

## Paraguay rejects IMF shock therapy

ASUNCION, Apr 22: The Paraguayan government has rejected the shock therapy proposed by the International Monetary Fund (IMF) because of its high social costs, officials said here Tuesday, reports AFP.

The decision meant that Paraguay would not sign a Letter of Intent with the IMF which would have helped it renegotiate its foreign debt with the Paris Club, an informal group of creditor governments.

The IMF policy which was rejected suggested that the government raise utility prices, tighten credit and reduce federal spending in order to achieve a 1.5 per cent surplus in the Gross Domestic Product (GDP) for 1992. The GDP fell by 0.2 per cent last year.

While rejecting the Letter of Intent, Paraguay offered to bring its foreign debt, which is two-years in arrears, up to date by making payments from its monetary reserves, which exceed one billion dollar.

Paraguay suspended payment of its debt two years ago when a dispute arose with France and Spain over industrial projects carried out during the government of General Alfredo Stroessner, from 1954-1989.

## US federal deficit hits \$200 billion

WASHINGTON, Apr 22: The federal deficit at the midpoint of the 1992 fiscal year ballooned to nearly 200 billion dollar, far ahead of last year's record pace, the government said Tuesday, reports AP.

Red ink in March totalled 49.4 billion dollar bringing the deficit for the first six months of fiscal 1992 to 196.9 billion dollar, 29 per cent greater than the six-month imbalance a year earlier.

The deficit appears on pace to meet the Bush administration's projection of 399.7 billion dollar by the end of the fiscal year on Sept 30.

However, because of a funding disruption in the savings and loan cleanup programme, many private economists now are projecting a somewhat smaller deficit, although still well ahead of last year's record of 269.5 billion dollar.

Economists said the massive federal borrowing, by dominating investors' savings, is keeping mortgage rates and other long-term interest rates relatively high and hurting the economic recovery.

In an effort to stimulate growth, the Federal Reserve has pushed short-term interest rates down by roughly four percentage points over the past year and a half.

## IFC will be reorganised

WASHINGTON, Apr 22: The International Finance Corporation (IFC) announced here Tuesday that it was to undergo a major reorganization in order to better coordinate its activities in developing countries, reports AFP.

It has been clear to me for some time that a new structure is needed," said Sir William Ryrice, IFC Executive Vice President.

The structural changes have two main objectives, to achieve more effective coordination and management of IFC's activities in each member country and region, and to bring about greater efficiency and better client service through more specialization.

The IFC, a World Bank affiliate which focuses on aid to the private sector, will be reorganised into five regional departments: "Covering Latin America and the Caribbean, sub-Saharan Africa, the Middle East, North Africa and Central Asia, Europe including several former Soviet republics, and east Asia."

In addition, there will be a number of specialist departments to handle five different areas of investment, along with a central capital markets department and a technical and environment department.

# Bush rules out compromise at talks with EC

## GATT plan success to boost world trade by \$ 195b a year : OECD

PARIS, Apr 22: Success for the current Uruguay round of multilateral trade negotiations on the basis of the latest proposals would boost world trade by 195 billion dollar a year, according to a report issued Tuesday by the Organization for Economic Cooperation and Development, reports AFP.

The OECD's Development Centre said in its report that "partial liberalisation, involving a reduction in protectionism of around 30 per cent, would lead to annual income gains of 195 billion dollar, greater than the total income of Sub-Saharan Africa or roughly half the income of China."

Of this total, over 90 billion dollar — more than twice the current level of official development assistance — would accrue to the developing countries.

"The total annual costs of trade distortions are estimated to be over 475 billion dollar, or roughly 50 per cent of the income of the less-developed economies representing a population of three billion people."

But the report adds that "the countries with the greatest levels of protectionism, notably Japan, the EC and EFTA (European Free Trade Association) stand to gain most from liberalisation. Despite

gains for most developing countries, some of them stand to lose as a result of liberalisation. Their legitimate concerns need to be addressed."

The report by the Paris based OECD, grouping 24 major industrialised countries, comments that "whereas OECD member countries unanimously endorse liberalisation as an economic ideology, their trade practices point in the opposite direction."

Formerly centrally planned economies and developing countries, who in the past have been seen as more protectionist, have been making major reform efforts.

"Their remarkable courage in undertaking economic adjustments is now threatened by the failure of the industrialised countries to undertake reciprocal measures."

The report says that in 10 years, total liberalisation of world trade would increase the income of the EC and Japan by 2.4 per cent, with three per cent for EFTA.

The Uruguay Round of multilateral trade negotiations under auspices of the General Agreement on Tariffs and Trade (GATT) began in Punta Del Este, Uruguay, in 1986. They are aimed at liberalizing and expanding world trade, but are stalemated over a number of unresolved conflicts, especially involving agriculture.

**US stand**

AP from Washington adds: President Bush says he is determined to break the impasse over agriculture that blocks a new global trade agreement, but he isn't willing to be the only one to bend.

As Bush was expected to meet European Commission President Jacques Delors and Portuguese Prime Minister Anibal Cavaco Silva later Wednesday, but administration officials did not expect the Europeans to bring any breakthrough proposals.

The Europeans still "do not have a consensus and a single approach" on how to curb their agricultural subsidies, said one senior official who briefed reporters on condition of anonymity.

"We cannot do that for Europe. It will have to deal with its political issue and develop a consensus itself," said the presidential adviser.

The agricultural issue has stymied efforts to liberalize the 108-nation General Agreement on Tariffs and Trade, and the United States blames Europe in general and France in particular for the logjam.

Bush said Tuesday a suc-

## China's rural enterprises witness boom

BEIJING, Apr 22: Production in China's rural enterprises jumped more than 35 per cent in the first quarter of 1992 compared with the same period last year, the English language China Daily said Tuesday, reports AFP.

The official paper quoted Ping Xin, Director of the Ministry of Agriculture's Rural Enterprises Department, as saying production between January and March was up 36.1 per cent on the first quarter of 1991.

After criticizing and closing rural enterprises on the grounds of waste of raw materials, low efficiency and pollution during a three-year economic rectification campaign that began in 1988, China's local authorities did an about-face last year and began promoting the job-creating industries.

In 1991, total production stood at 1.161 billion yuan (211 billion dollar), up 22 per cent on the previous year.

The industrial sector recorded the biggest gains, with production up 24.3 per cent, followed by output of agricultural products, which increased 19.5 per cent.

## Petro-dollar has made Gulf women passive

ABU DHABI, Apr 21: Oil wealth has spared many Gulf women from household chores and milking livestock in the desert, leaving them free to shop for jewelry, employ servants and — except in Saudi Arabia — to drive air-conditioned cars, writes AFP.

But critics in the region have charged that in giving Gulf women one of the world's most comfortable standards of living, oil money has also made them more passive.

"In the past, the Gulf woman was very active," said Aisha al Nouman, head of the Muntazah Women's Club in Sharjah, the United Arab Emirates. "Now she is considered dependent and doesn't contribute to her society and family."

Oil wealth has also attracted many foreigners, mainly non-Gulf Arabs and Asians but also westerners, to the region, and they in turn have influenced the lives of Gulf women.

"Foreign civilisation has negatively affected us," Aisha said in a recent study. "Unfortunately, we are now imitating the West blindly to the extent that our brides now wear the white wedding dress instead of the traditional Kandoura (Gown)."

"We now also show off the holding expensive wedding parties in hotels while in the past they were held at home," she added.

"Women played an active role in past weddings by helping the bride in dressing, make-up and folklore songs, which we no longer hear. Imported songs that are alien to our society have obliterated our folklore," she charged.

Aisha also criticised Gulf women for relying too heavily on servants and neglecting their children.

"Mothers have become dependent and negligent. All they are interested in now is shopping for dresses and other things. We have become a negative consuming society," she said.

Gulf officials have frequently warned that the use of foreign baby sitters was limiting an expansion in regional culture and tradition.

Affluence has enabled Gulf residents to employ more than one servant, with helpers in some households outnumbering family members.

Although Gulf women now have access to education, social barriers still prevent most of them from having jobs.

"Reliance on servants and babysitters is on the increase, though most women do not work. It has become a social habit and an act of showing off," a UAE Social Affairs Ministry official said in an interview.

Fatima Hadi, head of the Sharjah Women's Society, also attributed an increase in divorce rates among local people to newly acquired affluence.

"Divorce was almost absent in the past. Now there are many divorce cases due to problems that are alien to our society," she said.

"Although women are now educated, they were more responsible in the past. While the man was away, which he no longer does, woman had to be the finance, health, economy and social ministers," she added.

## Embargo hits Libyan economy little

TRIPOLI, Apr 22: The week-old air embargo against Libya is having a minimal impact on its main industry, oil, and is mostly inconveniencing foreign airlines that now must fly around it according to courses in the Libyan capital, reports AFP.

It has sparked neither strong protests, from Libya's neighbours nor an exodus of expatriates, though foreign journalists have been asked to leave today and Arab journalists have been ordered to stop working.

The oil industry, which exports an average of 1.4 million barrels a day of high-quality crude, most of it to nearby western Europe uses airlines to rotate the 1,000 to 1,500 foreign experts working here and to send out data for computer analysis elsewhere.

Since the US imposed



SIDI BARANI, EGYPT: President Hosni Mubarak (R) greeting Libyan leader Moammar Gaddafi upon his arrival here on April 21. The leaders discussed UN sanctions against Libya, which began April 15. — AFP photo

## Embargo hits Libyan economy little

trade, embargo imposed in 1986, Libya has been deprived of the powerful computers used in processing oil data.

The choice is now between a ferry ride to Malta, 300 kilometers to the north or a drive 125 kilometers to the Tunisian border and another 125 kilometers to the airport of the resort island of Djerba.

These extra costs remain negligible against the foreign oil companies investments and profits the sources said.

But foreign airlines, which used to operate about 15 flights a week to Tripoli have lost revenue.

The 20 odd Air France employees who helped maintain Libyan Arab Airlines fleet were being idled while several airlines that flew over Libya on flights from Europe to Africa have had to add detours.

Perhaps most affected were the tradesman that flourish wherever international airline tickets are subsidized.

With an international round trip ticket from Tripoli a third of what it costs in the other direction at least to an Arab buyer, many have been flying to Europe and returning with suitcases full of luxury goods that find their way on the displays of Tripoli bazaar.

The cheap tickets were only available to Libyans and other Arabs. All others had to pay for their tickets in hard currency at the same price.

Unaffected, or possibly boosted, will be the trade conducted by small entrepreneurs who travel to Egypt in vans laden with subsidized products, such as medicine, and return with food and consumer goods.

So far, no one is known to have violated the air embargo.

Syria, which some reports have linked to the bombing of the Pan Am airliner that led to the embargo, strongly fought the measure and tried to schedule a flight to Tripoli, but backed down when it was denied airspace rights by Greece, Egypt and Cyprus.

Sudan, Libya's southern neighbour, is the only country that pledged to defy the embargo.

Despite a widespread Arab view that the embargo is too harsh a measure, there have been no major demonstrations in the Arab world to protest it, in contrast with the reaction to the embargo clamped on Iraq after it invaded Kuwait.

In New York, United Nations officials said the UN sanctions committee was set up on the same lines as the one on Iraq.

## Policy change at OPEC meet unlikely

VIENNA, Apr 22: Oil markets expect a lot of talk but no action when OPEC ministers meet in Vienna this week, reports Reuters.

OPEC delegates tend to agree, citing a 10 per cent increase in petroleum prices since the Organisation of Petroleum Exporting Countries last met 10 weeks ago as the main reason for opting to do nothing now in terms of policy.

"There will just be a general review of the market, nothing more," a Gulf Arab delegate said of the meeting on Friday of the market monitoring committee. "No policy change."

North Sea Brent blend, a marker for the international crude trade, was quoted around 19 dollar a barrel in London on Tuesday compared with 17.25 dollar after the last OPEC meeting in February at which ministers agreed to reduce the group's oil output by around 1.5 million barrels per day (BPD) to 23 million BPD.

"So long as they don't shoot themselves in the foot they are doing pretty well. Some of the production cuts are showing through, the price is firmer and we're already one month into the second quarter," said Peter Gignoux, an oil trader at Smith Barney in London.

A Reuters survey measured OPEC output at 23.46 million BPD in March so the group can tighten the market a bit more without having to set a new output limit.

OPEC is due to meet again in Vienna on May 20 for its regular conference ahead of the northern hemisphere summer so there is even less pressure for this week's market monitoring committee meeting to take any fresh decisions.

"It could even be a one-day meeting," one non-Arab delegate said.

Friday's committee session will be preceded on Thursday by a talks with non-OPEC pro-

## Global treaty on warming expected

SANTIAGO (Chile), Apr 22: The United Nation's Earth Summit to be held in Rio de Janeiro in June is likely to produce a global warming treaty despite the obstacles so far, a senior UN official said yesterday, reports Reuters.

Negotiators from countries taking part in the Earth Summit, being held to discuss world development and environmental issues, have so far failed to draw up a global warming agreement acceptable to both industrialised and developing countries.

Robert Ryan Jr, coordinating centre director for the summit known officially as the UN's Conference on Environment and Development (UNCED), said worldwide concern was so great that summit participants would be forced to reach agreement.

## Bills without Lenin's face

MOSCOW, Apr 22: Lenin's image took another step on its brisk march toward oblivion when the President of Russia's central bank announced the first bills without Lenin's face since the 1917 Revolution, reports AFP.

The new bills — the first to be denominated to 5,000 rubles, or roughly 50 dollar — will be the instrument of Moscow's new policy to ease monetary policy and risk inflation in order to stop three years of economic decline.

The bank will print 60 billion worth of the bills, said Georgi Matyukhin, president of the central bank, in an interview in Tuesday's Izvestia newspaper — nearly enough to plug the current 80-billion-ruble budget deficit.



Instead of Lenin's profile, the new bills, to be introduced in June, will feature drawings of the Kremlin — and, for the first time, the mention of central bank of Russia instead of central bank of the USSR.

Matyukhin said the mint would soon start issuing coins for three, five, 10 and 50 rubles, which have a longer lifespan than bills.

They will bear the two-headed eagle of Imperial Russia.

## \$ 500 million Pak plan to arrest baby boom

ISLAMABAD, Apr 22: Pakistan will spend some 500 million dollars to bring its annual population growth rate down from the current 3.1 per cent to 2.5 per cent over the next five to six years, a cabinet minister said Tuesday, reports AFP.

Pakistan's population growth rate is among the highest in the world, and past efforts at creating an awareness among its more than 115 million people have met with little success, Welfare Minister Rana Nazir Ahmed acknowledged.

The government will spend about one billion rupee (40 million dollar) on the population programme in the fiscal year beginning in July, she was quoted as saying in press reports.

More field staff will be recruited to visit the rural areas where about 70 per cent of the population lives, Ahmed said, adding that there are currently only 9,000 people engaged in such field work.

Pakistan is the ninth most populous country in the world and the average woman gives birth to 6.5 children, the highest of any Muslim country.

A 73.4-million dollar USAID-funded population planning programme is already underway in Pakistan despite the US suspension of 600 million dollar in annual economic and military assistance since October 1990, Pakistani officials said.

## Business briefs

**World steel output slumps:** World crude steel production fell by 5.9 per cent to 59.7 million tons in March from a year earlier, the Brussels-based International Iron and Steel Institute reported Tuesday.

It was 6.7 per cent higher than the February output, reports AP from Brussels.

The biggest 12-month increase was reported in the United States, where output rose by 10 per cent in March to 7.2 million tons. Next the China, whose production increased by 5.3 per cent in March to an estimated 6.2 million tons, and Latin American, whose output heightened 4.3 per cent to 3.5 million tons.

**IMF okays Azerbaijan's entry:** The Executive Board of the International Monetary Fund has recommended that the former Soviet republic of Azerbaijan be admitted to the international financial institution, it was announced in Washington Tuesday, reports AFP from Washington.

The executive board's action completes its work on the applications for membership of the 15 republics of the former USSR," the IMF said in a statement. The board made a similar recommendation for the other 14 former Soviet republics last Wednesday, but said Azerbaijan's application had been held up for technical reasons.

**Malaysia to assist Vietnam:** Malaysia, a major world rubber producer, agreed in principle on Monday to provide technical help for Vietnam's rubber industry. The agreement was reached during a visit to Vietnam by Malaysian Prime Minister Mahathir Mohamad, the first such visit by a Malaysian Premier, reports Reuters from Hanoi.

Officials signed the memorandum of understanding in Hanoi along with pacts on economic, technical, cultural and scientific cooperation and on telecommunications links.

**Rains hit sugarcane harvest in Cuba:** Recent rains in Cuba have disrupted sugarcane cutting, adding to the problems of a harvest already badly hit by shortages of oil, lubricants and spare parts, Cuban state radio said on Monday, reports Reuters from Havana.

"The sugar harvest continues to be tense in its final stages," radio Rebelde said. "Rain in the last few days has forced harvesting machines to stop operating and there is a greater need for manual labour to help with the cutting," the radio added.

**Oil price fall hits Caracas budget:** A slump in world oil prices is causing a serious federal budget shortfall, which officials fear may fan the fires of discontent still lingering in the wake of a February coup attempt, reports AP from Caracas.

Some officials fear the deficit may go as high as three billion dollar for 1992, or about 20 per cent of the total budget. Others say it will be less. But regardless, it threatens to make a bad year worse for President Carlos Andres Perez and his government.

**Cocoa producers begin talks:** Cocoa producers and consumers set out opposing positions Tuesday as negotiations opened on a new accord to shore up prices that have recently fallen to historic lows, reports AP from Geneva.

Ivory Coast's Minister for Natural Resources Alain Gauze representing the world's biggest cocoa producer, said the market is in a crisis without precedent. Cocoa prices have fallen 40 per cent in the past decade and about 15 per cent since the start of the year due to a glut, caused by years of surplus harvests in traditional areas and the emergence of strong high-yield producers in Southeast Asia.

# Asia outpacing rest of world in new airport development

HONG KONG, Apr 22: Asia's tremendous economic growth is making it the place to be for those involved in airports and putting it at the forefront of new airport technology, an expert said here Tuesday, reports AFP.

"Asia is rapidly leaving the world behind in new airport development," said Tom Darmody, Managing Director of Greiner International Ltd, one of the architects of Hong Kong's multi-billion dollar Chek Lap Kok airport project.

"A massive growth in aviation is a natural consequence of economic growth as business and personal travel increases," he said. "Airport developments of the magnitude we are seeing in Asia fuel fur-

ther growth. The rest of the world just cannot compete on that scale."

Darmody said six Asian airports were currently vying for the role of the region's aviation hub, as traffic shifted away from the traditional hubs of airports and associated technology — the United States and Europe.

Darmody said Taiwan, Japan, South Korea, Thailand, Malaysia and Hong Kong were investing more than 30 billion US dollar in new international airport facilities, and that a number of other regional airports were being upgraded.

"This contrasts sharply with the rest of the world, where only two major international airports are being built from the ground up," he said.

Darmody pointed out that the 1993 opening of Denver's new airport would be the first in the United States for 20 years, while the new international airport in Munich, which is to open this year, would be the first on the continent in many years.

"Asia is on the cutting edge

of new aviation technology," said Darmody. "The potential for this position to continue is enormous."

Together with the construction of new major airports, Asia will be at the forefront of new (airport) technology, catering for large high-capacity aircraft which can carry up to 1,000 people."