30-billion-dollar North-East Asian development plan taken up

SEOUL, Feb 29: South and North Korea joined with other nations of northeast Asia on Friday to back an ambitious 30-billion-dollar regional development project, reports AP.

But concerns were raised that the huge capital required, and sharp differences between economic systems in the region, would impede development of an industrial zone along the Tumen River bordering North Korea, China and Russia.

The project, which would require an estimated 30 billion dollar over 20 years, marks the first major effort to introduce Western capital and technology to the largely undeveloped region.

It also represented an attempt by the reclusive North Korean government to leave behind decades of international isolation and revive its nearly bankrupt economy through cooperation with the West.

China and others nations reaffirmed their "strong interests" in the UN-sponsored project, said KS Singh, an assistant administrator from the UN Development Program, who chaired a two-day conference in Seoul.

The conference, attended by both Koreas, China and Mongolia, ended Friday. Japan, Russia and the Asian Development Bank were present as observers.

It was the first time that the communist North has attended an international meeting in the capitalist South. North Koreans have travelled to the South only for inter-Korean talks in the past.

In an opening address Thursday, South Korea's vice-economic planning minister, Hahn Kap-soo, said the project would turn the region into a new focus of regional trade and investment.

"The countries in the region have rich natural resources, cheap labour, a high level of technology and capital, management know-how and a diversity of development experiences," Hahn said.

Singh said fund raising would be the key task.

The Asia Development Bank also has indicated willingness to provide its financial and technical support. The World Bank and other private and public financial institutions would also be approached, he said.

Singh said each participating nation will form a team of specialists to develop strategic options. He said his headquarters wants development options, strategies and financial proposals to be ready by the end of 1993.

1991-92 an exceptionally difficult year for India, says survey

From Rahat Fahmida in Calcutta

The pre-budget economic survey for 1991-92 has forecast that the growth of real Gross Domestic Product (GDP) may not be more than 7.5 per cent in the current year.

This will mean a sharp drop from the GDP growth in 1990-91, estimated at 5.6, per cent.

The survey presented in parliament by the Union Finance Minister, Dr Manmohan Singh, on Thursday, describes 1991-92 as an exceptionally difficult year' and holds the balance of payment problem and the consequent import squeeze largely responsible for the disruption of industrial production in the current year.

The economic survey expects the industrial growth during the current financial year to be around 3-4 per cent even though industrial production during April-November declined by 0-9 per cent. Industrial growth in 1990-91 was 8-5 per cent.

The survey points out four main reasons for the recessionary trends in the economy, particularly in the manufacturing sector. These are:

1 Import compression measures including cash margin requirements and interest surcharge on import credit.

2 Credit controls including interest rise affecting cost of finance.

3 Reduction in public expenditure, and

4 Fall in production of petroleum products.

Except for import compression measures, the other three factors still exist which means 1992-93 will also be affected with recessionary trends unless the government comes out with some relief package in the union budget to be presented on Saturday.

But a better performance of infrastructure industries has given hope that the industrial recession, which has been sharp, need not be prolonged. The underlying supply factors affecting industrial production are performing well and could sustain a quick industrial revival in 1992-93, the survey observes.

Agricultural production is expected to remain the same as the last year essentially owing to a better output of cash crops. Foodgrains output is expected to decline by 1.5 per cent. The survey also apprehends a setback in kharif foodgrain production as well as the output of major oilseeds crop, groundnut and soyabean.

On the price front, the survey forecasts that the annual inflation rate, which reached a peak level of 16.7 per cent in August 1991, will show a drop in the last quarter of the year.

The survey which undertakes a candid review of the performance of the economy during the current year, identifies balance of payments and inflation as the two critical problems facing the economy. It warns that these two problems will continue to be critical in the coming year. It, however, holds out the hope that both the problems have now been made more manageable and "a considerably better economic performance is within reach' if the policy directions worked out in the recent months are continued.

It has identified seven major areas of policy reform, namely fiscal policy, trade policy, industrial policy, financial policy, agricultural policy, poverty alleviation policy and human resources policy.

Plan to denationalise 75 pc retail stores

Russia seeks aid for privatisation

MOSCOW, Feb 29 : A new Russian international fund called on the West for assistance in building up free enterprise, especially private farms to help ward of hunger, reports Reuter.

Acting Vice-President Andrei Rumantsev said the fund, backed by President Boris Yeltsin in a decree signed yesterday, was intended to provide direct help — from tractors and specialist knowledge to money — in overcoming shortages still stifling private ventures.

"Everything revolves around food at the moment, farming must be a priority," he said."One hundred seventy million people going short of food is a global problem."

The non-governmental international fund for the support of economic reform in Russia has sent appeals to major Western companies for larger scale support, but also aims to forge partnerships or sponsorship arrangements between Western businesses and Russian entrepreneurs.

"What we're proposing is not general humanitarian aid like the food packages, but direct involvement. A corn farmer in Oklahoma, for instance, might be interested in helping a farmer in, let's say, Pskov region get his business off the ground."

"He might donate a tractor, some of his farming secrets or know-who and it can go straight to a specific farm ... we can guarantee the direct link between them," he added.

AP adds: President Boris Yeltsin plans to privatise about 75 per cent of its retail stores in Russia by the end of the year, a government official said Friday.

Anatoly Chubais, chairman of Russia's Committee on State Property, also expressed concern that members of the former nomenklatara—the entrenched bureaucracy of the old Soviet system—were trying to get the inside track on the sale of state property.

China okays 9 new economic zones

HONG KONG, Feb 29 : China's state Planning Commission recently approved setting up nine more large economic zones as part of sweeping economic reforms, a newspaper reported here Wednesday, reports AFP.

The pro-Beijing Wen Wei Po said the nine large economic zones, dispersed throughout China, were approved this week by the state Planning Commission.

The nine regions comprised the northeastern, northern China and Bohai (sea) region, Yangtze river delta, yellow river middle reaches, Yellow river upper reaches, Yangtze middle river reaches, Xinjiang Economic Development Zone, and Tibet Special Economic Zone.

China's only other major economic zone in the Southern Coastal Economic Zone, which comprises Guangdong, Fujian, Guangxi and Haina. The zone is China's leading export centre.

In Guangdong about 70 per cent of its foreign investment is from Hong Kong.

The economic development in each zone will emphasise developing the region's natural resources, the report said.

Economic pact with Hang Kong

Xinhua adds: The China Council for the Promotion of International Trade (CCPIT) and the Hong Kong Trade Development Council (TDC) Friday signed an agreement to reinforce bilateral economic cooperation between Hong Kong and China.

The agreement was signed by CCPIT's representative Wang Shoumao and TDC's Assistant Director Dennis Yau at TDC's headquarters.

Attending the signing ceremony was Zheng Hongye, Chairman of the CCPIT, who came here on Monday at the invitation of the TDC.

According to the agreement, a high-level conference will be held biennially between senior representatives of both sides to review and discuss plans of cooperation.

Both parties agreed to exchange publications and information on the latest economic, trade, financial, industrial and technological developments.

They will provide information on each other's import and export trade in order to improve understanding of the market direction and trading situation of their respective business communities.

Seminars will be held for businessmen to exchange views and to reinforce this cooperation.

Singapore's growth to slow down

SINGAPORE, Feb 29: Singapore's flourishing economy is likely to grow at a slower pace this year because of weakness in its major overseas markets, a government economic survey said on Wednesday, reports Reuter.

The trade and industry ministry's 1991 economic survey said it expects the Gross Domestic Product (GDP) to grow slower at between five and seven per cent this year.

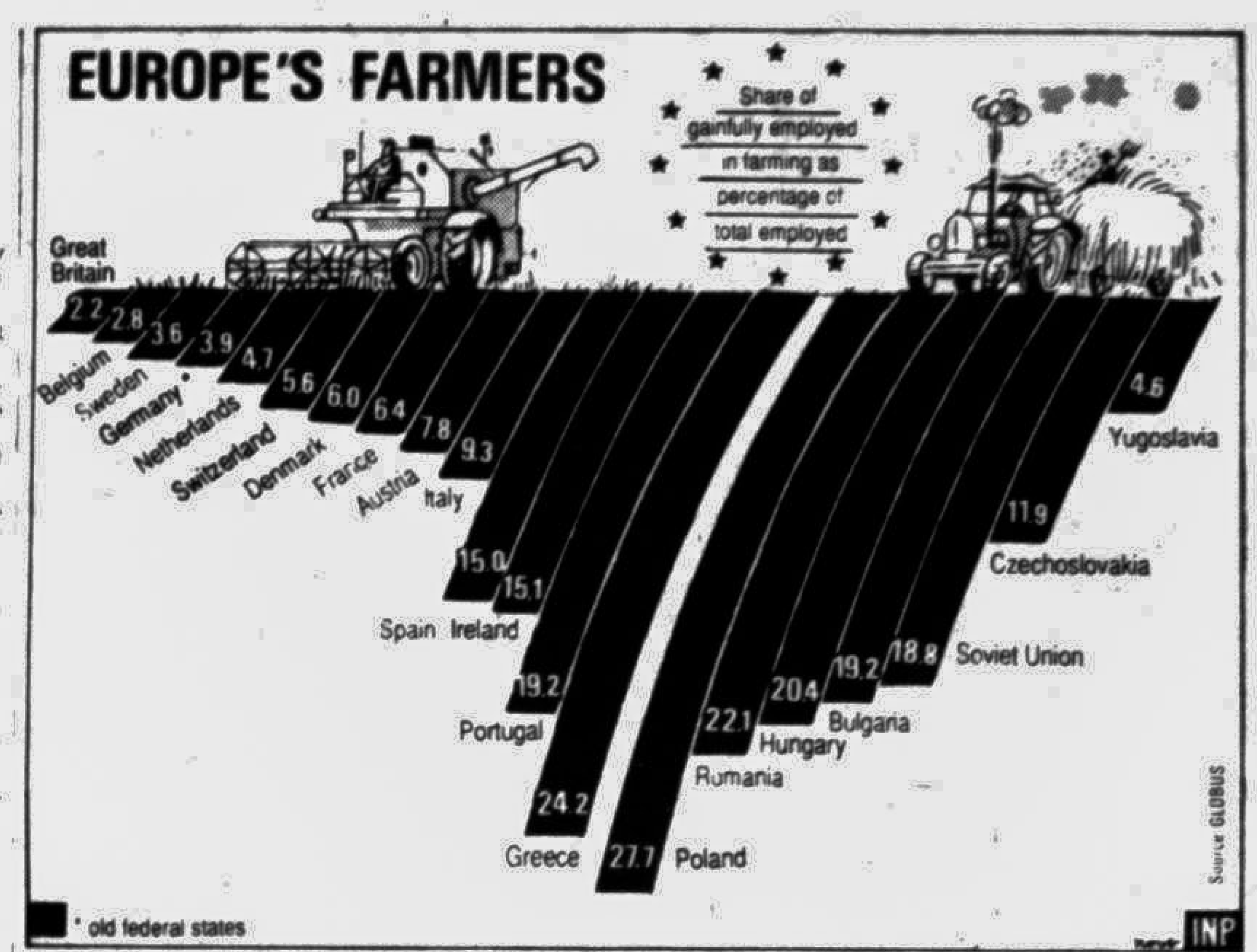
The slower than expected recovery of the US economy, and the low rates of growth in Europe and Japan are likely to dampen our prospects for 1992, it said.

The country's exported economy was hit last year by slowdown in the industrial countries and the effects of the Gulf war caused demand to slacken.

The report said all sectors of the economy except construction, posted significantly slower growth rates last year. The island state's GDP-measuring the value of the country's goods and services minus foreign income-grew slower at a real 6.7 per cent from 8.3 per cent in 1990. Economists said they were not surprised by the economy's performance last year.

The two engines of growth—manufacturing and financial services—accounting for two-thirds of the country's GDP were weak for nearly all of last year, said Liew Yin Sze, economist at Keppel Securities.

While the manufacturing sector hit by rising business costs and labour shortages grew by 5.3 per cent against 9.5 per cent in 1990, the financial and business services saw growth slump to 5.4 per cent from 12.7 per cent in 1990.



The proportion of persons gainfully employed in agriculture varies greatly in Europe. Poland and Greece —as the chart show —are countries with large rural populations. In Great Britain, only 2.2 per cent of the workforce is employed in agriculture, in Germany 3.9 per cent — INP photo

Food riots in Albania continue: six shot

TIRANA, Feb 29: At least six people were injured, including three policemen, in an exchange of gunfire during food riots in the town of Peqin, a police official said Friday, reports AP.

Fadil Canaj, Albania's Vice Minister of Public Order, said crowds in the town, 60 kilometers south of Tirana, emptied two food warehouses and set them ablaze.

He said an exchange of gunfire erupted as police tried to stop the looters, but gave no details of the seriousness of the injuries.

It was the latest in a wave of food riots that has spread across Albanian since Tuesday. At least three people have been killed and scores injured.

Canaj said the situation was mostly calm "Friday in the eastern town of Pogradec, the central town of Lushnje and the port city of Durres, scenes of unrest in recent days.

In Pogradec, two people were crushed to death during a three-day rampage in which at least 10 warehouse were emptied.

Police appear to have avoided firing on crowds during most of the incidents, choosing instead to fire warning shots into the air.These tactics could change in light of increasing sings that civilian looters are carrying weapons. Two journalists in Pogradec were warned at gunpoint Thursday to leave town.

Plea to help Gorbachev brings little response

MOSCOW, Feb 29 : A conservative military newspaper in St Petersburg has launched an appeal to help former Soviet President Mikhail Gorbachev through the hard times he says he is enduring, reports Reuter.

But one day's collection by the Daily Na Starazhe Rodiny (On guard for the homeland) netted Gorbachev only enough to buy a small slice of cheese or three bottles of Russian beer.

St Petersburg television reported on Friday that the daily's tongue-in-cheek campaign and raised 27 rouble on the opening day.

Gorbachev told British tele-vision this week he was spending his entire monthly pension of 3,900 rouble—four times the average wage—on bills follow-wing the steep price increases introduced last month by Boris Yeltsin's Russian government.

US manipulated OPEC members to keep oil prices low: Iran

NICOSIA, Feb 29 : Iran in a veiled criticism of Saudi Arabia, said the US manipulated "certain authoritative OPEC members" to keep oil prices low, reports Reuter.

Commenting on a three-day gathering of oil producing and consuming countries in Paris, which ended today, state-run Tehran radio said both sides shared in interest in a market that ensured steady supplies at a guaranteed minimum price.

But, it said, "the United States is standing aloof from this meeting and efforts to stabilise the oil market because it wants to buy cheap oil by manipulating certain authoritative OPEC members."

Saudi Arabia, the world's biggest oil exporter, is Washington's closest ally among the 13 members of the Organisation of Petroleum Exporting Countries.

Riyadh refused to endorse the latest OPEC output reduction plan, drawing criticism from Iranian Oil Minister Gholamreza Aqazadeh who said the decision was political. Oil prices have continued to fall since the OPEC deal was set on February 15.

Crude oil exports provide about 90 pc of Iran's hard cash. Its economy took a battering in 1986 when a Saudi oil glut led to a price crash, slashing Iran's oil revenue to six billion dollar from a high of 22 billion in 1982.

The Paris meeting, organised by the International Energy Agency, the west's energy policy watchdog, ended with no clear outcome. Norway will stage similar talks in July.

"A low price for oil spells out a bright future for no country because it would discourage investment in the oil industry, making oil crisis likely." Tehran radio said.

Algerian govt unveils recovery plan

ALGIERS, Feb 29 : The government unveiled an economic recovery plan Friday, accompanied by a blunt acknowledgement of sagging personal income, demoralised workers and overdependence on food imports, reports AP.

The "action plan," as outlined by the state-run news agency APS, is intended the boost agricultural and factory output revive the ailing construction industry.

Widespread unrest occurred in the first four weeks after the army forced President Chadli Bendjedid's resignation on Jan. 11 and cancelled a second round of parliamentary elections that the fundamentalist Islamic Salvation Front was virtually assured of winning.

In presenting its economic plan, the government said real personal income had dropped 22 per cent from 1984 to 1991. It said exports, except for oil and gas, had faded into "non-existence."

Factories were producing at only 57 per cent of capacity because of equipment shortages and poor management, and employees were demoralised, the official text said.

It said the agriculture industry was incapable of feeding Algeria's 25 million people, forcing the country to import about 2 billion dollar worth of food annually.

Three-quarters of the earnings from oil and gas exports was committed to servicing the 25 billion dollar foreign debt, the statement said.

Recession hits Canada

OTTAWA, Feb 29: Canada's economy slid back into recession in the fourth quarter of 1991 and fell by 1.5 per cent in the year, the worst performance in almost 10 years, the government said on Friday, reports Reuter.

Canada's real Gross Domestic Product (GDP) fell by 0.2 per cent in the fourth quarter and by 0.4 per cent in December, the government Agency Statistics Canada said.

"They show an economy that is still extremely weak," said Joshua Mendelshon, a senior economist with the Canadian Imperial Bank of Commerce.

"It shows the recession is not over. We are into a double dip," said Erine Stocks, an economist with the forecasting WEFA Group Inc. "It confirms how bad shape we are in."

Canada's economy appeared to be pulling out of recession in the first quarter of the year, but then output slowed before falling again in the fourth quarter.

Production of both goods and services weakened in the last month of the year, the government said.

The fall in output in 1991 was the worst since 1982 when economic output shrank by 3.2 per cent.

In 1990, Canada's economy grew by only 0.5 per cent.

Germany largest importer of farm products

BERLIN (INP) : In the majority of highly developed economies in West European industrial countries, the farmers produce so much by means of the latest techniques that only a small percentage of persons need to work in the agricultural sector to provide the rest of the population with food.

In East Europe, on the other hand, a substantially larger number of people work on the land. There, in most cases, is a lack of up-to-date agricultural engineering and jobs in other economic sectors there.

That was shown by a performance comparison at the International 'Green Week,' one of the largest agricultural shows in the world, held in Berlin in January 1992.

The Federal Republic of Germany's agricultural imports rose to over DM 60 billion in 1990. According to the United Nations Food and Agricultural Organisation (FAO), Germany, with a share of some 10 per cent, is the world's largest importer of agricultural products — ahead of Japan, the USA and Italy.

The agricultural imports include, for instance, tropical fruits, coffee, tea, spices and meat products. German agricultural exports dropped in 1990 and came to DM 31 billion.

IFC to put $19.5m in Pak gas project

ISLAMABAD, Feb 29 : The International Finance Corporation (IFC) is investing 19.5 million US dollar in a project designed to boost natural gas production in Pakistan, reports Xinhua.

The investment of the IFC, a private lending arm of the World Bank, will go to the Mari Gas Company Limited (MGCL) expansion project in the southern province of Sind, the press release said.

The project at a total cost of 48 million US dollar is expected to boost daily production of natural gas from the present level of 300 million standard cubic feet to 400 million standard cubic feet. The project is designed to fuel the country's fertilizer industry.

The IFC has identified several major areas for investment in Pakistan and energy is one of those areas, the release said.

The overall IFC investment in Pakistan has totaled 430 million US dollar in 31 projects since 1958 with 60 million US dollar invested last year.

The IFC plans to increase its investment in Pakistan up to 100 million US dollar annually in the coming years as the economic environment in the country is becoming more conducive for foreign investment, the release said.

Move to end jute strike in W Bengal

CALCUTTA, Feb 29: A tripartite meeting to end the indefinite strike in jute mills in the state Saturday decided to continue the talks on the demands of the trade unions in a bid to settle the issue "positively" before the coming Holi festival, reports PTI.

The meeting, convened for the first time since the strike began on January 28, also agreed on an industry-wise settlement, although the Indian Jute Mill Association insisted on a productivity-linked wage structure.

The State Labour Minister, Santi Ghatak, who was present at the meeting, told newsmen here that the discussion would further continue and expressed the hope that a positive outcome might emerge as the Chief Minister, Jyoti Basu, wanted to end the present deadlock before the Holi festival.

Symptom of speculative fever surfaces in Wall Street

NEW YORK, Feb 29 : It's a great time to go public in the American financial markets — and that scares some Wall Street analysts.

Traders have been scrambling of late after an almost daily outpouring of new stock issues, bidding the shares sharply above their offering prices, reports AP.

In just the past three business days, the market has embraced two companies — HCA Hospital Corp and Coleman Co — returning from buyouts that took them private in the late 1980s.

Within the same span, it also welcomed a list of new names that includes Musicland Stores, a video and music retailer, and Callaway Golf, a producer of golf clubs.

Callaway got an especially uproarious reception Friday, when the stock came to market at 20 dollar a share and immediately soared past 30 dollar.

In many ways, this is positive news for the financial world. The process of raising capital by selling stock is what Wall Street is all about, and it is an integral part of the way the nation's economy is supposed to work.

In addition, many stock financings these days reduce or substitute for debt, and thus at least theoretically help ease the economy's credit hangover from the 1980s.

But many observers worry nonetheless about the potential they see for too much of a good thing — an eagerness to buy new stocks that might be a symptom of speculative fever.

"It is all too clear that today's market is in an early manic stage," said Thom R Brown at Rutherford, Brown and Catherwood Inc in Philadelphia.

"When dozens of new stock issues are brought to market each month, and most have no earnings, that's a mania. When these new issues quickly run up 50 per cent or more in price, that's a mania."

Other analysts see a related cause for concern in the heavy play many newer, smaller and lesser-known stocks have been getting in recent sessions.

"It is bearish short-term that speculative activity remains at high levels," said Robert Nurock, an investment adviser in Paoli, Pa "Continued high volume in low-priced and over-the-counter issues is a negative."

Faced with such worries, the stock market churned in the past week, touching a couple of marginal new highs but making little sustained progress.

The Dow Jones Average of 30 industrials closed Friday at 3,267.67, down 12.52 points from the week before.

The Nasdaq Composite Index for the over-the-counter market rose 3.72 to 633.47, and the American Stock Exchange market value index was up 3,24 at 416.09.

Jay Donnaruma at First Albany Corp, a brokerage firm based in Albany, NY contends that worries over volume in the over-the-counter market are overdone.

"The idea that OTC volume being greater than NYSE volume meant there was trouble ahead may have been valid 10 or 15 years ago," he said. "But in today's marketplace we doubt that it means a darn thing."

"Stocks like Apple and Microsoft trade on Nasdaq, not on the New York Stock Exchange, and if those aren't significant companies, we can't see any others more prominent in today's business world."

Even if speculation is overheated, conceded Brown, that doesn't automatically mean that stocks are ready to nosedive.

"Manias don't play by any set rules or time schedules," he said. "This means that if the conditions that triggered this manic phase persist over the next 12 or 24 months, they could conceivably support even higher stock prices.

"Right now it looks as though one of these conditions — low interest rates — will persist until this time next year."

Business briefs

Malaysia's gold reserve rises: Malaysia's gold and foreign exchange International Monetary Fund reserves and holdings of Special Drawing Rights rose to 30.47 billion ringgit at end December from 29.44 billion at mid December the Central Bank, Bank Negarda said, reports Reuter from Kuala Lumpur.

Total assets and liabilities also rose to 44.56 billion ringgit from 43.74 billion, while currency in circulation climbed to 12.07 billion ringgit from 11.78 billion. Bank Negarda gave no reasons for the rises.

Officials meet to prepare for G-7 meet: Officials from the Group of Seven industrial nations began their meeting Friday in Kronberg near Frankfurt to prepare for this year's G-7 summit in Munich, reports Reuter from Kronberg (Germany).

Jean-Claude Trichet, Director of the French treasury, said the officials would not discuss any details of the meeting.