

Habib Bank may take over BCCI operations in Pakistan

KARACHI, Feb 11: Pakistan's state-owned Habib Bank is expected to take over the operations here on the scandal-hit Bank of Credit and Commerce International, the head of the central bank said Monday, reports AFP.

State Bank of Pakistan (SBP) governor IH Hanafi said a plan would be released in a week under which the Habib Bank would take over BCCI operations in Pakistan with the full backing of the central bank.

"It is all in the melting pot and if everything goes well, I hope we will resolve this in a week's time," Hanafi said without giving details of the plan.

Depositors and employees of BCCI in Pakistan had formed a group to take over its operations but the plan was still not approved by the government.

Greater aid to Third World predicted

CARTAGENA (Colombia), Feb 11: The economies of the world's 47 poorest countries grew by 2.7 per cent in 1991, frustrating the hopes of millions of people living in poverty, a UN official said Monday, reports AP.

Kenneth Dazdie, Secretary General of the UN Conference on Trade and Development, said developing nations were hit hard last year by increases in oil prices, stagnating exports and growing foreign debts.

Many Third World nations had hoped for increased aid from the West, but only Norway, the Netherlands, Sweden and Denmark have reached the UN's goal of dedicating 0.7 per cent of their Gross National Products to helping poor countries.

President Fidel Castro of Cuba sent a message to the conference calling on Western nations to extend aid without putting conditions on a recipient's politics. But Castro has said communism will continue in Cuba.

Poor countries asked to reduce aid dependence

CARTAGENA (Colombia), Feb 11: Industrialised nations told poorer countries at a major United Nations development conference on Monday that they should not expect to live off aid and ought to become more efficient, reports Reuters.

Calls for sweeping privatisation and free markets replaced traditional UNCTAD denunciations of capitalist exploitation and many delegates blasted the organisation itself as out of date and inefficient.

Several European nations criticised poor countries which relied on handouts from abroad instead of weeding out corruption and inefficiency at home.

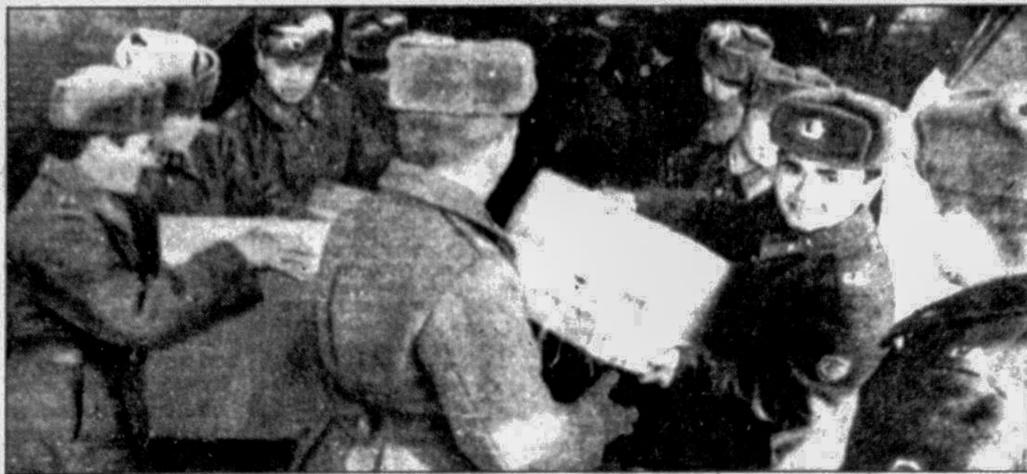
Watch that reads blood pressure

TOKYO, Feb 11: Japan's Casio Computer said Monday it would start selling a watch which can also measure blood pressure, reports Reuters.

"All you have to do is put your finger on the wrist watch," a company spokesman said. "Two sensors inside will then gauge the blood pressure."

The spokesman said it took only 30 seconds to measure blood pressure.

The watch, which goes on sale on February 24, will cost 19,000 yen (150 dollar). The company plans to export it worldwide and produce 20,000 a month initially.



CIS (Kirghistan): Army soldiers unloading an aircraft of the US Air Force which landed Feb 10 at Manas airport near Bishkek with medicine for the Republic of Kirghistan. This is the part of a joint US-EC airlift of food and medicine supplies to the CIS states which started Monday. —Photo AFP

Reform of UNCTAD seen a must for its relevance

Rich nations urge good govt in LDCs to curb poverty

CARTAGENA (Colombia) Feb 11: Industrialised countries called for cuts in military spending, for debt reduction and for honest government to pull developing nations out of poverty, reports Reuters.

On the first full day of the eighth United Nations Conference on Trade and Development (UNCTAD), speakers from industrialised nations called for reform of UNCTAD itself, with one saying it risked losing relevance if it did not reform. Some 2,000 delegates from more than 150 countries are attending the conference in this Caribbean resort.

A succession of speakers from rich nations stressed the need for "good government" in developing states, including sensible economic management, a fair justice system and respect for human rights.

British Trade Minister

Tim Sainsbury said restraining military spending was another aspect of good government.

"All over the world, we are seeing massive reductions in expenditure on defence.

"Surely the developed world cannot be expected to continue to give help to those countries which spend disproportionate amounts not on developing health and welfare, education and the civilian infrastructure, but on military hardware..." Sainsbury said.

Portugal's Trade Minister Fernando Faria de Oliveira, speaking on behalf of the European Community, said both developed and developing countries should consider the possibilities for reducing military spending "and for channelling the savings towards socially productive uses, including development finance."

He said developed countries, newly-industrialised countries and high income oil producers all needed to participate in the development effort.

Speakers from the industrialised world also pledged to work to reduce the debt burden of the world's poorest nations.

Delegates from Germany and the European Community tried to calm fears among developing countries that financing for newly democratised states of central and eastern Europe will divert aid from poor countries.

Germany's Economic Cooperation Minister Dieter Spranger said Germany's aid budget to developing nations would continue to grow despite the new burdens on the federal budget.

Spranger called for sound financial policies in the industrialised countries to promote savings and thus provide capital to the developing countries.

Germany and Britain pledged to push forward with initiatives to cancel a large part of the official debt of the poorest countries.

Most delegates said they hoped for a positive conclusion to the Uruguay Round of trade liberalisation talks, which are at a critical phase.

Many speakers called for urgent reforms to UNCTAD. The UN body, formed in 1964, has been criticised for being ineffective and rooted in confrontation between industrialised and developing states.

Sainsbury said radical, far-reaching reform of UNCTAD was essential. It should deal with relevant, vital issues and deliver the best information and analysis possible, he said.

IFC keen to aid Pak Privatisation

KARACHI (Pakistan), Feb 11: Sir William Ryrle, Executive Vice-President of the International Finance Corp (IFC) said the IFC was interested in Pakistan's privatisation plans, reports Reuters.

"The IFC can assist private industries' rehabilitation," Ryrle told Karachi Stock Exchange (KSE), where the KSE index, which was falling for several days because of political unrest, rose 14.32 points to 1,410.72 on Monday.

"It is a bold step," he said. "The policy of (economy's) liberalisation and privatisation holds great hope."

He said the IFC would invest in Pakistani companies after Pakistan's bold decisions.

Ryrle said the IFC had invested more than 400 million dollar in 40 projects. "We will now invest more in private companies," he said. The IFC could invest in any company in the private sector including leasing, banking, housing and

export-oriented organisations.

He said the government's economic policies should be encouraged.

Ryrle said interest in Pakistan's economic policies was growing but there were also some perceptions about happenings in Pakistan including the law and order situation and the religious court's ruling on interest.

In November, the Federal Shariat Court rejected 32 federal and provincial laws for

containing provisions of riba or interest outlawed by Islam, and gave the government until June to replace them.

Ryrle said the Shariat Court's ruling had puzzled the people who had adopted a wait-and-see attitude.

He said, "It (ruling) will have no effect on IFC financing in Pakistan."

"But people abroad don't understand what is going on," he said.

OPEC wrangling over cutbacks likely

GENEVA, Feb 11: Ministers of the Organisation of Petroleum Exporting Countries (OPEC) face considerable wrangling over cutbacks in crude output when they meet here this week to try to avert a further step slide in oil prices in the spring, industry analysts say, reports AFP.

Most analysts believe the 13 OPEC countries will come away from a meeting of their ministerial Market Monitoring Committee (MMC) to start on Wednesday, with an agreement to cut output by some 1.5 to 1.7 Million Barrels a Day (MBD).

"They all agree there is a need for some concrete action" a European oil executive said citing a sharp decline in oil prices since last October. "The problem is how much to cut and, how."

OPEC oil export revenues have remained between four and five dollar below the Organisation's target price of 21 dollar a barrel over the past two months as the group has continued pumping virtually at capacity, while world demand has proved weaker

than anticipated in recent weeks.

The winter in the northern hemisphere has been milder than forecast, and fears that supplies could become scarce because of a continuing drop in Soviet crude oil output have proved premature. "ON the contrary, the former USSR pumped slightly more crude in January than in December.

At the same time, the economic climate has been chillier, with few signs of recovery in the United States and Britain, and western European economies remaining weak while activity has begun to slow down in Japan and Germany.

With even the "locomotives" of the world economy needing less oil, buyers have scaled down their shopping for the remainder of the winter season and oil companies have begun drawing from the large stocks they built up to meet any threat of a supply shortfall.

OPEC exports were the first victims, traders said.

The Organisation's output remained close to an 11-year high in January at 24.3 MBD a

day, roughly matching the December level of 24.4 MBD, according to the Paris-based International Energy Agency (IEA).

"This level was reached as Iraq crude remained absent from the markets because of the United Nations embargo imposed at the start of the 1990 Gulf crisis.

Kuwait is restoring capacity at a moderate pace, reaching some 0.55 mbd in January — including the neutral zone shared with Saudi Arabia.

OPEC's January output was nearly 0.7 mbd above the theoretical ceiling of 23.65 mbd set by OPEC last December, and it would take a cutback of 1.2 mbd or five per cent to stabilize current prices at a slightly higher level in the second quarter, a European oil company analyst said.

A 1.7 mbd or 7 per cent reduction could reverse the recent slide, according to him, while other oil industry experts felt a two mbd cutback would be needed in the April to June period.

On the basis of the latest IEA figures, the call on OPEC

crudes and stocks could decline from some 24.7 mbd in the first quarter to about 22.7 mbd in the April-June quarter.

The authoritative Middle East Economic Survey (MEES) suggested Monday the outcome of this week's talks could be a compromise calling for a reduction of 1.5 mbd.

Saudi Arabia was pumping 8.5 mbd in January, some 300,000 barrels a day above its 1991 average and 100,000 barrels up on December, according to the latest IEA monthly survey. Saudi output averaged 5.4 mbd under the OPEC quotas set a few days before Iraq invaded Kuwait in August 1990.

The erosion of export earnings, most painful for OPEC countries producing at capacity, like Algeria, Ecuador and Indonesia, has also begun to hurt major Gulf producer, including Saudi Arabia, experts said.

This could be a powerful incentive for compromise. Token cuts of totalling some 0.4 mbd announced by several members the past three weeks could be seen as gestures of goodwill, some analysts said.

Aid pledges to CIS at a glance

FRANKFURT, Feb 11: Many countries are rallying to the aid of the former Soviet Union, reports AP.

The European Community has sent more than 78 billion dollar in aid, including about 45 billion dollar from Germany of which 10 billion dollar is to help relocate former Soviet soldiers in eastern Germany, the EC said last month.

Among other EC member contributors:

— Norway pledged 54 million dollar to the former Soviet republics and other eastern Europe countries for 1992, with another 36 million dollar awaiting parliamentary approval. 300 million dollar in credit guarantees were also given, with total aid expected to reach about 390 million dollar.

— Spain pledged about 400 million dollar.

— Italy pledged about 4.2 billion dollar in export credits, with the first 1.25 billion dollar approved by the state export credit insurance agency last month. Italy has also pledged 12 planeloads of mainly medical aid and some food.

— Britain pledged 774 million dollar, most of it through the EC. Bilateral aid including technical and medical assistance, food and food credits, training programmes, and animal feed amounts to about 144 million dollar.

— France pledged 650 million dollar of credits to buy French grain and industrial goods. In addition it has pledged four planeloads of humanitarian aid including food and medical supplies.

— The United States pledged about 5.75 billion dollar including about 3.75 billion dollar in credits for food, of which 3.1 billion dollar have already been used. Operation Provide Hope includes about 44 million dollar for food, 34 million dollar medical aid and transportation costs of just under 10 million dollar.

— Japan has promised aid totalling about 2.06 billion dollar, about 1.9 billion dollar of that in import and investment credits, the remainder primarily in humanitarian aid such as food and medical supplies.

— Finland pledged 1 billion dollar in aid to the former Soviet republics, including the Baltic states, including credits guarantees and about 7 million dollar for food and medicine.

— Argentina has indicated it is willing to take 100,000 former Soviet republic refugees over the next several years for resettlement.

Iraq still hopes to resume oil sale this year

AMMAN, Feb 11: Iraq still hopes to resume oil exports this year but it is up to the United Nations to decide, when talks on permitting oil sales can be held, Iraqi Oil Minister Usama Al-Hiti said Monday, reports Reuters.

"I don't think there is any change in our position," he told Reuters on a stopover to OPEC's meeting in Geneva. "As we said we want an honourable and workable solution."

He said no further meetings were scheduled to draft an agreement letting Iraq sell oil, and did not know if negotiations would resume.

"It's up to the UN," he said, adding later that Baghdad, once the world's second-biggest oil exporter, still hopes to return to the market this year.

Iraq pulled out of meetings with UN officials in Vienna last week, saying conditions imposed by the United Nations were too restrictive. The move stunned oil traders who had seen positive signs in the first round of talks in January.

Iraqi ambassador Abdul Amir Al-Anbari said UN member states thwarted an apparent willingness by the UN secretary to lift obstacles to an agreement.

Greenhouse gases may hit crops in S-E Asia

BANGKOK, Feb 11: High emissions of carbon dioxide and other greenhouse gases could raise temperatures and reduce yields of major crops in South-East Asia, a UN report said, reports Reuters. Goh Kiam Seng, Regional Representative of the United Nations Environment Programme (UNEP), said the 500,000 dollar report was the first on the potential socio-economic effects of climate change on a regional scale.

Studies in Thailand, Indonesia and Malaysia show that, if current emission trends in the region continue, atmospheric carbon dioxide could double by 2030.

A doubling of atmospheric carbon dioxide could increase annual mean temperatures in the region by three or four degrees Celsius by 2050, the report added.

This would lead to yields of rice, soyabean, maize and rubber in Indonesia and Malaysia decreasing substantially and cutting farmer's incomes, said the UNEP report, launched at a joint news conference by researchers from the three countries.

"If the sea levels were to rise by 10 to 30 cm, the current best estimate by 2030, extensive damage could occur to the fish and prawn industry

throughout Southeast Asia," the report said.

However, Thai researchers who joined in the study questioned the reliability of the results.

Thai researchers said an increase in carbon dioxide might even increase rice yields in Ayutthaya, a major rice-growing province just north of Bangkok where the Thai study took place.

"Although the study of rice and sea-level rise can be regarded as a cornerstone for the country's climate change impacts and policy response study, it is still far from completion," the Thai study said.

But the study in Indonesia said soyabean could suffer a yield loss of over 10 per cent a year, largely as a result of smaller early-season harvests.

The yield losses could result from soil erosion caused by increased rainfall under the doubled carbon dioxide scenario, said M Balantran, De Rozari of Indonesia's Bogor Agricultural University. Average annual rice yield in Indonesia could decrease by four per cent, he added.

The Malaysian study said the national rubber yield could be reduced by 15 per cent and farmers' income could fall by 25 million dollar a year.

KGB supplied millions in briefcases to western CPs

MOSCOW, Feb 11: Agents of the KGB security police moved briefcases packed with millions of dollar in cash abroad as the Soviet Union tried to help out Communist Parties in the West, Russian officials said. Speaking to a commission investigating illegal communist payments, Deputy Prosecutor General Yevgeny Lisov said the Communist Party of the Soviet Union had a special fund, reports Reuters.

The fund, set up in the 1950s, paid out a total of 200 million dollar to almost 100 Communist Parties and organisations in 80 different countries, said Lisov, quoted by Interfax news agency.

"Upon receiving appropriate instructions from the Politburo (a Communist Party) official contacted a bank official and named the sum", Interfax said.

"An hour later he received a briefcase with hard currency that he handed over to a KGB official who transferred the money abroad via his own channels". But the Russian Foreign Ministry denied that the Soviet Union had maintained special ties with Britain's opposition Labour Party.

Lisov, who is heading an investigation into the failed August coup against Soviet President Mikhail Gorbachev, said funds were sent to Communist Parties in the United States, France, Finland, Israel and other countries. He said about seven billion rouble (64 million dollar at the Russian central bank's market rate) of Communist Party funds had been seized, including property worth 2.5 billion rouble.

But the Foreign Ministry said in a statement that allegations of close ties between Soviet embassy officials in London and leading members of the British Labour Party were groundless and designed to stir up speculation. "It is presenting ordinary official contacts with political parties as a sign of special relationship between the Kremlin and the Labour Party", the statement said.

Itar-Tass news agency later quoted Lisov as saying that he expected senior Communist Party officials to face legal charges connected with the cash transfers to other Communist Parties. The investigation had found evidence that Gorbachev authorised the transfer of Communist Party funds to banks and small companies. "We would like to know if these investments were made to save the Communist Party in the event of it being forced to work underground", he said.

Amazonian nations talk Third World development

MANAUS (Brazil), Feb 11: Presidents and cabinet ministers of the eight Amazonian nations met Monday in this jungle city to stress the need for the sustainable development of the Third World, reports AP.

The eight countries — Brazil, Colombia, Venezuela, Peru, Ecuador, Bolivia, Surinam and Guyana — share borders along the vast South American rain forest.

Venezuela President Carlos Andres Perez did not attend because of the recent coup attempt in his country. He was represented by Foreign Minister Armando Duran.

Also absent was President Alberto Fujimori of Peru, who was on an official visit to England.

The leaders were seeking a

document defining a common stand for the UN Conference on the Environment and Development to be held in June in Rio de Janeiro.

"The purpose of this meeting... is to be able to go to the UN conference in Rio de Janeiro with a clear, firm and common stance," Venezuela's Duran said in an interview.

"We hope this stance will serve as a guide for the other countries of Latin America and if possible for all the developing nations that have a need to develop and at the same time preserve the environment."

He said the final communiqué, to be signed on Tuesday, will deal with issues such as climatic problems, biological diversity, biotechnology, the Amazon rain forest, toxic wastes, and Indians.

Opposition comes hard on Rao govt against reforms

NEW DELHI, Feb 11: India's minority government may stumble but won't fall as it pushed ambitious economic reforms despite opposition attacks, economists and diplomats said, reports Reuters.

"The opposition will make inconvenient political noises, but they will not pull the rug out from under the Government," said Ishaer Ahluwalia, an economist with the Independent Think Tank, Center for Policy Research.

At stake are billions of dollar from the International Monetary Fund, World Bank and other lenders to finance reforms to India's economy, steeped in four decades of socialism. Opposition parties gave the newly-elected Congress Party government a six-month honeymoon to deal with an unprecedented economic crisis and heal the national psyche scarred by the assassination of former Prime Minister Rajiv Gandhi last May.

But with inflation at 14 per cent unemployment rising, industrial production flat and agricultural output falling below targets, India is heading towards stagflation, economists say. The main opposition group, the Hindu nationalist Bharatiya Janata Party (BJP), has begun

to back away from its earlier support of the reform package.

The BJP's support is crucial. Prime Minister P.V Narasimha Rao's Congress Party and its allies are 12 votes shy of a majority in the lower house.

"We will oppose or support the budget proposals on merit," party Vice-President Krishan Lal Sharma told Reuters. "If the government is in danger of falling, it will not be our responsibility to save it."

The core group in the BJP, the Rashtriya Swayamsevak Sangh (RSS), has launched a campaign to counter what it calls a "repeat of the East India Company" which began a conquest of the subcontinent 300 years ago from Britain.

India's 71 billion dollar foreign debt and newly-relaxed rules on foreign investment are undermining India's economic independence, the group said in a manifesto last month.

Thousands of RSS cadres have fanned out to villages where most Indians live urging a boycott of foreign brand names.

The far-right RSS has joined with Marxist parties and the socialist-leading Janata Dal in

denouncing the IMF reforms as an assault on India's economic sovereignty.

"I don't think the reform process is in any danger of stalling," said a western diplomat. The BJP is flexing its muscles now, but they won't plug on the government."

"I think the government is going to push a whole lot of stuff through in this budget while it has the chance," said the western diplomat. Staying the reform course is also crucial for India to regain access to the commercial loan market. Overseas loans dried up after international ratings agencies downgraded Indian debt to speculative grades last year because of its huge debt, political uncertainties, and ballooning budget deficits.

But with foreign exchange reserves now around four billion dollar, India may be upgraded again after the budget provided it shows the reform process is continuing, the diplomat said.

Dismantling the regulatory maze, that has long governed the economy, and welcoming foreign investment was the easy part.

The tough bit is coming as Rao's government has promised the IMF and World Bank to slim down a bloated public sector, loosen con-

trols on a nationalised banking system and chop spending when it unveils an austere budget on February 29, economists say.

"This is the crucial period," Ahluwalia said. "The government avoided default and established credibility with its reforms. This is the more difficult test and requires better political management of the reforms." But she said the opposition will stop short of pulling down the government.

"If I were a BJP member why bring about the fall in the government now? The time to do that is when you see beneficiaries around the corner," Ahluwalia said.

"There's no doubt this year is going to be tough. So while the opposition may distance themselves from the reforms, they are quite happy to let (the government) make the hard decisions. And the government will call their bluff," Ahluwalia said.

Last year's reforms were rewarded by a 2.2 billion dollar IMF standby loan. The government has said it will ask the IMF for another five billion — dollar accompanied by new conditions — after it unveils the 1992/93 budget (April-March).

Business briefs

N American trade talks next week: The chief trade negotiators from the United States, Canada and Mexico said Monday that two days of discussions had not resolved any of the major disagreements that have stalled an effort to achieve a continental free trade zone, reports AP from Chantilly Va.

Nevertheless, the officials insisted that the talks had been successful in providing a better understanding of each country's position and they expressed optimism that a follow-up meeting in Dallas next week will make better progress.

Russia to get all \$ 650m food loan: Russia is to get all of a 650 million dollar food loan extended by the European Community in December 1990 to the former Soviet Union, EC finance ministers agreed here Monday, reports AP from Brussels.

The 500 million ECU (650 million dollar) credit was blocked for over a year by administrative chaos surrounding the disintegration of the Soviet Union.

OPEC meeting today: OPEC ministers meet in Geneva on Wednesday aiming to cut oil output to rescue prices from further falls after a near 20 per cent drop during the winter, reports Reuters from Geneva.

AP Director for technology sale: David H. Tomlin, Deputy Director of Communications at the Associated Press, has been named director of a new department dedicated to marketing the AP's technology, reports AP from New York.

His appointment was announced Monday by AP President Louis D. Boccardi.