### India's inflation

### forecast at 10.5 pc

BOMBAY, Feb 4: India's inflation rate is forecast to average 10.5 per cent in the financial year ending March, down from 13.6 per cent in 1991-92, the Reserve Bank of India (RBI) said. It said that while the year-on-year rise in the wholesale price index was projected at 7.95 per cent by the end of March, the average annual rate of growth would be 10.5 per cent during 1992-93, reports Reuter.

#### Thai officials in Yangon for gas talk

BANGOKOK, Feb 4: A delegation of That oil officials left for Yangon to discuss the construction of a proposed gas pipeline running from Myanmar to Thailand, an offi cial said here Thursday. The team of six officials from the state petroleum authority of Thailand and its exploration wing. PTT Exploration and Production Co (PTTEP) will nicct with Myanmar Deputy Energy Minister Tin Tun, a PTT spokesman said, reports

#### Israel, EC trade talks to continue

BRUSSELS, Feb 4: Israel said it had agreed with the European Community to con tinue talks on closer trade ties, following its decision to allow some of the deported Palestinians to return home. Israeli Foreign Minister Shimon Peres also told reporters his country, at a dinner meeting with EC foreign minister in Brussels late on Monday, had dropped its objection on how community aid was provided to the Israeli-occupied territories, reports Reuter.

#### Kohl faces tough talk with states

BONN, Cob 4: Class clls Helmut Kohl Jaces teugh talks with the heads of Germany's 16 regional states Thursday over his proposals for putting the country's shaky finances on a solid long-term footing. Kohl's federal consolidation programme a package of spending cuts and limited tax rises has been fiercely criticised not only by the Opposition Social Democrats (SPD), who rule 10 states, but by his own Christian Democrats (CDU), reports Reuter.

#### Camberra's aviation chief resign

CANBERRA, Feb 4: Australian Civil Aviation Authority (CAA) chief executive Frank Baldwin, who was at the centre of a storm over the tendering process for an air traffic control project, has resigned, the CAA board announced Wednesday. His resignation followed a meeting of the board Tuesday at which it decided while it could not justify his dismissal neither could it function properly if he remained at its head, reports AFP.

#### Pak cotton output declines

KARACHI, Feb 4: Pakistan, the fourth largest producer of cotton, has cropped only about 10 million bales this season against last year's record production of 12.7 million bales, market estimates revealed Wednesday. The shortfall is the result of monsoon floods in the cotton growing areas of Punjab and Sindh last October. Officials had initially denied extensive damage to the cotton crop, which finances 68 per cent of the country's exports through textiles, yarns, garments or other made-ups, besides raw cotton, reports AFP.

#### Danish, Dutch support for krone

COPENHAGEN, Feb 4 The Danish and Dutch central banks intervened in money markets Wednesday to defend the Danish currency krone against speculation intended to pressure a devaluation. The Danish Central Bank raised a key interest rate from 11.5 per cent to 13 per cent to support the krone by encouraging holders of the currency to keep it in Denmark, reports AP.

#### 200-yr-old cheese fetches \$ 1,513

LONDON, Feb 4: A cheese collector paid 1,058 pound (1,513 dollar) Wednesday for an ounce of 200-year-old Tibetan cheese. Sotheby's auctioneers said. Simon Perry, a British children's television host, outbid Pierre Bruno of ISIGNY, Cheeses of Normandy, reports AP.

## EC strongly denounces US Women would continue to take trade measures

BRUSSELS, Feb 4: European Community foreign and trade ministers issued a strong denunciation Wednesdays of tions on public procurement. US measures to shut out EC steel export and European tenderers on public contract from the US market, says an AFP report.

They avoided direct threats of retaliation, but said in statement: "the council reserves its full rights to take whatever action is necessary."

The meeting's Chairman, Danish Foreign Minister Niels Helveg Petersen, said of the US action: "if it is a signal of the political direction of the (Clinton) administration, it is clearly very worrying."

On Monday the US administration announced it would bar firms to EC countries from

tracts in the United States, retaliation against EC restric-

Last Wednesday, Washing ton announced steep antidumping duties on imports of sheet steel from 19 countries, including seven in the EC.

The Minister, in a rare display of unanimity, said the steel duties were unaccept able, and endorsed an accusation Monday by EC Trade Commissioner Leon Brittan that the public contracts ban amounted to "unilateral bully-

French Foreign Trade Minister Bruno Durieux praised the EC's unanimous condemnation of the US actions, adding that this time Washington would be unable to

exploit divisions within the

British Industry Minister Tim Sainsburg said "the US move on public procurement was a case of "the pot calling the kettle black," since the US buy American act and other regulations were at least equally protectionist

Petersen said the EC ministers had a "full discussion" on possible retaliatory action, but then agreed to limit their initial reaction to rhetoric in the hope that the Clinton administrati n might back down.

the EC council was clearly pinning its hopes on the fact that the twin trade moves. which culminated in the first two week of the Clinton administration, were launched by the previous Bush administra-

EC Trade Commissioner Brittan is due in Washington on February 11 to meet senior trade officials in the US administration notably trade representative Mickey Kantor and Commerce Secretary

The meeting was originally scheduled to prod the United States into reviving stalled world trade talks under the General Agreement on Tariffs and Trade (GATT). But Brittan's aides said the steel and public procurement disputes would take centre stage at the talks.

Ronbrown.

The move had been aimed particularly at imports from such countries as China and Eastern Europe.

# the back seat

DAVOS, (Switzerland), Feb 4 Only about 10 per cent of the world's 200 top young leaders of the future are women, according to a selection made by the prestigious World Economic Forum which is hosting its annual meeting here.

The selection, initiated this year, is of 200 people born in the second half of this century who have already made their mark and will lead business, finance, politics, the arts and academia into the next millennium. But only 25 are women.

reports Reuter.

We would have liked to have seen more women on the list and we've set a goal of reaching 40 per cent in the future," Donald Keogh,

president of Coca-Cola and eo-sponsor of the programme told a news conference on Monday.

The list ranges from wellknown figures such as Britain's conferneration of British industry director general Ho-ward Davies to a 16-year old American entrepreneur who wrote a book advising children how

to make Money. Also on the list is Microsoft Chairman Bill Gates, Mexico's Finance Minister Pedro Aspe, Virgin group chairman Richard Brason and US congressman Joseph Kennedy II.

Among women are Beatrice Marre, French President Francois Mitterand's Chef de Cabinet and Rigoberta Menchu, the Guatemalan

human rights activist who won last year's Nobel peace

The organisers say the lack of women reflects barriers they still face in business and public life. WEF founder Klaus Schwab said the list will be monitored carefully to ensure house picked

continue to be influential. The idea is to achieve a better global orientation, he said. adding the leaders would meet regularly to exchange ideas

Those on the list will be presented with awards at a ceremony on Tuesday, the last day of the meeting of business and political leaders. The WEF founded in 1971 links 800 member companies from 50 countries.

### To continue rapid development

### East Asia will need foreign aid of \$30b annually: WB

WASHINGTON, Feb 4: China, Indonesia and the other countries of East Asia will need 30 billion US dollar annually from the rest of the world in the coming years if they are to continue their rapid economic development, the World Bank said, reports Reuter.

That's about double the amount of foreign assistance that the region required in 1991, the last year for which complete statistics are avail-

"Despite East Asia - success

in recent decades, the 1990s are not going to be an easy ine for the region," the World isank said in a report that is due to be published next ment! but which was obtained ea b. Reuter.

The bank estimated that the region's external financing requirement will swell to about 26 billion US dollar this year, from a projected 20.4 billion US dollar in 1992, 15.6 billion US dollar in 1991 and a mere 5.6 US dollar billion in 1990. . "External resource re-

quirements for the region, excluding South Korea, by the mid-1990s are estimated at about 30 billion US dollar a year," the World Bank said.

The econor e tigers of South Korea. alaysia and Thailand need n ney to attack pollution and tild roads. bridges and to tructure to reduce traffic 3 and other bottleneeks.

The socialist governments of China, Vietnam, Cambodia and other countries of the region require foreign financial

Bank of Japan

cuts dis ount

rate to 2.5 pc

Japan (BOJ) lowere 1 its official

discount rate on Thursday

from 3.25 per cent to a record

low of 2.5 per cent, reports

under growing pressure to

slash the rate, the interest the

central bank charges for com-

mercial loans, to kickstart

the Bank of Japan, spoke press

conference held at Bank of

ported that the central bank

would formally decide on a

0.75 point cut on Thursday at

an extraordinary policy broad

BOJ would act to prevent

Japan's economy from deterio-

performed worse than previ

ously expected, with the slow-

down now spread to the re-

gions and to smaller compa-

avoiding a further worsening of

on Tuesday that Japan's jobless

rate climbed in 1992 for the

Germany and Japan, with their

different macroeconomic cir-

cumstances and priorities, may

find little room for agreement

on the common policies.

needed to sustain a (global)

pegged exchange-rate system,"

Absent a global floating sys-

tem or a global pegged system,

the article says, a global system

based on the US dollar, a sin-

gle European currency and the

the world's most important

currency for the foreseeable

future, according to the CEA.

The US dollar will remain

Japanese yen may develop.

first time in six years.

Currency blocs may evolve soon: CEA

labour conditions, NHK said.

The cut was also aimed at

The government announced

The public network said the

NHK said the economy had

Yasushi Mieno, Governor of

Earlier, NHK television re-

Japan's faltering economy.

Japan headquarters today.

The government has come

Reuter.

meeting.

rating further.

TOKY Feb 4 Bank of

help in opening up and liberal ising the economies." 'China may need substantial external financial flows during the 1990s, a significant departure from the past," the bank said.

And the island economies of Indonesia, the Philippines and other East Asian nations need assistance to back up efforts to reform their economies and make them more efficient.

East Asian nations sharply increased their foreign debt in the 1970s and 1980s.

#### Interest free loan for PM!

PARIS, Feb A: Premier Pierr Beregovo s office con firmed a news, aper report Wednesday that he received an interest free loan of one million franc in 1986 from a businessman later indicted in an insider-trading scandal, reports AP.

The premier's officer said the businessman, Roger-Patric Pelat, was a personal friend who loaned the money so Beregovoy could buy an apartment in Paris. The loan, worth more than 200,000 dollar met all legal requirements, and documents pertaining to were notarized at the time, Beregovoy's office said.

The loan was disclosed by La Canard Enchaine, a weekly specialising in political satire and investigative journalism.

Pelat died in March 1989, one month after being indicted in an insider trading case involving the purchase of an American company, Triangle, by the French conglomerate Pechiney. Investigators said Pelat made three million franc profit on shares of Triangle bought four days before the Pechiney acquisition.

Cabinet are expected to be liamentary elections in which the conservative opposition is Theavily favoured.

Beregovoy and his Socialist ousted next month after par-

But the dollar could assume

an especially important re-

gional role if Western hemi-

sphere nations pegged their

currencies to it through exten-

sion of the North American

Free Trade Agreement

evolve naturally in the

European Community (EC),

where use of a single European

currency might follow market

unification under the EC 92

programme, and in an East

Asian trading bloc where the

yen could erform a similar

Currency blocs might also

(NAFTA).

#### India, S'pore to boost economic, cultural ties

SINGAPORE, Feb 4: A Memorandum of Understanding (MOU) between India and Singapore will be signed soon to boost bilateral relations and increase cooperation in economic and cultural ties, it was announced here yesterday reports AFP.

A government statement said the MOU would be signed by George Yeo, the Minister for Information and the Arts and India's Minister for Human Resources Development Arjun Singh during Yeo's 12-day visit to India beginning Thursday.

Yeo's visit, at the invitation of Singh, is a follow-up to a meeting between the Prime Minister of the two countries, Narasimha Rao and Goh Chok Tong in Jakarta last September.

Both Prime Ministers expressed their desire to increase ties between the two countries.

#### West was misled on Soviet gold reserves

MOSCOW, Feb 4: Former Soviet Prime Minister Valentin Pavlov, who faces trial this month over a failed 1991 coup, says his government systematically, misled the west about Soviet gold reserves, says Reuter. The financial world was

rocked by the discovery after the coup attempt that Soviet gold stocks amounted not to thousands of tonnes, as long believed, but to little more than 200 tonnes.

Pavlov, released from jail last week pending trial, said he had been "playing the market game."

"We always used to keep our gold reserves a closely guarded secret," he told the conservative Sovetskaya Rossiya.

### Nigeria's civil servants strike for better pay

LAGOS, Feb 4: Civil servants in Nigeria began an indefinite strike to press for better pay, union officials said, reports Reuter.

The workers are demanding more money, an official of the 230,000-strong Nigeria civil service union told Reuters

Civil servants working for Nigeria's 30 cash-strapped states want individual governments to implement at 45 per cent salary rise approved by the federal government last

Junior grade workers in the federal service, who were only paid part of the new salaries, are demanding the full sum.

The union official said civil servants, who number more than a million, want the collective bargaining machinery deregulated.

### 'Germany going through most serious recession since 1949'

BONN, Feb 4 : Liberal Party 1994-96 period." He was re-Wednesday that Germany is going through "its most serious recession" since the federal republic was created in 1949, says AFP.

He said in an interview published by the daily Berliner Morgen Post that he did not agree with experts who expect the economy to improve in the fairly near future. There are a few positive signs in eastern Germany, but that is from a very low initial level," he commented.

Lambsdorff said that "I have a lot of trouble accepting the axioms of our austerity package, to the effect that we will enjoy annual real economic growth of 2.9 per cent in the

President Otto Lambsdorff said ferring to a set of measures suggested by the ruling coalition to put some zip into the eastern German economy (former East Germany).

The package, known as a "solidarity pact", calls for restrictions on budgetary spending and for a "financial consolidation concept" redistributing the burdens between the federal state and the laender (states). The coalition views the measures as a basis for getting the unions to accept wage moderation and the laender to follow tight budgets.

Lambsdorff warned that if the required decisions are not made at once. "we will sink further into recession.

### Clinton hopes to create 500,000 jobs by Jan '94

WASHINGTON, Feb 4 President Bill Clinton hopes to ereate up to 500,000 US jobs within a year with about 31 billion dollar in government spending and tax credits, his spokesman said Wednesday, says a Reuter report.

George Stephanopoulos said Clinton had not made any final decisions on how much fiscal stimulus the US economy needed but had been sounding out his ideas with congressional leaders.

"I think we'd like to get as many jobs as we can as quickly as we can," Stephanopoulos told a news briefing.

"I think a good solid stimulus package ean probably get two to five hundred thousand within a year."

Clinton had lunch on Tuesday with Democratic congressional leaders to discuss a number of issues including his economic plan, which he plans to unveil on February 17 in a joint session of Congress. Stéphanopoulos did not give

exact figures but cited as approximately correct reports the White House planned 16 billion dollar in government spending to create public-sector jobs and 15 billion dollar in investment tax credits to cncourage private sector expan-

'I think it will be divided between a spending investment programme to find jobs in the short term and it will also include private-sector injobs," he said adding, "we hope centives like an investment tax credit," he said.

### Moscow can pay \$ 2.5b to creditors this yr

DAVOS (Switzerland), Feb 4: Russia can afford to pay only 2.5 billion in servicing its 80 billion foreign debt this year, a senior Russian financial official said, reports Reuter.

"We are able to pay in 1993 2.5 billion to all creditors, said Konstantin Kagalovsky, Executive Director for Russia in the International Monetary Fund (IMF).

Kagalovsky, who is also the Russian government's plenipotentiary representative on cooperation with international financial institutions, told the World Economic Forum that Russia had a financing gap of 30 billion this year, up from 24 billion in 1992.

Kagalovsky said the 30 billion figure assumed Russian was taking responsibility for all the former Soviet debt. Most of the other former

Soviet republics have agreed to let Russia shoulder their share of the debt, but the second biggest, Ukraine, wants to handle its own share, 16.37 per cent of the total, and receive a similar proportion of Soviet assets.

#### Call to stop hyperinflation

AFP adds from Moscow: International Monetary Fund chief Michel Camdessus called on yesterday for stopping hyperinflation in Russia "at any cost", stressing the dangers it represents for economic reforms and for democracy.

In an interview published by the newspaper lzvestia, the IMF Managing Director said that "numberous democracies in the world have been killed by hyperinflation".

### Private investment in Third World continues to rebound

WASHINGTON, Feb 4: Private investment in developing countries continues the rebound that began in the mid-1980s, even as public investment remains at a 10-year low, says a new report by the International Finance Corporation (IFC), a World Bank affiliate, ac-

WASHINGTON, 5 1.4 : The

US dollar, a single a ropean

currency and the Japanese ver-

could form the basis of the

next global exchange rate sys-

tem according to former

president Bush's economic ad-

of the Council of Economic

Advisers (CEA), released

January 13, they foresee under

certain assumptions a number

of regional exchange-rate blocs

evolving around a few major

currencies, which would then

float or otherwise move against

Writing in the annual report

visers, says AP.

each other.

Yasushi Mie. Governor of the Bank of Japan, speaks to

reporters Feb 4, during a press conference held at Bank of

Japan headquarters. The Bank of Japan lowered its official

discount rate Feb 4 from 3.25 per cent to a record low of 2.5

-AFP/UNB photo

An exchange-rate system

based on a few major curren-

cies tied to regional trading

blocs appears possible, the ar-

ticle says, because of serious

difficulties with potential

exchange rates, for example,

presents difficulties for

smaller countries, which

would want to continue peg-

ging their currencies to the

currency of the United States

or another wealthy country to

stabilise either trade flows or

"The United States,

their domestic economies.

A global system of floating

global systems.

cording to USIS. Private investment levels have reached their previous peak in the late 1970s, says the IFC report, entitled "Trends in Private Investment in Developing Countries." What's more, the new investment is likely to have a "more beneficial impact" than previously "because structural adjustment policies have enhanced the efficiency of private investment in the majority. of developing count les."

The weighted a rage of private investment as a percentage ( Gross Domestic Product (GDP) reached 16. per cent during 1991 for 47 developing coun ries surveyed, the IFC report says. This cor pares wit 12 per cent in 1986, the low poin for private investment in the developing work during the 1980s. The biggest incre uses in private investment,

have been noted. Foreign Direct Investment The Foreign Direct Investment (FDI) portion of total private investment has been grow-

have been in East Asia, followed by Latin'

America. The levels remain low in Sub Saharan

Africa and South Asia, although some increases

ing sharply, the report says, noting that FDI to developing countries rose by nearly one third in 1991. Total net new FDI was greater than \$26,000 million that year.

the CEA says.

Factors that affect FDI flows, the report says, include the growth of demand, the level of capacity utilisation, the degree of fiscal balance, inflation and exchange rate volatility, and the level of domestic interest rates, as well as traditional considerations such as the business climate, labor and production costs and market size.

Production costs are less important in influencing FDI location decisions than they were as recently as 10 years ago, the report says. "In many industries direct labour costs have declined to the point where they have become a secondary factor," it says. Increasingly, companies are attracted by the availability of education and high skills."

Market size remains of crucial importance in attracting investment. Most of the FDI has flowed to countries with large and expanding economies, says the report. "Over 1985-91, the six largest recipients of FDI, Mexico, China, Malaysia, Argentina, Brazil and Thailand attracted 55 per cent of FDI flows into developing countries." However, small economies have also had success. "Owing to oil and mineral enclaves and island tourism, (small economies) attracted more FDI in relation to their GDP than the larger economies."

In addition, FDI attracts more FDI, the report notes. "Foreign investors attach great importance to levels of foreign investment in place as an important indicator of the quality of the business climate, and the quality of infrastructure," says the report.

#### East Asia's Example

East Asia enjoyed exceptionally high levels of private investment when compared to other developing world regions, says the report. During the 1980s, private investment in that region, as a percentage of GDP, was twice the level of public investment. In comparison, publie and private investment in South Asia were about equal during the 1980s and in Africa public investment outstripped private investment. Latin America and the Caribbean had higher private investment, but not nearly to the degree enjoyed by East Asia.

The report argues that government intervention in the economics of South Korea, Singapore, and the island of Taiwan was "very effective" in stimulating the efficient development of economic resources. In some of the

East Asian economics, the report adds, a process of moving away from state intervention has begun. Other factors contributing to the success of these economics, says the report, include good macroeconomics policies and the quality of education provided for citizens.

The report cautions that other regions in the world have difficulty getting the same positive results from the kind of government intervention practiced in East Asta. "Only a few developing countries enjoy public administration of the competence and integrity that characterise these East Asian countries," the report says. In many other places, the report adds, subsidies and incentives that were intended to build and economy were "Often diverted from their original purpose."

Because of this, the report says, "firms are most likely to invest where governments are moving away from pervasive intervention and instead are focusing on the macroeconomic setting-particularly on sound public finances and realistic exchange rates - and where they are making progress in creating the institutional basis for prosperity.

This "institutional basis," says the report, includes "law and order, a well-functioning judicial system and laws which are enforced across the board, basic health and education, and an efficient transport infrastructure."

#### Oil-tax not intended against producers: IEA TOKYO. Feb 4: A proposed

tax on imported oil in the United States or the European Community (EC) should not cause a rift between producers and consumers, International Energy Agency (IEA) Executive Director Helga Steeg said. "I would very much hope, if a carbon tax or energy tax is introduced, that is it not intended to be against the oil producer." Steeg told Reuters in an interview, reports Reuter.

shook off markets last week, had been floated before and was not new. "I would first like to see what the new administration will do, and whether it will fly in Congress," she said.

She said a tariff on US oil

imports, a proposal which

Steeg was in Tokyo to address an energy symposium.