

BRIEFS

UN to control Cambodian bank
PHNOM PENH, Sept 24: The United Nations peace-keeping authority in Cambodia is to take direct control of the country's central bank, a UN spokesman said. "The National Bank of Cambodia will operate under the direct control of UNTAC," said Eric Falt, spokesman for the UN transitional authority in Cambodia, reports Reuters.

San Marino IMF new member
ROME, Sept 24: San Marino becomes the 173 member state of the International Monetary Fund (IMF) yesterday, San Marino's press bureau has announced. During the first stage of its membership, it is reported, the country will enjoy nine million dollar of special drawing rights.

Brazil-US accord on debt
WASHINGTON, Sept 24: Brazil and the United States signed an agreement Wednesday restructuring the south American country's 1.6 billion dollar in official debt to Washington. The agreement, in the framework of an accord between Brasilia and the Paris club of creditor governments, was signed by Marcello Marques Moreira, Brazil's Economy Minister, and Joseph Saloom, the US Treasury Department's Deputy Assistant Secretary for International and Development, reports AFP.

OPEC unable to fix output level
CARACAS, September 24: The OPEC quota system is currently undergoing a transition period and the agreement reached in the latest meeting of OPEC did not set fixed production levels for each country. Alirio Parra, Venezuelan Mining and Energy Minister made the comments in a press conference held yesterday. The agreements reached by OPEC showed that in the actual expansion stage of the petroleum market, it is not necessary to set production quotas for each individual member, reports Xinhua.

Cut in ATPC tin output wanted
JAKARTA, Sept 24: Several members of the Association of Tin Producing Countries (ATPC) want the group to cut down its total output by 5,000 tonnes to support tin prices, the Antara news agency said Wednesday. Antara quoted president director of the state tin mining company PT Tambang Timah (PTTT), Kuntoro Mangku Subroto as saying that the said members, which he did not name, wanted the ATPC to cut its output ceiling to 80,000 tonnes a year from the current 85,000 tonnes, reports AFP.

EC fund for low pollution power tech
BRUSSELS, Sept 24: The European Community is helping to develop a new method of generating electricity from coal that cuts pollution deeply, the EC's Executive European Commission said here Wednesday. The commission signed a contract in Madrid on Wednesday to give an initial 15 million ECU (20 million dollar) towards the 800 million dollar cost of developing a power station using coal gas instead of coal, reports AFP.

Ukraine for separate debt
WASHINGTON, Sept 24: Ukraine wants to make separate payments on its share of the foreign debts of the former Soviet Union, Central Bank Chairman Vadim Hetman said on Wednesday. "Ukraine is prepared for bilateral talks with all our creditors," said Hetman, in Washington for annual meetings of the World Bank and the International Monetary Fund, reports Reuters.

Poland-Hungary talk on trade ties
BUDAPEST, Sept 24: Hungarian Prime Minister Antall Jozsef yesterday told a press conference that economic relations between Poland and Hungary have suffered a setback, and the two countries should explore ways to revive stalled trade relations. Polish Premier Hanna Suchocka, who is on a two-day official visit to Budapest, held talks this morning with Jozsef. The leaders focused on, among other things, bilateral trade ties, the regional situation and international affairs, reports Xinhua.

World Bank President Lewis Preston says Poor must not pay for problems of the rich

WASHINGTON, Sept 24: Poor countries must not be asked to pay the price of problems in the developed world as well as their own, World Bank President Lewis Preston said here Wednesday, reports AFP.

"The potential for development in the rest of this century, and into the next, is great," Preston told the annual meetings of the International Monetary Fund and the World Bank here.

"But we have not yet taken advantage of the great promise offered by the post-Cold War era," with world output last year "one of the slowest in any year since the Second World War".

"Trade barriers are on the rise in much of the industrialised world", while living standards in developing countries had fallen for three years in a row, he said.

"Donor budgets are tight and events of the past week have created further uncertainties and pressures," he said.

"But the poor should not be asked to bear the burden of adjustment in the rich countries as well as their own."

He noted that despite the "proven record" of the International Development Association (IDA) and "proven

economic slowdown. After World War I, he said, governments "turned inward and made no systematic effort

to help rebuild the defeated nations. The depression and World War II followed. But after the Second World

War, "nations pursued growth oriented domestic policies, pursued cooperative external policies and helped rebuild

increasing needs" the tenth replenishment of its funds had not yet been agreed.

Preston warned against the dangers of countries becoming more protectionist in a bid to cope with the current world the countries devastated by war.

"In addition, the Bretton Woods institutions were established to help promote growth and development. Two generations of social and economic advance resulted."

Describing the Cold War as the "third global war to have ended this century," he noted that domestic economic problems preoccupy angry electorates. Trade frictions are growing. And the economies of the former Soviet Union and of the world's poorest nations, are declining.

"This is a critical moment in history. The spirit of Bretton Woods must prevail," he added.

Stressing that the central mission of the World Bank remained the reduction of poverty, Preston said that "the last year has seen real development progress, but also real cause for concern."

The outlook had brightened in South Asia, and many countries in sub-Saharan Africa had undertaken significant eco-

conomic reforms, but "an enormous challenge remains" in the region.

Latin American economies were also emerging with healthy economies after a decade of debt crisis and painful adjustment.

"The potential for development in the rest of this century, and into the next, is great," Preston said.

But "we must focus on two critical challenges" — environmentally sustainable development for poverty reductions, and "the challenge of helping the formerly centrally planned economies make the transition to modern, market-based systems."

On the former Soviet bloc countries, Preston said "the world's stake in their success is enormous."

Eastern European countries had shown "signs of progress" despite the loss of half their trade due to the collapse of the Soviet Union.

The former Soviet republics face "an even longer and tougher road" because their were more scaled off from the rest of the world than other eastern European countries.

But "if the difficulties of the transition can be overcome, there is tremendous potential... the transition can succeed," Preston said.



WASHINGTON: Greenpeace protesters chained to a replica of the proposed Sardar Sarovar Dam project in India are watched by Washington Police September 23. The group erected the replica of the dam to block the front driveway of the Sheraton Washington Hotel, the site of the 47th annual meeting of the International Monetary Fund and World Bank Groups. The Sardar Sarovar Dam project is being backed by the World Bank. — AFP/UNB photo

G10 Chairman proposes monitoring of global capital flows

WASHINGTON, Sept 24: US Treasury Secretary Nicholas Brady proposed here Wednesday that the Group of 10 undertake an analysis of global capital flows, their size and their movements, to help strengthen cooperation, reports AFP.

Daily transactions in the world foreign exchange markets were now approaching one trillion dollar, Brady told the annual meetings of the International Monetary Fund (IMF) and World Bank in Washington.

"This is roughly double the total reserves of the major industrial countries and well beyond the resources governments can bring to bear in the markets," he added.

"As chairman of the Group of 10, I am proposing the G10 undertake analysis of global capital flows, their size and their movements, and their

implication for the International Monetary System."

This analysis would complement the work of the IMF, and "could serve as the basis for Group of Seven (G7) finance ministers to consider proposals and recommendations to fulfill the mandate of the heads of state and government to strengthen their cooperation and to intensify their efforts to remove obstacles to growth," he added.

Brady took over the chairmanship of the G10 for a year on Sunday. His proposal on Tuesday was essentially a revival of an idea first discussed within the group several months ago.

At the time, the United States was said to be reluctant to undertake such a project, but apparently the current turmoil on the foreign exchange markets helped change Washington's mind.

The Group of 10 actually numbers 11 countries — G7 members Britain, Canada, France, Germany, Italy, Japan and the United States, plus Belgium, the Netherlands, Sweden and Switzerland, the latest entry.

Brady also reiterated that the United States did not intend to raise interest rates.

"When growth occurs, the world's money is attracted to projects which produce jobs, thereby reducing poverty and creating a higher standard of living."

"On the other hand, when interest rates remain high for whatever reason, the returns on investment remain sterile in the banking system. The choice is clear," he added.

He noted that US rates were at their lowest level in 25 years, and that Germany had finally made its first cut in interest rates in five years.

"The major industrial countries are committed to strengthen world growth. We stand ready to take appropriate additional actions to achieve sustained growth and greater currency stability."

The industrial countries have come under strong criticism here for their failure to better manage their economies to achieve growth, and for allowing the current crisis in the European foreign exchange markets, with damaging effects for less developed economies.

Brady said Tuesday that the current world economic situation "highlights the need to strengthen our economic policy coordination efforts."

In the 1980s coordination efforts had helped reduce a wide divergence in economic policies and performance, and economies prospered.

Micro motor

TOKYO, Sept 24: Giant Japanese electronics company Toshiba Corp said today that it had made a tiny electromagnetic motor which, at 0.8 mm (0.031 in) in diameter, is the world's smallest, reports Reuters.

It said the motor was the latest step in developing so-called micromachines, miniature devices that may one day travel around the human body carrying out inspections of the bloodstream and digestive tract. They will need to be powered by ultra-small motors.

A Toshiba spokesman said other smaller motors had been made, but they ran off static electricity, which made them far more difficult to control.

The new motor can operate at speeds from 60 to 10,000 RPM (Revolutions Per Minute) and runs off a 1.7-volt power source.



Manmohan Singh

'Developing states' growth key to global progress

WASHINGTON, Sept 24: Growth in developing countries is the key to kick-starting the world economy as a whole, Indian Finance Minister Manmohan Singh said here Wednesday, reports AFP.

"At a time when other impulses of world growth are weak, the growth of the developing countries offers a most promising source for imparting the much-needed expansionary impetus to the global economy," Singh told the annual meetings of the International Monetary Fund and World Bank here.

NZ, Pacific states to seek NAFTA membership if GATT talks fail

OTTAWA, Sept 24: If current world trade liberalisation talks fail, New Zealand and other Pacific rim countries might seek membership of the North American Free Trade Agree (NAFTA), New Zealand's Prime Minister said here Wednesday.

JB Bolger, on a side trip to the Canadian capital while attending the United Nations General Assembly in New York, met for an hour Wednesday with Canada's International Trade Minister Michael Wilson.

Bolger told journalists that his conversation with Wilson focused primarily on the trade talks, being carried out within the framework of the General Agreement on Tariffs and Trade (GATT).

He said both men agreed that there was "a narrow window of opportunity" — between last weekend's French refer-

endum approving European economic union and the November presidential elections in the United States — for Washington and Brussels to thrash out an agreement over farm subsidies.

This is the prime issue holding up any agreement for any trade liberalisation on a global scale.

Asked whether New Zealand would be interested in joining NAFTA — the recently negotiated free trade pact between Canada, Mexico and the United States — Bolger said this was one possibility if the GATT talks failed.

If the GATT talks succeeded, Bolger said he felt there would be no need for NAFTA to expand beyond the Americans.

In any event, he said, it was still "too early" for New Zealand to consider seeking NAFTA membership.

Japan won't intervene in foreign currency market

TOKYO, Sept 24: Japanese Prime Minister Kiichi Miyazawa said on Wednesday the government would not intervene on foreign currency markets to curtail the yen's sharp gain against the US dollar, news reports said, according to Reuters.

"(The yen) is within the range of ordinary market fluctuations," Miyazawa told Japanese reporters.

"It's not something to take action on," he said, ruling out intervention by monetary authorities.

The yen soared against the US dollar in New York trading overnight, closing at the 120-yen level. Tokyo markets were closed on Wednesday, a national holiday.

Miyazawa, whose comments were reported by Kyodo and Jiji news agencies, said the yen's rally was due to speculative transactions prompted by Britain's interest rate cut and the outcome of Sunday's French Referendum on the Maastricht Treaty on European political, economic and monetary union.

Another report from London adds: France and Germany declared war on currency speculators on Wednesday in a battle to save the crumbling European Monetary System.

The two countries' central banks and finance ministers announced in a rare joint statement that there would be no tampering with the franc's designated rate against the mark.

German overnight rate drops

AFP from Frankfurt adds: The German overnight rate fell to a range of 0.00 per cent to 0.50 per cent, down from a middle rate of 9.225 per cent, market sources said here.

One analyst explained that the rate had fallen because massive amounts of marks had been injected into the market but he also said that the exchange rate of the mark and not weakened significantly.

The dramatic change in conditions on the German monetary market occurred as the French franc was struggling to return its rate against the mark on European markets.

EC currencies after the turmoil

LONDON, Sept 24: The following shows what has been happening to European Community currencies in the turmoil which has rocked foreign exchange markets, reports Reuters.

The British pound and Italian lira have dropped out of the Exchange Rate Mechanism (ERM), Europe's system of semi-fixed exchange rates, while the Greek drachma has yet to join.

Belgian franc: Closely linked to the mark, this is one of the strongest currencies in the ERM. Belgium has cut interest rates several times to try to relieve pressure on the system.

The Luxembourg franc: Already fixed at parity to the Belgian franc in a monetary union.

Dutch guilder: Another of the strongest currencies in the system and likewise closely linked to the mark. The Netherlands has also lowered interest rates to help ease ERM strains.

German mark: The pivot of the system, providing the anchor for other ERM currencies as governments tried to tie themselves into the tough monetary policies of the EC's largest economy.

Recent high German inter-

est rates to counter domestic inflationary pressures pushed the mark up strongly against weaker ERM currencies, stretching the system all most to breaking point. The Bundesbank, Germany's central bank, shaved a quarter percentage point off its main Lombard interest rate on September 14 but this failed to curb massive foreign exchange market speculation against weaker units.

Danish crown: Although near the top of the ERM's currency grid, the crown has come under some pressure and European central banks have been reported intervening periodically to lift it off its ERM floor against the mark.

French franc: Usually seen as a sound currency after 10 years of official commitment to a strong franc policy, the French currency has come under intense attack from speculators looking for a fresh victim of Europe's currency turmoil. The Bank of France on Wednesday raised interest rates to 13 per cent from 10.5 per cent and intervened heavily on foreign exchange markets to prop up the franc. In a rare joint statement, France and Germany pledged once again to defend the current

Franc-Mark exchange rate.

Irish punt: This came under attack after the British pound dropped out of the ERM. Although the government has said the punt will not be devalued, fears that the lower British pound would hit Irish exports have undermined the currency. The Bank of Ireland has intervened in currency markets to lift the punt off its ERM floor and has also made use of Ireland's remaining foreign exchange controls to deter speculators.

Portuguese escudo: Although generally regarded as a weak currency because of the problems faced by the Portuguese economy, the escudo, which joined the ERM in April, has survived devaluation because of very high interest rates. But most dealers believe an eventual devaluation is inevitable.

Spanish peseta: The peseta, which also joined the ERM in April, was devalued by five per cent within the ERM last Thursday but immediately came under fresh attack. The Bank of Spain on Wednesday moved to deter speculators by requiring domestic banks to match loans to foreign investors by depositing an equal sum, interest-free, with the

central bank — effectively reintroducing exchange controls the government abolished in February.

British pound: It dropped out of the ERM last week after two British interest rates rises and massive central bank intervention failed to save it. It has since plunged more than eight per cent against the mark from its previous ERM floor. Britain says it wants changes in the system before it rejoins.

Italian lira: This was devalued by seven per cent on September 13 but continued to weaken and was forced to back out of the ERM temporarily last week. Interest rate rises and heavy intervention were not enough to prop up the currency. It has since fallen sharply against the mark and Italy was unable to stick to its original plan of returning to the ERM on Tuesday.

Greek drachma: Greece has pegged the drachma to the mark in preparation for its entry into the ERM in late 1993. Despite fears of a devaluation, the drachma has held up, protected by Greece's rigid currency controls. On Friday Greece raised interest rates on central bank overdrafts to deter speculators.

Uncle Ho's circus struggles in a capitalist world

HANOI: Cut off from funding from the former Soviet Union, the Hanoi Circus, like many other businesses in Vietnam, is turning to capitalism to keep the show going on, according to IPS.

The circus was put up by the father of Vietnamese communism, Ho Chi Minh, in 1956 two years after his troops defeated the French colonial army. For decades, the circus survived on Soviet and East European support and aimed to highlight Vietnam's cultural unity.

Although communism is still intact in Vietnam, the circus will soon be using capitalist tools of the trade and try to diversify support from countries like Cuba and China.

Circus Director Nguyen Tam Chinh is planning to book foreign circuses and rock bands in her new US one-million dollar circus coliseum designed and financed by the Soviets. "It has all the features for a live show," says the one-time socialist acrobat who now sounds like an entrepreneurial impresario. "The coliseum can also be used for boxing matches, sports events — even conventions and conferences."

The 1,660-seater enclosed amphitheater opened last year at about the same time the

Soviet Union was disintegrating.

Since then, 30 Vietnamese performers have been stranded in Moscow, with their subsidies and training stopped after the dissolution of the Soviet Union. The supply of crucial equipment — ropes, trapezes, props — from the Soviet circus has dried up.

A tour to Yugoslavia last November was cancelled because of the civil war there, while hopes of overseas performances for this year are dashed because funding from the socialist bloc has stopped.

"Vietnam is poor and facing difficulties," admits Chinh. "State subsidy to many enterprises have been cut off." But she remains optimistic. "Our circus has international prospects, so (the government) pays attention to it."

Chinh's circus troupe has managed to pack the new coliseum with a paying audience despite a sagging local economy. Crowds throng to pay 30 cents to one dollar each to see the evening show. On weekends, when the demand is heavy, tickets are sold at a premium by speculators hanging around the circus gates. The performances grossed about 10,000 dollar between last December and February this year, Chinh reports.

The circus still gets support from Cuba but Chinh is pinning her hopes more on Vietnam's traditional rival, China. The two countries now find themselves in similar political circumstances and have tried to patch up differences.

"China will open up new training opportunities and reinvigorate the old socialist brotherhood," says Chinh.

Vietnam's free-market reforms, growing international trade links with capitalist countries and the anticipated lifting of the US economic embargo this year are also raising Chinh's ambitions.

The circus director plans to construct a hotel, near the new coliseum and is wooing foreign tourism by sending circus teams to perform in Hanoi's burgeoning embassy row. An increasing number of foreigners now rub shoulders with senior apparatchiks occupying the coliseum's 'special' seats.

The circus's 200 performers, who get about two US dollar each per performance aside from a seven US dollar monthly salary, learned their craft from the Moscow circus. They say their circus is getting more Vietnamese in its flavour after losing Soviet direction.

Vietnamese music, choreography, village

games and acrobatics are slowly edging out Russian-inspired routines that are often greeted with a puzzled silence from the audience. Explains Chinh: "Our slogan is to rely on our own strength and to develop our national identity."

During the war with the United States, the circus often went to the front lines to entertain troops. While US comedian Bob Hope was amusing marines on the other side, the Vietnam circus trudged miles along jungle tracks to perform for Vietnamese guerrillas.

"Sometimes, in the middle of a show, US aircrafts would attack," recalls Chinh, who has been with the circus since 1961. "We would stop and help the soldiers by carrying ammunition."

Chinh joined the circus when she was 15 years old and initially had trouble getting her farmer-parents' permission, but she was soon doing her act of supporting a three woman pyramid.

"They said that circus jobs were not meant for nice girls and all that jumping prevented a woman from having children," says Chinh, who is now a mother of two. "But when I told them that I was joining Uncle Ho's circus, they were persuaded."

Dollar plunges against yen in New York

NEW YORK, Sept 24: The US dollar plunged to a new low against the Japanese yen Wednesday as investors sought a safe haven from the turmoil that has plagued the European currencies, reports AP.

Gold prices were marginally lower. On the New York Commodity Exchange, gold billion for current delivery settled at 248.60 dollar a troy ounce, down 20 cents from Tuesday. Republic National Bank said gold was unchanged at a late bid price of 348.60 dollar ounce.

The dollar opened higher in moderate trading. But the currency's upward move came to an abrupt halt following comments by a senior government official who said the dollar's value against the yen was not a problem.