Reforms may result in double-digit inflation

with India NEW DELHI, Apr 28: The Indo-UAE economic and trade relations are expected to get a boost when the United Arab

Emirates President, Sheikh Zayed bin Sultan al Nahyan, arrives on a three-day visit today. reports PTI. Sheikh Zayed will be the first leader from the oil-rich

region to visit India after the

Gulf war. His last official visit

to India was in 1975, though he had attended the 1983 non-aligned summit here. India's policy of economic liberalisation and new investment opportunities are expected to be explored by the UAE delegation which includes

the Minister for Finance and

Industry, Sheikh Hamad bin

Rashid al Maktoum, and the

Foreign Minister, Rashid Abd-

The two sides are expected to sign a protocol on the avoid

ance of double taxation. Carla Hills thinks farm subsidies

TOKYO, Apr 28: Talks to liberalise global trade will be the July summit of Western economic powers, US Trade Representative Carla Hills said

States over European Community subsidies for agricultural exports are the main topic blocking the conclusion of the five year-old Uruguay round trade negotiations.

from Japan, Europe and Kitashiobara.

of the possible to have a

"If the breakthrough docs not come before the G-7 July summit meeting, it puts in jeopardy the momentum to complete the talks in any reasonable period of time," she

MOSCOW, Apr 18: Presid ent Boris Yeltsin said Russia would not take direct orders from the International Mon etary Fund, a day after his country won membership, a news agency reported Tue-

pressing for admission into the IMF, some critics perceive the acceptance of massive Western aid as a defeat to the once-mighty superpower.

of view."

Fresh work stoppage risks Indian jute export orders agreement under the auspices CALCUTTA, Apr 28 Export of the UMA after the strike in orders for jute times, worth Rs 60 crore, would be jeopardised the industry during February

if the central trade unions of

jute workers went ahead with

their proposed one-hour cease

work per shift from Wed-

nesday next in 59 mills of West

Bengal, reports PTI. The

agitation would also hamper

current negotiations for ex-

porting Rs 30 crore worth of

jute ftems per month, the

Chairman of the Indian Jute

Mills Association B Jalan said

had witnessed a two-month

strike recently and another

one now was 'uncalled for'. He

urged the government to con-

the second phase by the cen

tral trade unions to force the

owners of five jute mills to sign

the agreement restoring wage

reason for the workers to go

for a cease work in those mills

which had implemented the

Jalan said that there was no

The proposed agitation is

He said that the industry

here Monday

demn the agitation.

and March. . He said workers of four mills, which resumed production after a long closure, were allowed by the unions to accept lower wages. While five mills outside the IJMA did not sign the agreement, the National Jute Manufacturers Corporation was yet to implement it, he said.

Jalan observed that the Indian tute mills always stuck to timely delivery of goods to international buyers. The reputation would be tarnished if the unions resorted to a fresh agitation, he said

Jalan pointed out that during the past 10 years, the jute mills outside West Bengal had seen a 25 per cent rise in production as against a 12 per cent decline in mills within the state.

The union leaders, he said, were sending wrong signals to the jute workers at a time when their attempts should be

to increase productivity and recapture the market.

Buyers of jute bags in the Soviet Union have disappeared following its disintegration and the IJMA would have to explore alternative markets.

Reuter from New Delhi adds: Bold moves to liberalise India's shackled economy may be needed despite the risk of inflation which will exceed government projections of eight per cent and remain firmly at double-digit levels. economists said.

"We must not expect reforms to take place without inflationary pressures," T K Bhaumik, Chief Economist at the Punjab, Haryana, Delhi Chamber of Commerce (PHD-CCI), said in an interview India's inflation in the fi-

nancial year that ended on March 31 hit 13 per cent compared with 12.1 per cent a year earlier. It was as high as 16.7 per cent last August.

The government, which has embarked on major reforms to free India's economy from 40 years of socialist control, has forecast inflation at eight per cent and Gross Domestic Product growth at about four per cent in 1992/93 from 2.5

per cent a year earlier. "That projection was given from a political point of view, Bhaumik said, adding that the minority government of Prime Minister Narasimha Rao wanted to prevent the opposition form trying to use fears of inflation to discredit the re-

Bhaumik and other economists said India's inflation was likely to remain at around 13 per cent for the next two to three years, while the economy adjusts to the reform programme.

Frankly speaking, we're doubtful of government's projections because we see no sings at all of a decline in inflation," said Manashi Roy, economist at the Confeder

ation of Indian Indus-tries. "Inflation hasn't risen, but where is the decline?" She

Last year's devaluation of the rupee by nearly 19 per cent against the dollar, high government levies, price increases in state-controlled items, and high production costs would continue to affect agriculture and industry, feeding inflationary fires.

Rao's government, reeling under a 71 billion US dollar foreign debt, has promised to slash government spending and red tape, overhaul the public sector and encourage foreign investment. The reforms were needed

Monetary Fund to bail India out of its worst financial crisis since independence in 1947 while boosting economic growth in the country of 850 million people, 40 per cent of whom live in poverty. India's foreign exchange re-

to persuade the International

serves have risen from less than one billion US dollar last July to nearly six billion US dollar now, giving the government greater flexibility to fi-

nance imports to deal with shortages, particularly in food-

But PHDCCI's Bhaumik said "To improve the performance of the entire public sector, you must have economic pricing

and start reducing government subsidies. That in turn will put pres-

sure on prices," Bhaumik said. Industry officials say they welcome reform, but have asked the government to remove the subsidies in a phased manner to prevent a political and social crisis caused by a sudden surge in prices.

Compounding India's problems is the inefficient Public Distribution System (PDS) under which the government procures essential items such as grain and edible oils and sells them to the public at controlled process.

Economists say the PDS is incfficient. Many farmers refuse to sell to the govern-ment because they can get higher prices in the open market - another source of inflationary pressure.

Bankers to meet in Cairo to find wayout

Quayle's call to shun Japan bashing

NEW YORK, Apr 28: U S Vice President Dan Quayle on Monday asked Americans to stop Japan bashing, saying the two nations needed to work together as global partners who can usher in a new era of open trade and prosperity," reports Reuter.

Quayle sounded a strong Japan-is-our-ally" theme in a speech to the council on foreign relations, a think-tank and in a subsequent news conference in which he also did a little presidential rivals, Bill Clinton and Ross Perot.

He called Clinton the probable Democratic candidate but said he was began rapidly overshadowed by Perot, who if current trends continue, could emerge as Bush's main rivals in the election. As for Perot, Quayle said: "He's a very successful businessman. I'd like to keep him there

in his speech, Quayle, who makes his fourth visit to Japan next month, said, "Emotional outbursts and stereotyping must stop. Japan-bashing, like American-bashing, demeans those who resort to it.

dispute can be resolved

jeopardized unless an impasse over agriculture is resolved by Tuesday, reports AP. Critici | from the United

Hills and trade ministers

Canada failed to reach a break through at a weekend meeting in the Japanese resort area of "I think it is within the art

breakthrough in agriculture, which has been the stumbling block for over a year and a half," Hills said at a news con-

Hills said she did not have a

formula for providing a breakthrough on agriculture, adding that it was up to countries voicing opposition to a draft agreement proposed by Dunkel to submit proposals.

Russia won't take direct orders from IMF: Yeltsin

sday, reports AP.

Although Russia has been

"We do not intend to work under the direct orders of the IMF," the interfax news agency quoted Yeltsin as saying. ... "We do not agree completely with this organization's viewpoint and we will stick to our point

Yeltsin's comments reflected his desire to appear powerful and let his critics know he will not kowtow to the West.



COMMON CAUSE: Striking public sector workers sitting on the tracks on April 27 to prevent a non-striking train driver from leaving the station with the high speed ICE train. Some 2.6 million public sector employees in western Germany launched work stoppages for salary increases of 9.5 pc in what is considered the largest strike since World -AFP photo

IMF, WB formally agree to admit CIS nations

WASHINGTON, Apr 28 The International Monetary Fund and the World Bank officially agreed Monday to admit Russia and other former Soviet republics, opening the way to billions of dollars in aid for the transition to a market economy, reports AFP.

The move came a day after the Group of Seven major industrialised countries pledged 24 billion dollar for Russia, on condition that it agree to a comprehensive reform programme with the IMF and that there be no turning back on

The IMF in an official announcement said its Board of Governors "has adopted membership resolutions for 14 of the former republics of the Soviet Union.

The resolution "signifies that the applicant countries may become members of the IMF once they have taken the legal steps required to carry out the obligations of IMF membership and the terms and conditions prescribed in the resolutions," the statement

The World Bank, whose major condition for entry is membership of the IMF, said it was admitting 13 of the 15 republics, excluding like the IMF Azerbaijan and in addition Turkmenistan. Votes on those two are due in the coming

But they will not officially become IMF members until their parliaments have approved admission, and the actual handing over of aid will depend on the state involved agreeing an economic programme with the Fund. Camdessus has said the

former republics could receive aid of up to 30 billion dollar from the IMF in the next few vears, while World Bank President Preston has said his institution is expecting to lend between 12 and 15 billion dollar between now and 1995.

An earlier report adds: The World Bank expects to lend up to 2.5 billion dollar to the former Soviet Union in it fiscal year beginning in July, half of it to Russia, a senior bank official said in Washington,

Need a green card? See a consultant

ARLINGTON, Va. Apr 28 You're an immigrant who needs a green card or political amnesty. Do you pay a few hundred dollar for help on paperwork or do you turn to a lawyer for often much higher-priced advice?

The lawyers say a mistake by untrained consultants can get you deported. But the consultants argue that most cases are routine and that they provide cheaper and effective help to cash-short immigrants, writes AP. in any case, the business of

helping immigrants establish legal residency in the United States is booming and along the way there are reports of abuses and rip-

The immigration and Natu-ralization Service says only: Consumers beware.

Nicaraguan Dayra Rose Vivas-Arguello is fighting deportation and blames her consultant. A lawsuit against the INS alleges the consultant failed to tell her about key court dates.

The consultant, Ana Julia Howard of Arlington, maintains she never represented Vivas-Arguello, but simply referred her to a lawyer. Nevertheless, Vivas-Arguel lo is appealing her deportation orders, contending she was inadequately counseled.

One wrong word on a form and it could damage you for the rest of your life," warns Roberts Freedman, chairwoman of the Baltimore-Washington chapter of the American Immigration Lawvers Association.

business to boom.

helped create.

immigration law built up more demand for representation than lawyers could handle. The INS certified a limited number of nonlawyers to provide shortterm services for modest fees, such as helping El Salvadorans apply for a special temporary status and would-be citizens study for civic exams.

country.

Arab banks heading for crisis? ABU DHABI, Apr 28 : Arab bankers will gather in Cairo next week to discuss why some banks in the region have collapsed and others suffered losses in what they see as the start of a bank crisis, reports

A senior Arab banker said the crisis has hit several banks worldwide for different reasons and that it had begun to find its way into some Arab countries, including the oilrich Gulf nations.

"The crisis started in joint Arab banks abroad and its in fection has spread into some Arab countries," said Adnan Al-Hindi, Secretary General of the Beirut-based Arab Banks Union (ABU)

"This is threatening the reputation and even the existence of the banking sector," he said in a statement.

The bankers are to open

their three-day conference on May 5 and the focus will be on identifying the problem and proposing solutions. More than 50 bankers, including central bank governors, will take part in the meeting. Hindi said the reasons of

the crisis included bad debts due to a rush in providing loans, the absence of capable bank managements, growing competition, lack of government supervision of banks and the recent Gulf War. The crists has already hit

some Gulf Arab states," he said but did not elaborate on their problems. Several banks and other financing institutions have collapsed in the first three states

while some banks abroad have

Jordan, Lebanon, Egypt and

suffered large losses as a result of bad debts. The Bank of Credit and

Commerce International (BCCI), owned 77 per cent by Emirate of Abu Dhabi, has been shut down worldwide for massive fraud and is in the process of liquidation. Hindi did not elaborate on

the impact of the Gulf War but

in recent press remarks, Abu chairman Nati al-Sakhiri said it deprived Arab banks of about 100 billion dollar. The crisis has also prevented Arab banks from enter-

years," he said. Gulf bankers said the Gulf War had also forced nearly 15 billion dollar, out of Arab banks, most of those funds being invested in the West.

Arab states have nearly 380 banks with estimated assets of 338 billion dollar in 1991, down from around 370 billion dollar five years ago.

Many Arab banks in the region and abroad suffered sharp losses in recent years as a result of bad debts, which accumulated from loans extended during the oil boom of late 1970's and early 1980's.

More than 100 Arab banks

are based abroad, mainly in

Europe. They have provided an estimated 40 billion dollar in loans worldwide. The Gulf War came to aging the arena of international gravate problems and chalcompetition for the next 10 lenges which face the Arab

> effects of this crisis." He urged Arab states to set up institutions to guarantee bank deposits, support bank audit and supervision systems at the central banks and revise

banking sector." Hindi said.

We should work together to

find solutions to neutralise the

"Asia can save \$ 15 b from arms costs"

MANILA, Apr 28: Asia can save 15 billion dollar yearly in a post Cold War peace divided for education, health and other basics if it nearly freezes arms spending, a leading ex pert on development says, reports AFP

serves as advisor to the United Nations Development Programme (UNDP) said in a lecture here Monday that a "window of opportunity" opened with the end of the Cold War.

The association, part of the American Bar Association, says the problem is most troublesome in regions where a crush of immigrants and weak regulation has allowed the consulting

But it's a business the INS

In the 1980s, rapid changes in

EB Duarte, who directs the INS Examination Facilitation Programme, says almost all the consultants' certifications have expired, but that many are still operating their businesses across the

age to freeze their military spending increased in the 1990s - not cut them by three to four per cent every year as industrial nations are beginning to do - it will potentially create a peace dividend of around 150 billion dollar over Mahbubul Haq, a former the next decade, enough to Pakistan Finance Minister who finance all their essential human goals," he said.

Haq estimated that the poorer nations of Asia will need only 14 billion dollar a year to provide basic education "If the Asian countries man- and nutrition, primary health care, family planning facilities, and safe drinking water to their people. Soldiers outnumber teachers in many countries Afgh-

anistan and Laos have twice as

many soldiers as teachers, Victnam three times as many." he said in the lecture at the Asian Development Bank headquarters in Manila. Haq said arms spending was particularly excessive in

south Asia, which accounts for the bulk of the estimated 700 million Asians mired in poverty, and has the lowest lit-

eracy rate of any region in the India ranks 100th in the developing world in per capita income but first in arms im-

financial and banking laws.

ports, while Pakistani soldiers to number physicians 10 to one, he said "When their children ery

for milk in the middle of the night, their governments are out shopping for tanks instead," had said. "When their military generals travel in air conditioned jeeps, the children of these nations suffocate in windowless classrooms."

Poor nations mustn't be forgotten: Japan

WASHINGTON, Apr 28 Japan on Monday expressed support for multinational aid efforts for the former Communist Bloc, but also pledged greater efforts for the developing countries, saying they must not be forgotten,

reports AFP.

"Though the world has focused its attention on the economic reforms under way in the former Soviet republics and eastern European countries, we must not overlook

the importance of encouraging uninterrupted economic development in the developing countries," Finance Minister Tsutomu Hata said. Japan on Sunday, along with

its partners in the Group of Seven major industrialized nation expressed support for a 24 billion dollar aid package for Russia, although it had criticised its announcement by the United States and Germany earlier this month as premature as nothing had been finalised.

But Hata stressed in a speech to the interim committee of the International Monetary Fund here Monday that Japan was ready to take a number of practical steps to cncourage private as well as government assistance to the developing world.

· These included helping public-funded infrastructure development, offering "intellcctual and technical as-

sistance" to establish financial and capital markets in a functioning legal system and promoting "the full use of co-financing with international financial institutions."

grown increasingly important as the economic reform gets under way in eastern Europe and the former Soviet republics," Hata said.

"The role of the IMF has

But "the importance of IMF assistance to other developing countries remains unchanged."

North Asian free trade zone talks begin

BEIJING, Apr 28: Officials of five North Asian countries opened a meeting here Tuesday to discuss a bold U N plan to jointly create a freetrade zone, and an initial blueprint was likely to be approved, reports AFP.

The three-day meeting would set up a consultative group on investment to explore international interest in the 1000 square kilometer (400 square mile) Tumen River Delta, site of the proposed zone, U N officials said.

Officials approval of the draft from the five countries -China, Mongolia, North Korea, Russia and South Korca would probably come in May,

UNDP official Sun Shen said, adding that Japan could be added as a sixth participant at the same time.

Japanese financing is crucial for the success of the Tumen Delta Zone, which straddles China, North Korea and Russia. The 20-year plan

sponsored by the UNDP, calls

132.65 yen to 133.45 yen.

for the creation of a 30 billion dollar free-trade zone in the resource-rich Delta area, with the intention of creating a leading world port in North Asia similar to Rotterdam.

Investment would come from participating countries, private business and world lending agencies.

Rouble 'despised' in own land as dollar reigns supreme

MOSCOW, Apr 28: Money creates a kind of economic apartheid that startles visitors to Russia's major cities, reports Reuter.

On one side are the vast majority who live, work and trade in roubles, one of the world's most derided and chaotic currencies. A minority is better off - some lucky Russians and most

foreigners based here who pay their way with hard currency and credit cards. It's a dismaying experience for patriots. No one really wants the rouble, the ancient currency of formerly

communist Russia. In the cities, people frequently refuse their own banknotes

in favour of US dollar and German mark. The unloved rouble is not recognised on international money markets and is not

freely convertible to any other currency. There is a market rate of say 100 roubles to one US dollar.

The dividing line has social overtones.

A western businessman invites his female Russian associate to meet him for coffee at a luxury hotel, which hardly knows what a rouble looks

"I'll see you outside," she says. "I don't think they Il let me

Together, they go in for coffee, but she meant that the doors are often closed to the solitary Russian, unicss. he or she looks like a big spender.

The irony is that there are a number of Russian women ' promenading in the hotel.

These are expensive prostitutes. Like sleek beasts of prey tracking their quarry,

stored to pre-revolutionary splendour.

Some shops erect another economic hurdle by stipulating "eredit cards only". Here again the number of Russians brandishing plastic is growing.

Amid all the economic chaos, there is a small army of rouble shoppers prepared to spend thousands equivalent to several year's salary for most people - on glossy consumer items like Hi-Fi and television sets. These can be found in outlets

called "commercial shops" to distinguish them from the virtually empty state

But there are a couple of equalisers in the works.

the young hookers move The West is expected to help through plush lobbies re- make the rouble convertible as part of a scheme to integrate Russia into the world economy.

> And Moscow plans a tough new tax which requires foreigners to turn over 60 per cent of their worldwide earnings to the Russian government. An estimated 1.5 million for-

> eigners live in this nation of 150 million people. Few believe the law will be applied to them and that the government can track down their income. But Russian newspapers predict Moscow airport's de-

parture lounge will be bus-

ier than usual this summer just before the law comes into effect. shops where little trading is They carn dollar from western, Middle Eastern and Japanese visitors, mainly

bored businessmen, run-

ning the gamut of Moscow nightlife from A to B. The whores are friendly with the same uniformed hotels

staff ready to deny admis-

sion to local muscovites. The

hotels are foreign currency

oases. The women charge 100 to 200 dollar an assignation - a year's salary for some Russians in rouble terms.

At those rates, few of the in-

trepreneurs in this basic form of private enterprise are complaining. There's a story circulating in Moscow that a poll of one high school class revealed that half the teenage girls

had a single ambition upon

leaving a school - to be-

come a dollar-earning pros-

titute. Just as the doors stay shut to Russians, so they open to foreigners, almost automatiOfficials at a foreign currency store may offer queue priority to a western customer, who may be the only person among hundreds present seeing anything odd about

A lot of these food stores offer high quality imported produce in contrast to Moscow's scruffy shops with their distinctly unappetising atmosphere. Notices outside say "welcome", followed by a qualifier, "hard currency only."

Russians in the country have access to hard currency and at some westernrun shops they now form the majority of shoppers. Russian teenagers form big queues outside fashionable

Boutiques.

An estimated two million

Business briefs

Fund crisis forces UPI closure: United Press International has told a federal bankruptcy judge that it would have to cease operations next month and sought permission to auction its assets, reports AP from Washington.

In a letter to Judge Francis Conrad, the company asked the auction be held before May 15 - the date the news service "will have to cease operations due to an inability to meet its payroll." The letter was sent Friday but the judge had not ruled on it as of Monday afternoon. Dollar falls against yen: The US dollar fell

against the Japanese yen in Tokyo Tuesday on reports of central bank intervention, as share prices gained moderately, reports AP from Tokyo. The dollar closed at 133.07 yen, down 0.58 yen from Monday's close and also below its overnight New York finish at 132.85 yen. After opening at 133.31 yen, it ranged from

or 0.44 per cent, closing at 17,527.40 points. On Monday, the average lost 91.93 points or 0.52 per cent.

The 225-issue Nikkei Stock Average gained 76.88 points,

Bush sees expansion by poll time: After three years of slow or nonexistent economic growth, the Bush administration is looking forward to a more robust expansion by election time, reports AP from Washington.