

BRIEFS

US again suspends credit to Russia

WASHINGTON, Dec 3: Russia is in arrears again on US-backed loan repayments and has been suspended from an Agriculture Department export credit programme until it catches up, agriculture officials said Tuesday. It marked the second time in as many weeks that the country has been late on its bank repayments, reports AP.

UAE releases 5 BCCI executives

ABU DHABI, Dec 3: United Arab Emirates (UAE) authorities have released five of 18 detained BCCI executives for lack of evidence but they have been barred from leaving the country, Attorney General Mohammed Al-Dahir announced. The five, two Britons and three Pakistanis, were released on Tuesday after more than a year in detention in connection with the fraud in the collapsed Bank of Credit and Commerce International, Dahir said in a statement released here, reports AFP.

Arabs see double oil output by 2000

ABU DHABI, Dec 3: Arab states are expected to produce half the world's oil output by the year 2000 doubling their current share, because of projects to expand capacity and as oilfields deplete in other countries. "For several decades, Arab oil will remain the most important factor in world oil production, exports and reserves, said a study by the Amman-based Arab Economic Unity Council, which groups Arab economy ministers," reports AP.

Delhi asked to ease rules for investors

NEW DELHI, Dec 3: India must replace cumbersome procedures that deter foreign investors with a single authority to approve new projects, a report by a European Community (EC) business delegation said. The report prepared for the first meeting of the Indo-EC business forum in New Delhi Thursday said India had received commitments of one billion in Foreign Direct Investment (FDI), less than that won by China, Thailand and Indonesia. India could attract more FDI and technology and should adopt a partnership approach to foreign investment, the report said, reports Reuters.

Nomura Securities to cut 1400 jobs

TOKYO, Dec 3: Nomura Securities Co, the world's largest brokerage, said Wednesday it would eliminate 1,400 jobs over three years to help cope with the nation's business and stock market slump. The restructuring would leave Nomura with about 10,000 workers, said a Nomura official, speaking on condition of anonymity. He said there would be no layoffs, and the jobs would be eliminated as workers retired or resigned. In October, Nomura reported an after-tax loss of 8.5 billion yen (68 million dollar) for the half-year ended in September, compared with an 18.1 billion yen (146 million dollar) profit a year earlier, reports AP.

Imelda to talk on Swiss deposits

MANILA, Dec 3: Former first lady Imelda Marcos has agreed to resume talks with the government on the possible return of more than 350 million dollar deposited in Swiss banks, her lawyer said Wednesday. Antonio Coronel told reporters that a letter sent by Mrs Marcos to government chief lawyer Raul Roco has designated him as her official representative in the negotiations, reports AP.

Mozambique needs \$1198m aid for 93

MAPUTO, Dec 3: The Mozambican economy needs foreign funding in 1993 of 1,198 million US dollar if it is to continue with the economic and social recovery programme (Press), the local name for structural adjustment measures, according to a World Bank report. The report prepared for next week's meeting in Paris of the consultative group on Mozambique, and cited in Wednesday's issue of the independent Newsheet Medialax, says this figure includes emergency food aid for the 1993-94 agricultural year, and presupposes that this year's severe drought does not continue, reports AP.

AIDS may wreak havoc with Third World's development

PARIS, Dec 3: The rapid spread of AIDS could have a severe and far-reaching impact on economic and social development in Africa, Asia and Latin America over the next several years, the Development Assistance Committee (DAC) said on Wednesday, writes AFP. The consequences of AIDS were "undermining years of progress in development co-operation, released here.

"It is increasingly clear that solutions to the pandemic will require a much more comprehensive approach" by donors and developing countries alike, both to stem the spread of the disease and to help developing nations meet its consequences, DAC chairman said. With more than 6.5 million people infected by HIV, out of an estimated 1992 world total of 10 million, Africa is the most heavily affected region, he said.

But Asia, with over one million infected at present, "may exceed Africa in annual adult rates of HIV infections" by the late 1990s, and the level in Latin America, also with over one million HIV-infected, was growing rapidly, too. Out of the remaining 1.5 to 1.6 million infected, one million cases were located in North America, some 500,000 in Europe and the remainder in Australia, the former Soviet Union and China, the report said, quoting the latest World Health Organisation estimates. By the end of the current decade, WHO foresees one million new AIDS cases a year, compared to a total of 1.5 million cases recorded worldwide since 1980.

In Africa, Love said, 500,000 children have so far died from AIDS and some five to ten million could be born HIV-positive in the 1990s. Some 30 to 40 million men, women and children worldwide were likely to be HIV-infected by the end of the decade, he said.

The consequences would include a "reversal of the recent improvements in child survival rates" in many developing countries, the DAC report said. Deaths from AIDS at an age when people are "in their most productive years" and would cause "immense" productive loss to developing countries, it said. AIDS deaths were already "eroding the thin layer of edu-

cated elite," which has been particularly hard hit. Already, it said, this had deepened existing "skill shortages" and "negated much past investment in human resource development" in sub-Saharan Africa. The report said a high death rate among young parents in some central African countries was already creating "an unprecedented population of orphans."

There could be some 10 to 15 million orphans due to AIDS, mostly in sub-Saharan Africa, by the end of the decade, and the decimation of the extended family could deprive these orphans of family support.

More generally, the disease was "overloading" the already inadequate health and social support systems in developing countries, the report said. The DAC chairman said affected developing countries must themselves act without delay to step up efforts to check the spread of the disease. They must make a political commitment "to make AIDS prevention and control a top priority now," he said, recalling that African heads of state had made such a com-

Global trade to grow by a small margin in '92

GENEVA (Switzerland), Dec 3: World trade will grow this year by only a very modest amount, the third straight low-growth year, Lars Anell of Sweden said here on Wednesday, says AFP. He heads the contracting parties of the General Agreement on Tariffs and Trade (GATT) and was speaking at the opening of the multilateral trade agency's annual session.

He said there had been some recovery in the first half of the year, world trade growing by more than five per cent, but "the strength of the economic recovery has slackened" during the current second half of the year.

In 1991, world trade grew by three per cent in volume terms and by 1.5 per cent in value terms to a little more than 3.5 trillion dollar.

Anell, the Swedish Ambassador to the EC, stressed the need for quick conclusion of the trade negotiations in GATT's Uruguay round, which have been going on for six years. An agreement would mean "no losers, only winners," he commented.

20 cities and level of their air pollution

GENEVA, Dec 3: Here is an alphabetical list of the 20 cities in the UN study of air pollution, according to AP. Listed are the cities, their population in millions, their projected population for the year 2000 in parentheses, and their problem pollutants. The pollutant is followed by a 1 if it is regarded as moderate to heavy, or 2 if it is a "serious problem."

- X indicates pollutants are poorly measured, but it is followed by any that the UN believes to be a problem.
- Bangkok, Thailand, 7.16 (10.26), dust 2, lead 1
- Beijing, 9.74 (11.47), sulfur 2, dust 2, ozone 1
- Bombay, India, 11.13 (15.43), dust 2
- Buenos Aires, Argentina, 11.58 (13.05), dust 1, X lead
- Cairo, Egypt, 9.08 (11.77), dust 2, lead 2, carbon monoxide 1, X sulfur dioxide
- Calcutta, India, 11.83 (15.94), dust 2
- Delhi, India, 8.62 (12.77), dusts 2
- Jakarta, Indonesia, 9.42 (13.23), dust 2, lead 1, carbon monoxide 1, ozone 1
- Karachi, Pakistan, 7.67 (11.57), dust 2, lead 2, X carbon monoxide and nitrogen dioxide
- London, 10.57 (10.79), carbon monoxide 1
- Los Angeles, 10.47 (10.91), ozone 2, dust 1, carbon monoxide 1, nitrogen dioxide 1
- Manila, Philippines, 8.40 (11.48), dust 2, lead 1, X carbon monoxide, nitrogen dioxide and ozone
- Mexico City, 19.37 (24.44), sulfur dioxide 2, dust 2, carbon monoxide 2, ozone 2, lead 1, nitrogen dioxide 1
- Moscow, 9.39 (10.11), lead 1, carbon monoxide 1, nitrogen dioxide 1, X sulfur dioxide
- New York, 15.65 (16.10), carbon monoxide 1, ozone 1
- Rio de Janeiro, Brazil, 11.12 (13), sulfur dioxide 1, dust 1, X carbon monoxide
- Sao Paulo, Brazil, 18.42 (23.60), ozone 2, dust 1, carbon monoxide 1, nitrogen dioxide 1
- Seoul, South Korea, 11.33 (12.97), sulfur dioxide 2, dust 2, X ozone
- Shanghai, China, 12.55 (14.69), dust 2, sulfur dioxide 1, X carbon monoxide



BRUSSELS: British Prime Minister John Major is seen with Danish PM. Major went to Brussels to discuss with Danish leaders about the future of Maastricht Treaty. Danish voters rejected the treaty in a referendum which casts some doubt about the future of the proposed union among 12 European states. — Star TV photo

Moscow ready for compromise on privatisation plan

MOSCOW, Dec 3: Russia's minister responsible for privatisation, Anatoly Chubais, said on Wednesday the government was prepared for "reasonable compromise" with opposition forces in parliament, reports AFP. Chubais, speaking to the Congress of Peoples' Deputies, the full-scale parliament, said the 1993 privatisation programme was "the result of a compromise with Civic Union, the parliamentary economic council and with, to a smaller extent, the central bank."

The opposition coalition claims that many enterprises will go bankrupt if they are not given an opportunity to modernise, with state assistance, before becoming private businesses. Chubais, who is a deputy prime minister, did not say which concessions he had made to Civic Union and other parliamentary opposition forces. The bill now goes to the upper house for consideration during the current parliamentary session, which ends Dec. 8. But under Japanese law, a budget bill goes into effect within 30 days of approval by the more powerful lower house even if not passed by the upper house.

Japan's lower house okays stimulus plan for economy

TOKYO, Dec 3: The lower house of Japan's Parliament on Tuesday approved a revised 1992 spending plan intended to stimulate the nation's slumping economy despite revenue shortfalls, reports AP. The bill was needed to authorise 2.07 trillion yen (16.63 billion dollar) of the 10.7 trillion yen (85.94 billion dollar) in emergency pump-priming measures the government announced in late August.

Parliamentary action on the bill was delayed for weeks because of wrangling between the governing and opposition parties over how to probe a scandal involving the illegal political donations and politicians' alleged links with mobsters.

While authorizing pump-priming spending, the bill also slashes the original 1992 budget of 72.22 trillion yen (580.1 billion dollar) by 728 billion yen (5.85 billion dollar). The 2.07 trillion yen for economic stimulation measures includes 1.96 trillion yen (15.74 billion dollar) earmarked for additional public works and other investments.

'GATT deal will raise output by \$5 trillion'

BRUSSELS, Dec 3: A GATT world trade agreement would create increased production worth more than five trillion dollar over the next decade, the United States ambassador to the European Community said on Wednesday, reports Reuters.

"The global trade agreement now on the table will generate, in manufactured products alone, an increase in world output of more than five trillion dollar over 10 years," James Dobbins told a business lunch meeting. "An agreement of this dimension is within our grasp. It can be concluded within a matter of weeks," he said. The US forecast is far greater than other studies. A report by the Paris-based OECD's development centre forecast an increase in output of 195 billion dollar over 10 years but added that some developing countries could suffer from a GATT deal.

EC, US proceed with details of farm talks

BRUSSELS, Dec 3: The European Commission, ignoring France's protests, forged ahead in talks with US officials on Wednesday to iron out the last details of crucial farm pact clearing the way for a global free-trade accord, reports Reuters.

The commission, which negotiates on international trade issues on behalf of the 12 European Community states, said top US technical farm negotiators Joe O'mara was discussing with his EC colleague Guy Legras in Brussels the last pending items. A commission spokesman said he could not elaborate on the topics under discussion, but diplomats said the main issue was corn-gluten feed—one of the points covered by the milestone EC-US deal which headed off a looming trans Atlantic trade war.

EC, US proceed with details of farm talks

There is fine-tuning going on today between officials regarding the text agreed in Washington 10 days ago on oilseeds and GATT's Uruguay round but it has no other purpose than confirming between the parties what has been agreed," the spokesman said.

The figure of 24.9 includes 3,200,000 BPD production from Ecuador which quit OPEC on Friday. He said small member countries were left powerless in OPEC. "They have no role in the organisation's decisions," he said.

OPEC will eventually collapse, says Iraq

BAGHDAD, Dec 3: Iraq's Oil Minister said in remarks published Thursday that not all OPEC members would abide by their new output agreement and the oil producers' cartel would eventually collapse, reports Reuters.

"It (the agreement) will be a cause for OPEC's failure to influence the international oil market and will eventually lead to the organisation's collapse," Usama al-Hiti told the government daily Al-Jumhouriyah. "The agreement is informal, not suitable to the current market situation," he said, speaking after last week's ministerial meeting in Vienna of the Organisation of Petroleum Exporting Countries (OPEC).

EC, US proceed with details of farm talks

But Finance Minister Almayehou Dababa said Tuesday the pledge from 14 countries and eight financial groups was still under negotiation. The pledge was made last week during Ethiopia's first appearance before the so-called Paris Club of donors since 1974, when the Horn of Africa nation's monarchy was toppled in a revolution that led to Marxist rule.

The club includes the seven industrialized nations, the World Bank, the International Monetary Fund, the European Investment Bank and the African Development Bank. Nearly all Western nations, led by the United States, suspended aid to the impoverished nation of 50 million during Mengistu Haile Mariam's 17-year reign.

Ethiopia secures \$1.2b for reform programme

ADDIS ABABA, Dec 3: Ethiopia has secured a 1.2 billion dollar assistance pledge from international donor to fund a reform programme that includes dismantling a decrepit Marxist economic structure, reports AP.

Drought in Lanka, India, Kenya push tea prices higher

LONDON, Dec 3: Drought in Southern India, Sri Lanka and Kenya has pushed tea prices close to three-year highs in London this week, trade sources said on Wednesday, reports Reuters. The dry weather now appears set to wipe about 120,000 of crops this year. "The reason for the rise is essentially the shortage of crop worldwide. If you take that amount of tea out of the market then you are creating a shortage in every consuming country," one trade source said.

Production in Sri Lanka during the first nine months of this year fell to 126,626 tonnes from 184,951 tonnes in the same period in 1991, international tea committee figures show.

An interview with Commerce Minister

'We do not believe in wholesale import liberalisation'

Commerce Minister M K Anwar said the present government does not believe in wholesale liberalisation of import without due protection to legitimate interests of local industries. According to him, the idea of open market is a utopian concept because it does not really exist anywhere in the world.

He made these observations while giving an interview to Shaheel Anwar of United News of Bangladesh (UNB) Tuesday.

Full text of his interview is given below. UNB: Successive governments in Bangladesh have been pursuing the policy of developing a private sector led economy. But the results so far is dismal. Private sector is yet to make any significant response despite innumerable policy incentives. Rather private investment has declined in real terms over the years. How do you see the paradox? Where the problem lies and what is to be done to reverse the course?

M K Anwar (MKA): It is true that private sector response to policy changes is not encouraging. In spite of significant deregulation and liberalisation, private sector involvement in industry has remained much below expectation and potential. Why it has been so is a difficult question to answer. Besides, this relates to areas of activities very little of which is within the purview of the Commerce Ministry and I don't think I know the whole answer.

The real problem, it appears, is inadequate understanding of dynamics of entrepreneurs' behaviour. Package of incentives is of course an essential precondition but this, by itself, does not constitute sufficient consideration to induce an entrepreneur. There are other conditions like mechanism to avoid misuse of incentives, consistency of policy decisions with realities of market conditions, assurance of continuity of policy decisions, accessibility of the government to industrial community, extent of confidence of the government functionaries on the private sector — all these factors combined together creates a bridge of confidence between the private sector and the govt. Perhaps it is necessary to pay more attention to the efforts for building and strengthening this confidence bridge between the private sector and the government. UNB: In the backdrop of frequent loan

default and growing industrial sickness, how matured and dependable you find Bangladesh's private sector to take the lead of national economy?

MKA: First of all, we must remember that we are dealing with first generation entrepreneurs and there is always an element of learning through costly method of trial and error. In many cases defaults are due to inadequate feasibility studies of projects coupled with inadequate (may be deliberate) monitoring of implementation. Other reasons are exchange rate fluctuations, change of market conditions, changes in duty structures, import liberalisation etc. All these parameters are subject to changes, but before making any change it is essential to ascertain how the proposed changes will affect the investors and the consumers.

The most important reason for these defaults is the dishonesty of the past regime in

at the root of stagnating private investment. Do you agree? MKA: There is always scope of improvement in the matter of support, be it political or administrative. But the stagnating private investment is primarily the result of past mistakes and misdeeds. Deliberate and motivated haste in implementing projects without adequate feasibility has ruined many industries and industrialists. Government deciding the compensation structure of management and workers in private sector and excessive politicisation of the trade union in the past has contributed to this stagnation. Present government has been trying to come out of these unethical practices detrimental to industrialisation and development. But it is a herculean task to clean up the mess created in a decade. The vested interest groups are obstructing every move to make changes. Democracy is a system of government based on

protection to industries is essential but this cannot be pursued indefinitely without compromising larger public interest. Import was highly restricted for a long period but that has not helped development of industry. What is more important for viability of local industry is to provide them inputs and utilities at prices available to industries in other countries.

administering the industrial policy and the incentive packages which resulted in over capitalisation of projects and diversion of project funds. There may be some cases of deliberate default but their number would be small. I am a believer in the positive side of human nature and given due recognition and environment, private sector in our country can achieve wonders.

Our doctors, our engineers, our teachers, our workers and our entrepreneurs are competing at least with equal footing in other countries. There is no reason to suggest that they are unable to do the same at home. All that is needed is a climate of discipline and reason. It is essential to penalise defaulters but before doing so the reasons for default has to be gone into. If prices are determined by market forces it should be true of all inputs including labour, management, raw materials, power, etc. UNB: private sector often alleges that lack of political support and bureaucratic tangle are

the idea of limits to governmental authority especially the economic arena. UNB: Do you believe that entrepreneurs, which is virtually still in its infancy, can absorb the shock of the wholesale import liberalisation being pursued? Would you please support your answer?

MKA: Assumptions in your question are not correct. We do not believe in wholesale import liberalisation without due protection of legitimate interests of local industries. The open market idea is a utopian concept which exists no where in the world. Had it been so, our workforce could drive out workers from industries of many countries. But that is not the case — poor countries have to open their market for goods of developed countries but the developed countries are not obliged to allow our workers to compete with their workforce.

The present government is committed to pursue a out-ward looking trade policy. For export-led development our industrial sector

has got to be strengthened to be competitive externally. This is more so because of a very small domestic market. A gradual process of trade liberalisation is essential for us to strike a balance between the need for legitimate protection to domestic industries and supply of quality goods at reasonable prices to the consumers. Protection to industries is essential but this cannot be pursued indefinitely without compromising larger public interest. Import was highly restricted for a long period but that has not helped development of industry. What is more important for viability of local industry is to provide them inputs and utilities at prices available to industries in other countries. Industries cannot be developed in a situation where input and utilities are priced arbitrarily whereas the output has to face the market forces. UNB: Leader of the opposition has said that the present government's policy of import-oriented economy has turned the country into a market of foreign goods. How do you see this allegation? MKA: I have already mentioned that the present government is committed to pursue liberal economic policy and the leader of the opposition has amended her party constitution expressing allegiance to liberal economic policy. Regarding allegation of unrestricted import by the present government, it is not based on facts. There is need for gradual liberalisation of import but we will not do it, at the cost of local industry and also the consumer. Let me give you some numbers. During 1975-76 total export was 25 per cent of import. During 1976-77, the first full year of President Zia's regime the figure rose to 54 per cent. This percentage again came down to 39 during 1989-90. Export again rose to its all time high figure of 55 per cent of import during 1991-92 the first year of Begum Zia's regime. These numbers will speak for themselves. A few days ago there was a hue and cry over import of eggs and it was alleged that the present government allowed import of eggs. Actually egg has been a freely importable commodity since 1988. We have, however, imposed 30 per cent duty on egg to protect domestic production.