will have the largest IFC portfolio exposure in the next two years.

At present Mexico tops the list ahead of India in the second position.

IFC, the investment arm of the World Bank, has invested over one billion dollar in 60 Indian private sector companies since 1956. Ryrice said India had in recent months liberalised the economy and allowed market forces to work.

"I have more hope in the

Indian economy than I ever had before," he said. It has great potential.

Ryrice said IFC will invest in financial services because a healthy financial sector supports healthy growing private sector.

IFC will also assist Indian companies in raising capital through securities and will underwrite their issues, he said.

Ryrice said IFC will help joint ventures between Indian and foreign companies involving direct foreign investment.

IFC would also like to step up its equity in Indian companies against loans.

Last July India initiated a package of economic reforms, scrapping licensing and allowing majority foreign equity in Indian companies.

Ryrice, who is visiting India, has been holding talks with business and government leaders for the last three days.

Election will boost Filipino economy

MANILA, Feb 10: A Philippine election campaign which started this weekend is expected to spur the heavily indebted economy and help pull the country out of recession, reports Reuter.

While the Philippines will still lag behind the impressive growth rates of its Southeast Asian neighbours, economists and businessmen expect real economic growth to bounce back to 3.0 per cent this year from zero growth last year.

It could be higher if May's presidential elections are trouble-free and produce a clear winner but an electric power shortage will limit the turnaround, they say.

Jose Pardo, President of the Philippine Chamber of Commerce and Industry (PCCI), said he expected 1992 to be a year of recovery, but most of the growth would be in the second half, after the election outcome was clear.

Finance Secretary Jesus Estanislao stressed that the government would not relax its present austerity programme, which is now bearing results by curbing interest rates and

inflation, to help win votes in the election.

Despite the poor energy outlook, there are several factors which point to an improved economy in 1992, bankers and business analysts say.

These include the likely endorsement of the Philippine economic programme by the International Monetary Fund (IMF), clearing the way for a new debt relief package and fresh borrowing, probable increased foreign investment after the election, and lower world oil prices.

Aurelio Periquet, Chairman of the PCCI and the Employers Confederation of the Philippines, told Reuters campaign spending by at least eight main contenders in the presidential race would spur the economy, and could add one per cent to real growth in Gross National Product (GNP).

Some analysts say the amount could be even higher if Imelda Marcos, widow of the late dictator Ferdinand Marcos, taps her considerable wealth and pursues her campaign to the end.

Business briefs

WB President in Zambia: New World Bank President Lewis Preston arrived in Zambia on Sunday on a two-day visit during which he is, expected to discuss the country's economic plans, reports AFP from Lusaka.

Preston, who is touring several African countries, is due to meet economic officials and President Fredrick Chiluba a government spokesman said.

The International Monetary Fund (IMF), World Bank and donor nations suspended aid when the government of former President Kenneth Kaunda defaulted on arrears payments in September and failed to implement economic reforms agreed with the IMF.

Watanabe urges talks on rice imports: Foreign Minister Michio Watanabe on Sunday urged Japan to begin negotiations on replacing its ban on rice imports with tariffs, news reports said, according to AP from Tokyo.

Watanabe said Japan will need to accept tariffs to help stalled international trade talks reach a conclusion, Kyodo News Service and Japan Broadcasting Corp. (NHK) reported.

NHK quoted Watanabe as saying Japan has not submitted any conditions for accepting tariffs, even though Arthur Dunkel, Chairman of the General Agreement on Tariffs and Trade, (GATT) has urged each nation to submit proposed tariff rates for farm imports by March 1.

Sluggish growth of US economy seen: The US economy has stopped unravelling, but the best that can be hoped for in the year ahead is slow and sluggish growth, leading economists said on Sunday, reports Reuter.

The economists, interviewed on CNN's Newsmaker Sunday, said a solid recovery remains elusive, and they added that tinkering with tax rates won't help the economy much either.

\$2b investment in Colombia oilfield planned: Colombia and three foreign firms will invest more than two billion dollars in the Eastern Colombia oilfield of Custana, the government announced Sunday, reports AFP from Zantate de Bogota.

Officials say the Custana field is the richest petroleum find in Colombia's history.

Mining and Energy Minister Juan Restrepo Salazar and Andres Restrepo Londono, president of the state — owned Colombian Petroleum Enterprise, made the announcement after returning to Colombia Sunday from negotiating trips to London and Paris, respectively.