

Japan, Germany shrug off US plea to boost their economies

G-7 endorses 24 billion dollar aid to CIS

WASHINGTON, Apr 27: The seven richest industrial nations on Sunday endorsed the broad outlines of an economic assistance package for the former Soviet Union that could ultimately rival the Marshall Plan in scope, reports AP.

The endorsement by the so-called Group of Seven countries — the United States, Japan, Germany, Britain, France, Italy and Canada — represented a victory for President Bush, who first unveiled the proposed 24 billion dollar Western aid package for Russia earlier this month.

In a joint communique issued late Sunday night, the Finance Ministers said their countries were ready to provide up to 18 billion dollar in individual aid to Russia and support an additional six billion dollar fund to stabilise the Russian currency, the ruble.

Russian Deputy Prime Minister Yegor Gaidar, the key architect of the Russian economic reforms, made a personal appeal for assistance during

meetings Sunday afternoon.

In all, the finance officials spent 14 hours over two days discussing the Russian aid package and other issues facing the world economy.

The meeting ran four hours longer than scheduled Sunday, but officials later said that it was not the Russian financing package but disagreement over policies needed to spur the sluggish world economy that

caused the delay.

Japanese central bank Governor Yasuhiro Mieno, at a news conference that ended in the early hours Monday, said the aid programme poses "a lot of risks" for both the donors

and the recipient but there would be "a greater risk if we do not provide that support."

Japan's Finance Minister, Tautomu Hata, said that if other newly independent countries of the former Soviet Union "implement comprehensive economic reform, we are prepared to provide support" them as well.

Keuter adds. After an 11-hour meeting, the Finance Ministers and the central bank governors of the group appeared to have smoothed out their differences over how to keep the global economy from sliding into recession.

The powerful group agreed that countries with low inflation, such as Canada, have room to cut interest rates further. Canadian Finance Minister Donald Mazankowski said.

"We remained concerned that aggregate G-7 economic activity this year would be below potential and growth would be inadequate to achieve a reduction in unemployment," the group said in a communique. They said they reviewed

their economic policies with a view to strengthening world growth.

The G-7 agreed that interest rates were high and hampering global investment and growth.

"Satisfactory progress on inflation, curbing excessive wage pressure and progress in consolidating fiscal positions would create the basis for lower interest rates," the G-7 said.

The group underlined the need for countries with big budget deficits to reduce them through "credible medium-term" strategies.

The Bush administration, worried that weak growth overseas could undermine the fragile US recovery, urged its G-7 partners to do more to pump up their sagging economies. But Japan and Germany appeared reluctant to heed Washington's call.

The economic policymakers met well into Sunday evening trying to sort out their differences.

100m live in slavery!

NEW YORK, Apr 27: As many as 100 million people may be living in slavery around the world, despite nations' claims that human bondage no longer exists, according to Newsweek magazine, reports AP.

Four Newsweek correspondents spent the last year interviewing enslaved men, women and children in Europe, Asia, Africa and Latin America the magazine reported in its May 4 issue.

Newsweek described how civil war caused a resumption of slavery in the Sudan and how employment contracts and fake marriages mask slavery in Kuwait and Saudi Arabia for workers from India, the Philippines, Pakistan, Bangladesh and West Africa.

It said as many as 10,000 women and children from China's Sichuan Province are abducted and sold each year to be used in the northern provinces of Thailand as prostitutes.

It said Mozambican women are sold as brides in South Africa and girls traded for cows are put to work on the red light districts of Calcutta

and Bombay in India.

The abuses occur even though every United Nations member has signed the 1948 Universal Declaration of Human Rights.

The magazine said one of the most common forms of slavery occurs when whole families are forced to work, sometimes for generations, trying to pay off loans at wages that do not cover their living expenses.

Newsweek said some abuses turned up after the Gulf War when embassies became crowded with escapees from Kuwait's force of mental workers.

Laxmi Swami, an Indian housemaid, said two sisters of the Emir of Kuwait kept her half-starved and enslaved for four years, flogging her daily with electrical cable. The sisters pleaded guilty of assault and paid civil damages of 540,000 dollar, Newsweek said.

Swami went to the police after escaping from her captors in London, Newsweek said.

"Hundreds of times they called me 'slave', hundreds of times," she said.

Don't help at the poor's expense

WASHINGTON, Apr 27: Envoys from 24 developing nations on Sunday launched an urgent appeal to the industrial world: Don't rescue the former Soviet republics from financial chaos at the expense of the poor countries, reports Reuters.

During a meeting of the World Bank and the International Monetary Fund (IMF) the Group of 24 (G-24) developing countries welcomed rich nations' plans to provide massive financial aid to the Russian federation.

"However, the transfer of resources and assistance to these countries should be additional, and not at the expense of financial and other assistance to other developing countries," they said in a report.

Developing nations, "still trying to cope with pervasive poverty conditions, heavy debt burdens, and high barriers to their exports," need increased assistance from the industrial countries, the G-24 said.

Finance Ministers and central bankers from eight Latin American, eight African, and seven Asian nations, plus Yugoslavia, agreed on the document in record time after introducing only minor changes to a draft prepared on Saturday by their deputies.

G-24 Chairman Ismaila Usman of Nigeria said industrial nations have given repeated assurances that aid to the former Soviet republics would not mean fewer resources for the rest of the developing world.

"But it is our duty to continue to remind them of this... because our problems rather than improve, continue to deteriorate," he told a press conference.

International financial sources said the fact the ministers needed less than two hours of meetings to discuss the report was a reflection of a new consensus among developing countries of what their main problems are.

Industrial countries should pay to curb pollution

WASHINGTON, Apr 27: Industrial countries are the chief culprits in environmental pollution so they should foot the clean-up and protection bill, the Group of 24 developing countries said here Sunday, reports AFP.

The World Bank estimates that the cost of environmental protection in the developing countries will run at some 75 billion to 100 billion dollar a year by the end of the decade, the G-24 said in a statement after a meeting of Finance Ministers here Sunday. "The prime responsibility for environmental pollution lies with industrial countries which should, accordingly, bear the major share of its costs," the statement said.

The G-24 ministers also expressed "grave concern over the migration of 'dirty' industries to, as well as the dumping of pollutants and toxic wastes in, developing countries and strongly urged industrial countries to refrain from such practices."

The statement urged that the United Nations Earth Summit to be held in Rio de Janeiro in June "should give particular attention to anti-desertification and reforestation."

WB proposes \$25 b plan

An earlier report adds: The World Bank has proposed spending up to 25 billion dollar by the end of the decade of environmental protection in the Third World, Chilean Finance Minister Alejandro Foxley said Saturday.

The proposal is to be studied at a meeting in Washington Tuesday of the Joint Development Committee of the World Bank and the International Monetary Fund (IMF), said Foxley, who is the Committee Chairman.

The money would come from the International Development Association (IDA) of the World Bank which specializes in aid to the poorest countries, and would be issued in the form of concessional loans at very low interest rates, Foxley told reporters.

A Reuters report from Kuala Lumpur adds: The Greenpeace environmental group has urged developing nations meeting in Kuala Lumpur ahead of the Earth Summit in Brazil to press for radical change



WASHINGTON: I M Hamfi, Governor of the State Bank of Pakistan and delegate to the International Monetary Fund's (IMF) Group of 24, listening during the morning session on April 26. The G-24 delegates of the developing countries are taking part in the IMF's Spring meeting. —AFP photo

Euromarket union to hit ME economies, says AL

AUB DHABI, Apr 27: The planned merger of European Community markets by 1993 could sap Arab funds and harm development in the Middle East, according to an Arab League study, reports AFP.

Kuwait moves to merge banks

KUWAIT, Apr 27: Kuwait is pushing for mergers to strengthen its banking and financial sectors but economists say mismanagement must be tackled first, reports Reuters.

The government has offered to bail out cash-strapped banks provided they merge. But bankers say banks and financial institutions need to "clean house" first.

"The time may be right... to seriously consider joining forces so as to overcome current hurdles," Abdallah al-Qabandi, head of Kuwait Investment authority, told a seminar on mergers organised by three government-controlled investment firms.

The three firms are seeking the advice of US bank, Lehman Brothers International, on whether they should merge.

Lehman Brothers executives said they would advise Kuwait Investment Company, Kuwait Foreign Trading, and Contracting and Investment Company and international financial advisors in two months. The three have joint capital of 130 million Kuwaiti dinar.

The study prepared by the League's top financial official, Osama al-Faqih, calls on Arab nations to hasten economic reforms and develop their stock markets to prepare for the merger.

"The merger of the EC stock markets will give birth to a giant market that could attract a large part of Arab financial resources," said Faqih, Chairman of the Abu Dhabi-based Arab Monetary Fund (AMF).

"This is because the European market provides immediate profits and guarantees not available in most Arab markets."

This, of course, will harm development in Arab countries especially as our oil revenues are now lower."

The study, obtained Sunday from the AMF, said the bulk of Arab overseas assets, estimated at 670 billion dollar, were already based in the 12-nation Community.

More than half these assets are owned by the oil-rich Gulf Cooperation Council (GCC), which groups Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates.

The EC is the biggest economic partner of the 21 nation Arab League, with their two-way trade standing at 89 billion dollar in 1990, more than half the total Arab trade.

Abu Dhabi to spend \$5b to boost oil output

ABU DHABI, Apr 27: The southern Gulf Emirate of Abu Dhabi will spend five billion dollar next year to boost its oil production capacity, the semi-official Al-Bayan newspaper reported Sunday, reports AFP.

It said the expansion was designed to meet an expected rise in world energy demands and coincided with similar projects in other member states of the Organisation of Petroleum Exporting Countries (OPEC).

It did not specify the size of Abu Dhabi's projects but industry sources in the Emirate said they would push output capacity to more than three million barrels per day (BPD) from 2.5 million BPD.

Dubai, the second biggest oil-producer in the United Arab Emirates (UAE) after Abu Dhabi, also plans to increase production capacity, Al-Bayan said but gave no details.

A US Energy Department report said last month Gulf states were expected to spend 79 billion dollar on oil expansion projects until 2000.

It said Saudi Arabia, the world's biggest crude exporter, would spend 35 billion dollar, while the UAE would spend 18 billion dollar and Kuwait and Oman eight billion dollar each.

Asian success stories no role model for E Europe: IMF

WASHINGTON, Apr 27: The economic development of Asian success stories such as South Korea are not an appropriate role model for the former Communist Bloc, International Monetary Fund (IMF) officials say, reports AFP.

The focus in IMF-approved economic programmes for Eastern European countries has been to move to a full free-market economy.

But Asian countries such as South Korea, when they moved to develop their economies, took a more interventionist approach, with government deciding for example to favour the development of certain sectors of the economy.

Asked if this model would not be more appropriate for Eastern Europe than the tendency to liberalise everything under current programmes, IMF officials noted that the Eastern European countries were not planning to privatise all state-owned enterprises.

While in absolute terms the US was the world's leading donor in 1990, it would have to more than triple its 10.2 billion dollar contribution if it followed the UN guidelines.

The report also contends that ODA contributions are not

Another GATT rescue bid fails

BANDAI KOGEN (Japan), Apr 27: Another failure to achieve a breakthrough on farm trade between the United States and the European Community (EC) sent fresh signs Sunday that, more than ever, the success of the Uruguay Round hinges on the dispute, reports AFP.

The minister of the world's four largest trading powers did reaffirm the need to facilitate the stalled Uruguay Round, being held under General Agreement on Tariffs and Trade (GATT) auspices, and to reach an agreement at an early date.

But they failed to make any substantive developments — including the adoption of a new deadline for conclusion of the round.

Agriculture is very critical to the Uruguay Round. We won't be able to reach a final resolution... without the resolution of agriculture, Canadian International Trade Minister Michel Wilson acknowledged during a press conference wrapping up the informal bi-annual talks.

Wilson had been joined by US trade representative Carla Hills, European Commission Vice President Hans Andriessen and Japanese Trade and Industry Minister, Koza Watanabe in this mountain resort north of Tokyo.

But a Japanese official expressed frustration, noting

that agricultural products account for only 13 per cent of world trade. Because of the bilateral dispute, he said, the rest of the 108 countries taking part in the negotiations are kept waiting.

The Uruguay Round negotiations, aimed at liberalizing world trade, started in 1986.

The best news from the two-day meeting came Saturday when a high-ranking EC official said Washington and the 12-nations bloc had agreed to solve the essential part of their dispute before the summit of the Group of Seven (G-7) industrial powers in Munich in July.

They will resume their working-level talks on farm issues in the coming days, the official, who asked not to be identified, said, adding that the two parties would refuse to disclose details to avoid any pressure from other countries or domestic lobby groups.

If we fail to have a breakthrough before the G-7 summit, we can forget about having a success in the round this year or ever, the official said.

He described the chances of such a breakthrough at "50/50". Andriessen said only that the issue is now in the hands of technicians.

The meeting followed Wednesday's US-EC summit which gave a political boost to the Uruguay Round when US President George Bush,

Portuguese Prime Minister and temporary EC President Anibal Cabaco Silva and European Commission President Jacques Delors came up with new ideas on a possible compromise at the meeting.

The proposals were undisclosed to the Japanese and Canadian ministers during the weekend session here, but and officials said they focused on reducing export subsidies on agricultural products.

The United States has been asking for a 24-per cent cut in the volume of subsidized European agricultural export, which the EC opposes.

The US-EC talks were on the verge of collapse before the summit but were revived by the political pressure exercised by Bush, an EC official said.

But the momentum may be lost easily, said a top Japanese trade official. The discussions are now too political for technical negotiators but also too technical for politicians, he commented.

Other officials also noted that the progress of the talks could be easily blocked by domestic political calendars, including US Presidential elections in November, Japanese upper house elections in July, and the approval of the Maastricht Agreement by the various EC countries.

Most Asian units lose to dollar

HONG KONG, Apr 27: Most Asian currencies weakened against the US dollar last week with the yen losing ground on prospects of a US economic recovery, reports AFP.

The Taiwan dollar bucked the trend with a slight advance while the Malaysian ringgit surged to a five-year high.

Following the yen down were the New Zealand dollar, ending at a five-year low, the Australian, Hong Kong and Singapore dollars, the Philippine peso, the South Korean won, the Thai baht and the Indonesian rupiah.

Japanese yen: The yen lost ground to end the week at 134.95 to the dollar, down 0.75 from its previous week's finish of 133.90.

Market participants sold yen to buy dollar on prospects of a US economic recovery, dealers said, adding that investors were waiting for the outcome of this weekend's Group of Seven financial meeting in Washington.

After opening at 134.12 Monday, the Japanese currency moved between 134.15 yen and 134.65 over the week.

Australian dollar: The Australian dollar finished weaker

at 75.70 US cent, down from the previous Thursday's 76.55 US cent, during a shortened trading week.

It had steadily lost ground against the US dollar on concern that a further cut in interest rates was almost certain by the end of the month, dealers said Friday.

Local markets were closed Monday and the preceding Friday for the Easter break.

On the reserve (central) bank's Trade Weighted Index, which measures the Australian dollar against a basket of major currencies, the unit finished at 57.9 from the previous week's close of 58.4.

Hong Kong dollar: The Hong Kong dollar closed the week at 7.7375-7.7385, slightly down from its 7.7335-7.7345 at the end of the previous week, while its effective exchange rate ended at 113.1, up from 113.0.

The Hong Kong dollar has been pegged to the Greenback at around 7.80 since October 1983.

Indonesian rupiah: The Indonesian currency started the week's trading at 2,018 rupiah to the dollar, one rupiah down on the previous week's close. It ended the

week at 2,021.

Malaysian ringgit: The ringgit strengthened to its highest level against the dollar since 1987, boosted by a government undertaking to let market forces decide the strength of the local currency and strong investor support.

The ringgit finished at 2,531.5 against the dollar, up from its previous week's 2,554.2.

Dealers said Finance Minister Anwar Ibrahim's statement Thursday that the government would not interfere to check the ringgit's rally despite pressure from some quarters gave the local unit a big boost.

Investors were encouraged by the statement to bring in more funds to take advantage of high local interest rates, dealers said.

New Zealand dollar: The New Zealand dollar Friday closed at a five-year low, worth 53.25 US cent, down from last week's close of 54.16 cent.

Strong selling in New York, London and Tokyo pitched the Kiwi down, Philip Hanson of the Hong Kong and Shanghai Bank said.

The trend suggests it may go down even further, to around 52.75 cent.

Japanese grant for CIRDAP projects

By Staff Correspondent

The government of Japan has provided US \$250,000 to CIRDAP for undertaking four on-going and three new projects during 1992. The projects are: two on research, three on action research, one on Training and one on documentation.

Toshio Saiki, Ambassador of Japan in Bangladesh handed over a letter to this effect to ATM Shamaul Haque, Director, CIRDAP at a function, held at CIRDAP headquarters on 23 April 1992.

The government of Japan has been supporting the activities of CIRDAP since its inception. The total contribution of Japan to CIRDAP for projects, including the current one, amounts to US \$ 2,615 million. The government of US \$380,000 for meeting the initial establishment cost of CIRDAP, according to a CIRDAP press release.

During his speech Saiki assured the continued support of the government of Japan to CIRDAP. Director, CIRDAP, thanked Japan for its financial and technical support to CIRDAP. He further mentioned that CIRDAP, in collaboration with the United Nations Centre for Regional Development (UNCRD), located in Nagoya, Japan, has initiated a five year project on disaster management which started in Bangladesh in 1990.

G-7 Communique pushes up yen in Tokyo

TOKYO, Apr 27: The yen rose against the dollar moderately on the Tokyo foreign exchange market Monday morning following a communique by the Group of Seven (G-7) industrialized countries which supported the Japanese currency, reports AFP.

The dollar closed the morning session at 134.55 yen on the Tokyo market, down 0.10 yen from Friday's finish of 134.65 yen.

In the communique issued in Washington Sunday, the G-7 finance ministers and central bank governors said the yen's depreciation was not desirable for the world economy.

The dollar's morning close here was only slightly higher than the weekend finish of 134.50 yen in New York.

After opening at 134.87 yen, the dollar moved between 134.45 yen and 134.95 yen in the morning here.

The German mark ended the morning at 1.6530 to the dollar, compared with Friday's finish of 1.6552 here.

UNDP voices call to raise aid, rationalise distribution.

Star Report

Foreign aid can make a major contribution to improving the welfare of the poorest people of the developing countries, but the aid system "has critical weaknesses, in quantity, equity, predictability and distribution," says the Human Development Report-1992, published for the United Nations Development Programme (UNDP).

As an example of how aid is badly distributed the report notes that only 27 per cent goes to the 10 countries with 72 per cent of the world's poorest people. South Asia, which is home to nearly half of the world's poorest people, receives five dollar per person in aid.

The countries receiving aid in the Middle East, with three times South Asia's per capita income, get 55 dollar per per-

son. Indeed, the richest 40 per cent of the developing world population receives over twice as much aid as the poorest 40 per cent.

Similarly, countries that spend heavily on arms — over four per cent of GNP — receive roughly twice as much aid per capita as countries that spend more modestly.

The report also notes that the basic human priorities, those tied to human development, tend to the lowest share of funds. Basic education, primary health care, safe drinking water and sanitation, family planning and nutrition programmes together receive only about seven per cent of bilateral aid and 10 per cent of multilateral aid.

The report is critical of the small amount of assistance offered by developed countries.

Many industrial countries, it notes, devote about 25 per cent of their national income to try to keep their people from falling into absolute destitution.

The money is spent in areas such as social services, unemployment benefits and welfare payments. But there is no comprehensive global "safety net" to help the poor in developing countries. The closest approximation is Official Development Assistance (ODA) — grants and low-or-no-interest loans from industrial nations to developing countries.

But the present ODA, total of 54 billion dollar a year is not enough to meet major development objectives, says the report. To help developing countries accelerate economic growth by two percentage points a year, some 200 billion

dollar would be required. Even more would be needed if ODA is to serve as a safety net for the over one billion developing world people who live in absolute poverty.

The United Nations target for ODA is 0.7 per cent of GNP from each industrialised country. But the average contribution is half of that, or 0.35 per cent. And this average covers a wide variance that shows Norway giving 1.17 per cent of its GNP, while the US gives one-sixth of that percentage, or 0.19 per cent.

While in absolute terms the US was the world's leading donor in 1990, it would have to more than triple its 10.2 billion dollar contribution if it followed the UN guidelines.

The report also contends that ODA contributions are not

made on an equitable basis. A progressive system would have richer countries contribute a greater proportion of their income than the less wealthy industrialised nations.

Finally, the report asserts that official aid is highly unpredictable. This is in part because 70 per cent of ODA is bilateral aid given directly by one country to another, and is sensitive to political relations between the two nations. If a donor country withdraws aid because of human rights violations of the rulers of the recipient country, "poor people can suffer a double punishment—political oppression AND a withdrawal of aid," says the report.

"The world needs a new ODA system that is progressive, predictable and equitable," says the report. It calls

for a world summit on human development to tackle that and other issues, in order to reach a global compact among rich and poor nations that would address the needs of all.

Until such comprehensive reform can take place, the report calls for improving the quality of current foreign aid practices. It suggests that at least two-thirds of ODA should be channelled to the poorest nations, and at least 20 per cent of aid should go to human priority expenditures.

"Much more mileage can be obtained from each dollar of aid in terms of improved human development levels," says Dr Mahbub-ul-Haq, the chief architect of the report. "But this requires a thorough restructuring of existing aid allocations."

Business briefs

German transport workers strike:

German public transport workers began walk-outs before dawn on Monday as an alliance of public service unions launched a massive strike for the first time since 1974, reports Reuters from Bonn.

Commuters in much of the country will be stranded as local trains, trams and buses are picketed by early shifts in a pay dispute with the government of Chancellor Helmut Kohl.

Egypt denies Libyan deposit:

Egypt denied Sunday that the Libyan government had recently deposited 800 million dollar in the central bank of Egypt in anticipation of any western move to freeze Libyan funds overseas, reports Xinhua from Cairo.

Deputy Governor of the central bank Mohammed Al-Berberi categorically denied the report by the Saudi newspaper "Ashraq Al-Awast" which quoted banking sources as saying Libya had transferred some of its funds overseas to the national bank of Arab countries.

Low inflation in Australia confirmed:

Official figures this week will confirm Australia's low inflation rate, treasurer John Dawkins said Sunday, but he cautioned that other factors would affect a decision to cut interest rates, reports AFP from Sydney.