

LDCs need \$ 70b extra a year for environmentally sound development

CARTAGENA (Colombia), Feb 20: Developing countries will need 125 billion dollar a year in concessional financing to fund a switch to environmentally sound development a United Nations environmental expert said on Monday, reports Reuter.

The estimate was given by Maurice Strong, Secretary-General of the United Nations Conference on Environment and Development, better known as the "Earth Summit", which will bring together governments to discuss the world's environmental future in De Janeiro Brazil, in June.

Speaking to reporters at the United Nations Conference on Trade and Development (UNCTAD) here, Strong said a breakdown at the Rio summit would be the most serious blow to North-South relations in our times.

Strong said the 125-billion-dollar estimate of concessional transfers needed to fund the environmental programme in developing countries was some 70 billion dollar a year more than existing levels of development aid.

"That seems very unrealistic if looked at in traditional foreign aid terms, but looked at as an investment in the environmental security of our planet and its economic future, it looks more like a bargain," Strong said.

He said he did not expect governments to agree to such sums in Rio but added: "We do expect them to agree to commit significant amounts of new and additional resources which set us on the pathway to meeting those needs," he said. Concern with the environment has increased sharply in recent years, but many of the most valuable resources such as the Brazilian rain forest are in developing countries, setting up a potential conflict between environment and development.

Strong said the world had no option but to change its environmentally wasteful ways.

Addressing the UNCTAD conference earlier Strong said that a continuation of present policies would lead to a worsening of poverty, hunger, ill health and illiteracy, deterioration of ECO — systems and economic stagnation. Strong said the earth summit would seek agreement on a programme to resolve these problems.

Strong said if all of the more developed countries increased their resources transfers to developing countries to around one per cent of Gross National Product it would be more than enough to meet the needed sum.

IBM launches 13 new mini computers

NEW YORK, Feb 20: IBM introduced 13 new models Tuesday in its minicomputer line, one of the company's few strong sellers during the last year, reports AP.

The new computers contain the first of a new generation of memory chips. The new chips can store 16 million bits of computer data, four times the capacity of the previous generation's chips. IBM designed and manufactured the chips itself.

International Business Machines Corp. has been in a race with several Japanese computer companies to be the first to use the new chips.

IBM said its new computers are up to 70 per cent more powerful than the previous generation of its AS-400 line. The new computers range in price from 10,200 dollar to 900,000 dollar and are aimed at small — to medium-sized businesses.

The new computers also contain the first of a new generation of disk drives, the device that stores data permanently in a computer. The new disk drives can hold 1 billion bytes of data.

IBM says this cuts the costs of strong data in the low end of the minicomputer line.

IBM introduced the AS-400 line in 1988. Last year, the number of AS-400 users jumped nearly 50 per cent to a total of more than 150,000 worldwide.

Saudi oil output hits decade-high

NICOSIA, Feb 20: Saudi Arabia's oil output reached 8.9 million barrels a day in the first half of this month, the highest level in a decade, the Middle East Economic Survey said Tuesday, reports AP.

The oil weekly, in a special edition written by Editor Ian Seymour in Geneva, said this meant Saudi Arabia's commitment to reduce output to 8 million barrels a day would lead to a "much bigger" cut-back than was previously thought.

"The removal of such volumes from the market should have a salutary effect when the realization sinks in," Seymour wrote — meaning that it should work to bolster oil prices.

Ministers of the Organization of Petroleum Exporting Countries, meeting in Geneva last week, allocated the kingdom an output quota of 7.887 million barrels a day as part of across the board cuts by the 13 member nations.

The Saudis publicly rejected that quota, but pledged to keep their output to around 8 million barrels a day.

The OPEC agreement, which calls for a 1.2 million barrel-a-day cut in overall output by member countries, "is far from perfect," Seymour wrote, "... but it does at least mark a return to the arduous task of supply management after 18 months of virtual holiday from quota restrictions."

He acknowledged that "there would seem to be very little prospect" that OPEC would reach its price target of 21 dollar a barrel of crude, up from current levels of around 17 dollar.

US trade gap dips

WASHINGTON, Feb 20: The U.S. trade deficit, which soared through much of the 1980s, finally dipped below the 100 billion dollar mark last year, but that improvement may be short-lived, economists say, reports AP.

Many analysts believe the deficit will begin rising again this year, a development that could spell trouble for President Bush, whose political opponents say he hasn't done enough to fight unfair foreign competition that robs American workers of jobs.

The Commerce Department was scheduled Thursday to release a report on the country's merchandise trade deficit for December and for all of 1991. In addition, the Labor Department was releasing information on how many newly laid off workers filed claims for unemployment benefits in the first week of February.

In advance of the claims report, analysts were forecast-

ing that it would show a small jump of around 3,000 claims, putting new claims back up to an uncomfortably high level of 440,000.

Analysts were forecasting an even more ominous widening of the trade deficit in December. Some economists said they were looking for an increase to 5 billion dollar, while others said they expected it to hit 6 billion dollar.

That would be a dramatic jump from a November deficit of 3.57 billion dollar, but it would not be enough to keep the United States from turning in its best trade performance in eight years.

Through the first 11 months of the year, the merchandise trade deficit totalled 59 billion dollar. Economists believe it will end the year at around 64 billion dollar.

For this year, however, most analysts are forecasting that the deficit will begin to widen again.

Senate okays bill on bid to cut oil dependence

WASHINGTON, Feb 20: The Senate approved an ambitious plan Wednesday aimed at guiding America away from its reliance on petroleum and reducing overall energy consumption, reports AP.

The wide-ranging and complex legislation, which deals with everything from easing nuclear power plant licensing to requiring more energy efficient light bulbs, cleared the Senate on a 94-4 vote.

A similar bill is yet to emerge from committees in the House of Representatives and its prospects this year are uncertain. The Senate action capped a year of maneuvering and compromise that saw some of the most controversial energy proposals — such as

increasing automobile fuel efficiency or drilling in an Alaska wildlife refuge — abandoned in hopes of winning passage.

Nevertheless, Senator Bennett Johnston, the bill's principal sponsor said the legislation was comprehensive and balanced and reflected an energy policy "based on made-in-America energy."

The Senators approved a range of measures that would make it easier to build pipelines to bring natural gas to new markets; reduce the time it takes to build nuclear power plants; requires the purchase of millions of alternative fuel vehicles, and establish new energy efficiency standards for lights and industrial motors.

Business briefs

France to drill oil in Kazakhstan:

Societe Nationale Elf Aquitaine and officials of Kazakhstan signed an agreement Tuesday under which the French state-owned firm will explore for and produce oil in the former Soviet republic, reports AP from Paris.

Elf said it plans to invest several hundred million dollars for exploration and hopes to begin production in 1995. The contract covers an area of 20,000 square kilometers.

Elf said this is the first production-sharing contract between a Western partner and Kazakhstan.

Azeri offer to pump oil to Turkey:

Azerbaijan has offered to pump oil and natural gas to Turkey through pipelines built with help from international financial institutions, Anatolian news agency said Thursday quoting the former Soviet republic's prime minister, reports Reuter from Ankara.

It offered Turkish President (Turgut Ozal) two giant projects. These are the construction of an oil and a natural gas pipeline from Azerbaijan to Turkey, the agency quoted Hasan Hasanov as adding in a report from Brussels.

Mitterrand comforts LDCs:

President Francois Mitterrand sought to reassure Argentine President Carlos Menem that European Community resistance to cuts in farm subsidies was not intended to harm the interests of developing countries, reports Reuter from Paris.

He told Menem difficulties and obstacles GATT negotiations are currently running into are in no way directed at countries such as Argentina, a presidential aide told reporters.

Colombia seeks revival of Coffee Pact:

Colombia called on coffee producers meeting here Monday to reestablish the International Coffee Pact that dissolved in 1989, leaving coffee prices to plummet in its wake, reports AP from Cartagena (Colombia).

Foreign Minister Noemí Santín told the United Nations Conference on Trade and Development (UNCTAD) that after the pact's demise, coffee prices fell 50 per cent and pushed producers to the brink of collapse.

UNCTAD urges cut in military costs, action for debt relief

CARTAGENA, (Colombia) Feb 20: A United Nations conference on development is considering calling for worldwide cuts in military spending and more action to reduce the debt of the poorest, the most indebted nations, reports Reuter.

A working document before the eighth U N Conference on Trade and Development (UNCTAD) also says developing countries need more financial and technical resources to deal with environmental problems.

The proposals are made in a draft text being discussed in a working group of UNCTAD attended by about 160 nations in this Colombian resort.

The next, proposed by working group Chairman Jean-Michel Marlaud of France after 10 days of negotiations, will form the basis of a section of the final declaration of the conference.

However, delegates said more changes would be made in the text before the conference ends next Tuesday.

The proposed text, a copy of which was obtained by Reuters, welcomed military spending cuts already announced by developed countries and urged them to continue these efforts.

It also urged developing countries to reduce excessive military spending.

"Both developed and developing countries should consider the possibilities that exist for the reduction of military expenditures and for channeling the savings towards socially productive uses", it said.

Delegates said this clause, widely accepted by governments, was extraordinary in an UNCTAD document and reflected the easing of tensions since the cold war ended.

The proposed text welcomed measures by creditor governments to grant more generous debt relief terms to the poorest, most indebted countries.

"However, the conference underscores that more needs to be done in order to reduce debt and debt service burdens of such countries to levels that are commensurate with their payments capacity....", it said.

The document said structural adjustment of the economies of developing countries needed to be adequately supported and funded. "A substantial increase in the aggregate supply of resources, especially concessional resources, would provide a needed stimulus to provide financial assistance to central and eastern European countries who do not diminish the high priority given to developing countries

and therefore should not be at their expense, the proposed text said.

Many developing nations fear that industrial countries will divert scarce funds from developing countries to reconstruction in eastern Europe after the fall of communism.

The draft text said new financial and technical resources were needed to help developing countries deal with global environmental problems. On trade, it said countries should aim to halt and reverse protectionism.

It called for better-functioning commodity markets, closer cooperation between producers and consumers and export diversification to tackle problems facing commodity producers.

Many commodity producers have been hard hit by a sharp fall in the price of many commodities.

Hard times still lay ahead but reforms will work, says Yeltsin

MOSCOW, Feb 20: President Boris Yeltsin warned Wednesday that hard times still lay

ahead for Russia but said he was confident of the reform path his government had

chosen and 'appealed for support from the Russian people, reports AP.

"We have yet to go through difficult and hard moments, very difficult ones," Yeltsin said in an interview with Russian Television.

"The most important thing now is not to shy away from reforms and I want to ask for support for them," he said.

Yeltsin, in a wide-ranging interview lasting more than an hour, frankly admitted some shortcomings in the way his government had managed the introduction of market reforms in Russia.

He acknowledged that privatisation of business had mistakenly been delayed for "psychological" reasons — to cushion the shock of Russia's economic transformation for the population.

And he admitted that some of the "old structures" of command economic management from the communist era had purposely been left in place temporarily in order to avoid a sudden vacuum in the economy, and were now hampering reform.

"It is too early to voice optimism right away now" on the future course of economic reforms in Russia, Yeltsin said. "We still have a year to get through."

But in remarks that combined admissions of shortcomings with a strong vote of confidence in his government's overall reform strategy, Yeltsin stated that his administration was "the one we need."

"It has held fast and has chosen the path that we must follow," he said. "To think that after a month and a half we will lower prices or that prices will lower themselves, no, that is too premature."

The interview was timed to coincide with Yeltsin's first

100 days as head of the Russian government and appeared aimed at assuaging the population's mounting worries over the course of reforms while accounting for the government's moves since prices were liberalised on January 2.

Yeltsin, 60, said people "should be happy" that there were divergences between conservative and liberal forces in the Russian parliament and said he wanted the country's legislature to be strong and dynamic.

But he also conceded that conservatives were "consolidating" their forces in the parliament and stated: "That worries us."

Yeltsin, responding to questions from an interviewer seated at a table beside him, admitted that latest summit between leaders of the nascent Commonwealth of Independent States (CIS), held last Friday, had been "difficult."

Although it had been billed as a meeting on military issues, the CIS leaders failed to agree unanimously on maintaining a unified armed forces, a proposal that had been strongly backed by Russia but which was flatly rejected by Ukraine.

But Yeltsin stated that the era of unquestioned harmony between the republics of the former Soviet Union — notably between Russia and Ukraine — was past and said decisions of republican parliaments must be respected.

"We must not fight with Ukraine, that is absurd, it will never happen," Yeltsin stated.

He admitted that recent meetings of the CIS heads of state had not always gone as smoothly as hoped, but stated that "each time we take a step forward."

"Russia," he pledged, "will no longer behave like an empire."



MOSCOW: A woman looks at some cheap meat being offered in the streets of Moscow by sellers from the countryside on Wednesday. Meat sold in the street costs half that of the market because it does not have a veterinary certificate. Reports in Russian media claim many cases of poisoning but people still buy it because of the price. — AFP photo

ADB credits total 3.2 billion dollar in Oct-December, 1991

During the fourth quarter of 1991, the Asian Development Bank (ADB) approved 37 public-sector loans amounting \$3,164.9 million for 36 projects in 14 developing member countries (DMCs), according to the Bank's Quarterly Review, January 1992.

It also invested \$ 159.8 million in private sector enterprises, comprising \$ 512 million in loans without government guarantee and \$ 7.8 million in equity operations.

The Bank also approved 62 technical assistance grants totalling \$ 36.1 million for project preparation and advisory and operational purposes in 16 DMCs, as well as eight grants totalling \$ 3.3 million for regional activities.

Details are as follows:
Bangladesh: A concessional loan of SDR36.127 million (\$49.2 million equivalent) for the Higher Secondary Education Project, co-financed by a UNDP-funded technical assistance grant of \$2.85 million for the services of specialists, studies and workshops and seminars for consensus building.

Flood Control
— A concessional loan of SDR67.187 million (\$91.5 million equivalent) for the Dhaka Integrated Flood Protection Project to improve flood control and living conditions and a \$570,000 technical assistance grant for a study to formulate land development controls and procedures in Dhaka.

— A concessional loan of SDR53.6 million (\$73 million equivalent) and a technical assistance grant of \$388,000 for the Northeast Minor Irrigation Project to increase agricultural production, farm incomes and job opportunities.

— A concessional loan of SDR90.456 million (\$125 million equivalent) to stimulate industrial growth under the Second Industrial Programme.

— \$450,000 technical assistance grant (from JSF) for environmental management training. The Project aims to develop the capacity to carry out environmental impact assessment studies and apply the results to environmental planning and management.

— A concessional loan of SDR 20.841 million (\$28.8 million equivalent) for the Cyclone Damaged Road Reconstruction Project which will benefit three million people living in areas affected by the cyclone in 1991. The Project aims to restore transport infrastructure neces-

sary for the normal flow of people and commodities.

China, People's Republic of: \$100 million loan financed from the Bank's ordinary capital resources (OCR) along with a \$800,000 technical assistance grant to the Industrial and Commercial Bank of China (ICBC). The loan will enable ICBC to make loans to commercially-run state enterprises, collectives and joint ventures and will finance subprojects in coastal and less developed inland provinces under a technical innovation credits programme to improve their productivity, efficiency and competitiveness. The grant is for institutional strengthening of ICBC.

— \$88.8 million loan (from OCR) to develop three major ports of Dandong, Yingkou and Yantai and two technical assistance grants totalling \$1.14 million to upgrade port management operations (\$575,000) and improve financial management in the port sector (\$565,000). The Project aimed to facilitate trade and hasten economic development of hinterlands served by the ports in northern China.

Agricultural Research

— \$789,000 technical assistance grant from the Japan Special Fund (JSF) for the Red Soils Development Project in Hunan Province. The funds will be used to validate and demonstrate the results of agricultural research in the reclamation of red soil slopes for agricultural use in Hunan Province to benefit a rural population which is severely limited inland resources.

— \$105 million loan (from OCR) for an acrylic fiber project to be located at Anqing in Anhui province. The fund will be used to establish a core fiber production facility using modern technology to make production more efficient, reduce environmental pollution and help conserve energy.

— \$600,000 technical assistance grant (from JSF) to strengthen the environmental management information systems of the municipalities of Shanghai, Dalian and Nantong.

Petrochemical Works

— \$500,000 technical assistance grant to restructure the Anqing Petrochemical Works.

— \$600,000 technical assistance grant (from JSF) for monitoring and managing fragile ecosystems in Shanxi-Shaanxi-Inner Mongolia.

— \$600,000 technical assistance grant, to be financed by the French Government, for the Energy-cum-Electricity Demand and Supply Analysis Project.

India: \$267 million loan (from OCR) and a technical assistance grant of \$180,000 for the Gandhar Field Development Project which is part of a larger programme to increase oil and gas production in the onshore Gandhar belt area located west of India. The technical assistance grants is for a study on the evaluation of petroleum exploration and development risk contracts.

— \$225 million loan (from OCR) for the Second Railways Project and three technical assistance grants totalling \$1.9 million to prepare three studies to increase the efficiency of the Indian Railways operation (\$1.05 million from JSF), rationalize non-bulk general cargo traffic (\$560,000 from JSF) and improve traffic costing and financial management reporting (\$325,000 from TASF).

The Project will provide sufficient railway capacity to meet traffic demand up to the year 2000 on the northern railway corridor between Calcutta and New Delhi, reduce unit transport costs, rationalize locomotive maintenance, and reduce coal and power shortages that hamper the industrialisation programme.

— \$250 million loan for the Hydrocarbon Sector Programme which is aimed at increasing India's domestic hydrocarbon production to maintain its petroleum imports at current levels.

— \$32 million loan (from OCR) for a 500 MW electric power expansion project to the Calcutta Electric Supply Co. Ltd. (CESC). The Project will increase electricity generation based on coal which is abundantly available in India and also reduce CESC's dependence on purchased power.

Indonesia: \$ 140 million loan (from OCR) to promote the socio-economic development of urban areas in Bogor, Java and Palembang, Sumatra along with a \$596,000 technical assistance grant (from TASF) for the Urban Transportation Planning and Management Project. The funds will be used to finance investments in water supply, wastewater and sanitation, solid waste management, roads, and drainage projects and to strengthen the institutional capabilities of agencies concerned.

— \$150 million loan (from OCR) for the Eleventh Road (Sector) Project. The Project will improve priority sections of the existing national and provincial road network, and involves the construction and upgrading of road links in remote and relatively underdeveloped areas of the country.

— \$590,000 technical assistance grant (from JSF) to prepare the Sustainable Mangrove and Coastal Zone Management Project. The Project will rehabilitate, develop, conserve and sustain the management of mangroves and coastal zones in South, Southeast and North Sulawesi.

— \$135 million loan (from OCR) for the Tree Crop Smallholder Sector Project and two technical assistance grants totalling \$1.3 million for a feasibility study to help the Government determine priority crops and areas for the second phase of the tree crop project (\$850,000 from JSF) and for a study of rural financial markets with special reference to tree crop development (\$450,000 from TASF).

— \$51 million loan (from OCR) for the Central Java Groundwater Irrigation Development Project aimed at accelerating agricultural development in selected areas of Central Java.

The funds will be used to develop groundwater irrigation and to provide support for policy in the irrigation subsector as well as to conduct feasibility studies concerning the north coast of Java water resources development and flood control and on the Sumatra irrigated agricultural development.

— \$1.7 million technical assistance grant (\$1.2 million from JSF and \$ 500,000 from TASF) to prepare the Segara Anakan Conservation and Development Project to conserve the Segara Anakan lagoon on the southern coast of Java.

— \$480,000 technical assistance grant (from JSF) to prepare a Community Health Services Project.

— \$30 million loan and \$7.5 million equity investment for PT Ispat Steel to set up a hot rolled coils steel plant in Surabaya, East Java.