AMF suspends Iraq Somalia, Sudan

ABU DHABI, Mar 4: The Arab Monetary Fund (AMF). the Arab World's main financial institution, has suspended three defaulting states - Iraq, Sudan and Somalia, financial sources in Abu Dhabt said. The Abu Dhabi-based AMF, which has been plagued by non-payment of arrears by hard-up mem-bers, notified the three of the suspension on February 21, the sources said, reports Reuter.

Egypt cuts tariffs on foreign imports

CAIRO, Mar 4 : Egypt has cut the maximum Tariff on most imported goods by 20 percentage points to 80 per cent as part of its policy of liberalising foreign trade, local newspapers said on Wednesday. Cars, cigarettes and other luxury items were excluded from the new tariffs which went into effect on Thursday, reports Reuter.

ICO producers reach joint stand

MEXICO CITY, Mar 4 International Coffee Organization (ICO) producers Tuesday reached a joint negotiating stand in their quest for a new export quota pact producers say they have lost more than 10 billion dollar since the quota system collapsed in July 1989, which caused market prices to plunge. Last year, prices sunk to their lowest levels in 22 years, reports AFP.

China to launch 2nd satellite for HK

BEIJING, Mar 4: China will launch a second satellite for Hong Kong Asia satellite telecommunication in 1995, five years after blasting off Asiasat-l Xinhua news agency said. A contract to launch Asiasat-II was signed Tuesday between the Hong Kong firm and the China Great Wall Industry Corp, it said. Asiasat-II will be launched by along March 2 rocket from the Xichang base in the South-western province of Sichuan, says AFP.

NZ stock market needs major reforms

WELLINGTON, Mar 4 New Zealand's stock exchange needed major reforms before it could improve from its position as one of the world's worst-performing sharemarkets, financial analyst Brian Gaynor claimed Thursday. Gaynor told the law society conference here that the New Zealand market never recovered from the 1987 crash, with many small investors yet to return, reports AFP.

\$31m US grant for Jordan's projects

AMMAN, Mar 4: The United States will grant Jordan 31 million dollar to finance water, agriculture, health and industrial development projects under an agreement signed Wednesday, officials said. The deal was signed by Planning Minister Ziad Fariz, the US Ambassador to Jordan, Roger Harrison, and William Oliver, Director of the United States Agency for International Development (USAID) which is donating the funds, says

Turkey plans \$18 b investment project

ANKARA, Mar 4 : Turkey plans a five-year investment project worth 18 billion dollar to boost the economy in its South East region, an official said. "This is an integrated five-year plan including irrigation dams, hydroelectric plants, agricultural and industrial projects as well as health and telecommunications services, a senior government official, who asked not to be named, said, reports Reuter.

UK company to help

Taiwan's car engines TAIPEI, Mar 4: British sports car maker lotus will help Tajwan's automobile industry develop car engines, the island's industrial Technology Research Institute (ITRI) said on Wednesday. Lotus, a British subsidiary of US-based General Motors, will be paid 5.25 million sterling (7.6 million US dollar) to transfer technology to the government-backed institute under an agreement signed in Taipei on Tuesday, says Reuter.

Dunkel optimistic about quick resumption of GATT talks

BERGEN (Norway), Mar 4: **GATT Director-General Arthur** Dunkel said the seven-year-old Uruguay Round of world trade talks could soon start moving again, reports Reuter.

"I see signs that the pause will be soon at its end," Dunkel, who is attending an economic seminar in the western port of Bergen, told a news conference.

Dunkel said the change in US administration had contributed to slowing progress between the United States and the European Community on liberalising agricultural policies. " I think this transition phase is coming to an end," he

He praised the new US administration, referring to President Bill Clinton's plan to curb the budget deficit, raise energy prices and "compete, not retreat" from world trade.

"Clinton has put himself vis

a vis his partners in a very very strong negotiating posttion, " Dunkel told the some

"I think it's a new breath of fresh air which is coming upon us," Dunkel added. But he also wanted to see US trade policies put into practice.

The Uruguay Round, which started in 1986, aims to liberalise world trade under the General Agreement on Tariffs and Trade.

Dunkel was pleased that the Clinton administration seemed set to seek an extension of the so-called fast-track authority to allow a GATT package to be presented to the US Congress as a whole, rather than having legislators pick it apart.

The current fast-track authority expired on Tuesday. Dunkel would not recom-

mend how long the fast-track authority should be extended for but added, " 1... propose that the timetable should be a short one. I'm saying in 1993.

Dunkel said the toughest obstacles for clinching an Uruguay agreement were improved rules on dumping. subsidies and general access to industrial and agricultural

US-China talks on Betjing's admission to the General Agreement on Tariffs and Trade were fruitful, a senior Chinese trade official said Wednesday.

His assessment differs from that by Douglas Newkirk, assistant US trade representative for GATT affairs. Newkirk said Tuesday the negotiations were being held up by China's refusal to accept special conditions to bring its socialist economy in line with GATT principles.

'Generally speaking, the discussions were fruitful. The talk itself, resumed after a

four year suspension, is a posttive step," said Tong Zhinguang, Vice Minister o foreign economic relations and trade. He was quoted by the of licial Xinhua News Agency.

The two days of talks. which ended Tuesday, were on a protocol of accession that spells out China's obligations if it is to join GATT, which regu lates most of the world's trade

The talks were suspended in 1989 following Beijing's military crackdown on a prodemocracy movement Western nations worried that Beiting would tighten both political and economic controls after the crackdown.

China, which applied to join GATT in 1987 and has been lobbying hard for admission, has repeatedly said it expects its membership to be approved this year. Joining the world trading system would boost Beijing's international prestige.



Tens of thousands of Indian farmers attended a rally at the 17th century Red Fort in New Delhi March 3 to denounce GATT moves on agriculture. Organisers said that under GATT farmers in predominantly agricultural India would be forced to pay higher prices for - AFP/UNB photo

Private investment surges in Third World: IFC study

WASHINGTON, Mar 4: According to a new study by the International Finance Corporation (IFC) — the private sector member of the World Bank group - private investment has surged in a number of countries in the developing world, writes BSS.

The study is titled Trends in Private Investment in Developing Countries 1993 and was co-authored by Guy Pfeffermann, Director of IFC's Economics Department and Economic Adviser to the corporation, and Andrea Madarassy, a Research Economist in the same department. Said Pfcffermann, "today, investing in developing countries can be more advantageous than

MANILA, Mar 4: Developing nations like

the Philippines lead industrialised nations in

some areas of child care like breast feeding

and immunisation, UNICEF Executive Director

James Grant said here Wednesday, reports

breast feeding for newly-born babies especially

in hospitals and noted that Third World na-

tions were sometimes more active in this re-

agreed that in December 1992 they would bar

dairy and food companies from distributing in-

fant formula in hospitals to new mothers. This

practice has been criticised for discouraging

deadline was set for June 1994 because the

nfant Formula Manufacturers Association lim:

ited cooperation initially to developing coun-

However in industrialised countries, the

He said that currently, only five of 127 de-

gard than developed countries.

mothers from breast-feeding.

GUETERSLOH (Germany),

Mar 4: The United States and

the European Community,

heading towards a confronta-

tion over trade, need to con-

sider new ways of liberalising

business, leading German

Executive Edzard Reuter said

German industrial group

Daimler-Benz A G said the cold

war had given way to a "cold

peace" in which ties binding

the United States, Germany

and Japan threatened to snap,

unleashing a new era of hostile

The chief executive of top

on Tuesday, reports Reuter.

tries, Grant said.

Grant cited the campaign to encourage

He noted that the developing nations

investing in industrialised countries. Developing countries offer lower production cost an allow investors to create competitive operations."

The report notes that private investment levels are back to their peak of the late 1970s and in a number of large developing countries are surpassing this peak." In 47 developing countries studied, private investment between 1970 to 1991 increased by 16.4 per cent. Meanwhile, public investment remains at a ten-year low."

investment varied across regions with East Asia in the lead (mainly Malaysia and Thailand). Private investment also rose in Eastern Europe

Third World leads developed

nations in child care

complied

Grant observed.

US, EC need new liberalisation

policy toward off trade war

The question is whether

we do not need new institu-

tional mechanisms, whether it

is not a good idea to institu-

tionalise a free-trade zone be-

tween the US and the EC," he

told reporters at a two-day

conference on American-

German relations sponsored by

the German media group

Reuter criticised European

politicians for failing to answer

the challenge presented by the

collapse of the Soviet Union.

cconomic conflict.

Bertelsmann AG.

Hungary and the former Czechoslovakia) and Latin America (Chile and Mexico) investment in South Asia increased slowly but remained low. sub-Saharan Africa recorded the lowest levels of investment, although Malawi and Ghana showed some re-

Foreign investors tend to invest in countries that have large and expanding markets. Between 1985 and 1991, for instance, more than half of the foreign direct investment in the developing world went to countries with the largest markets: Mexico, China, Malaysia, Argentina, Brazil and

velopign countries still allowed infant formula

to be distributed in hospitals while of the in-

dustrialised nations, only Britain, the

Netherlands and the Nordic countries had

they were not breast-fed and that children who

used infant formula rather than mothers milk

He also cited the campaign to make hospi-

also had poorer health and lower intelligence.

tals switch to "baby-friendly", practices

which actively encourage breast-feeding and

noted that in this area, some Third World na-

the Philippines than in the United States,'

" There are more baby-friendly hospitals in

He also noted the rate of immunisation of

children in some Third World nations was

higher than in developed nations and said that

U.S President Bill Clinton was even looking

into borrowing some " Third World tech-

niques," to apply them in the United States.

tions again led industrialised nations.

He said 3,000 children a day died because

holds firm against dollar BOMBAY, Mar 4: The Indian

Indian rupee

rupee held firm against the US dollar Wednesday, the second day of trading on the interbank money market here after Finance Minister Manmohan Singh allowed it to float freely, reports AFP.

The rupee closed at 31.86 to the Greenback. The dollar at one stage weakened to 31.80 rupec but was lifted when the State Bank of India stepped in as a big buyer.

Foreign exchange dealers said the rupee's strong showing contrary to fears that it may slide after being floated by Singh in his budget announcement Saturday, was due to unloading of dollar holdings by exporters.

Pak rupee further lowered

Reuter reports from Karachi: The State (Central) Bank of Pakistan lowered the value of the rupee for the second time in two days, to 26.3500/26.4818 to the dollar from 26.3000/26.4315 fixed on Tuesday

Money brokers said the devaluation was in response to India's decision on Saturday to make it's rupee fully convert-

The bank fixed the forward buying rate at 26.3500 for six months and 25,5595 for 12 months and the forward selling rate at 27.4699 for stx months and 28.4581 for 12 months.

Tehran, Pindi plan to set up common border market

ISLAMABAD, Mar 4: Pakistan and Iran plan to construct common border markets as an ovel way to trade their goods, Pakistar.i Commerce Minister Malik Naeem Khan said on Wednesday, reports Reuter.

The first such market will be built at Mirjaveh, between southwestern Pakistan and southeastern Iran, to trade a restricted number of unnamed items, he told the Senate (upper house of parliament).

Half of the market will be on the Iranian side and half on the Pakistani side of the border, he added.

More such markets may be set up on other points of the border, the minister said. Measures are underway to check rampant smuggling across the Pakistan-Iran border, he added.

Clinton, Democrats agree on extra spending cuts

WASHINGTON, Mar 4: The ing that the Republicans were White House and conservative House Democrats reached a consensus Wednesday to add spending cuts to President Clinton's deficit-reduction package - but only those they believe can muster majority support, says AP.

One possibility: limiting annual cost-of-living increases in benefit programmes except Social Security, to one per cent below the rate of inflation. In other developments

Wednesday affecting Clinton's Senate Democrats re-

jected a Republican effort to require deeper spending cuts to pay for an extension of jobless benefits. The Senate defeated that on a 57-43 partyline vote with Democrats argutrying to sabotage Clinton's economic programme.

- Health and Human Services Secretary Donna Shalala, testifying before the House Budget Committee, said the President's stimulus package includes 500 million dollar for a summer version of the Head Start pre-school pro-

 Transportation Secretary Federico Pena said the administration wants to use the entire 14.1-cent-per-gallon federal gasoline tax for highway construction, including the 2.5 cent now designated for deficit reduction. He didn't say how that 2.6 billion dollar switch beginning in 1995 might affect the deficit.

Beijing encourages skilled farmers to go abroad to reduce labour surplus

BEIJING, Mar 4 Encouraging skilled farmers and agricultural technicians to go abroad will help China re duto its vast rural labour surplus, the official China Datly reported Wednesday quoting a senior official, reports AFP.

Agriculture Minister Liu Zhongyi, speaking at a confer ence on foreign economic relations and agricultural trade, urged Chinese farmers to go abroad to set up joint-ventures with foreign partners, the pa-

Of China's population of 1.2 billion, more than 900 million live in the countryside, however, as a result of the economic reforms that began a

people are working the land. Despite various efforts to develop small industries and create employment in Rural areas, the exodus of labour to the cities is becoming alarming as large cities reach satu-

decade ago, fewer and fewer

ration point. Although some farmers have benefited during the past 10 years, millions of others have seen their incomes stagnate or fall as a result of tax increases and the diversion of agricultural subsidics to more prof-

In the past decade the World Bank has lent China 3.72 billion dollar.

itable sectors, such as real es-

France welcomes decision not to put EC-US oilseed accord on vote

PARIS, Mar 4: The decision by the European Community's Danish presidency not to submit the EC-US agreement on oilseeds to a vote was welcomed with "satisfaction" by French Prime Minister Pierre Beregovoy, sources close to him said Wednesday, reports

They said the Danish move had been a reasonable decision, as France's EC partners had realised the strength of the French government's determination to jettison that agreement - which was aimed

at opening the road to a general world trade agreement under the auspices of the General Agreement on Tariffs and trade (GATT).

On February 19, Beregovoy warned EC officials that France would use its veto right to shoot down the EC-US accord on oilseeds trade, if consideration of it on March 8 should be following by a vote on the basis of a qualified majority.

The agreement aroused violent opposition in France, particularly from farmers, it would cut the subsidized output of oilseeds in the community.

ditures, it says.

Source: IFPRI

World Trade Centre may remain closed for a month

NEW YORK, Mar 4: The World Trade Centre could remain closed for as long as month - rather than a week or so, as previously thought while repairs continue and investigators look for clues to the bombing of the twin towers, says an AP report.

The FBI said it is examining several terrorist groups, including two Palestinian organisations. CNN reported that investigators suspect the bomber was from one of the former Yugoslav republics.

The search for clues at the worlds second-tallest buildings gained speed. Ten cars were pulled Tuesday from the bombed-out underground parking garage.

And after trainer dogs sniffed out the area, officials said they had not ruled out a theory that the bombers may have died in the blast, the Daily News and Newsday reported.

Officials initially estimated the trade centre would be closed at least a week. But workers are encountering complications, said Stanley Brezenoff, executive director of the Port Authority of New York and New Jersey, the center's owner and operator.

HK announces tax relief for working class

HONG KONG, Mar 4: The llong Kong government announced tax relief for the working class Wednesday and forecast a series of budget deficits in the run-up to Chinese rule in 1997, reports

Tabling his 1993-94 budget in the legislative council, Financial Secretary Hamish Macleod said the government was ending the current fiscal year with a budget surplus of 20.54 billion dollar (2.66 bil-Hon U.S dollar).

Such wealth, he said, would enable the government to increase basic income tax allowance for working-class households by 22 per centwell above the current inflation rate of about 10 percent.

But the resulting loss of revenue, plus spending on infrastructure projects related to llong Kongs new airport, means the colonial administration will start running in the red, le said.

For fiscal 1993-94, Macleod anticipated a modest deficit of 3.4 billion dollar 440 million U.S dollar).

Cuts in agricultural aid raise concern over global food security

WASHINGTON, Mar 4: Reduced international support for agricultural development may undermine economic growth potential in low-income countries and raises concerns over global food security in the long run, says a new report by the International Food Policy Research Institute (IFPRI), reports USIS.

The December 1992 report, "Underrated Agriculture," notes that in 1980 the agriculture sector in developing countries received 22 per cent of total development assistance. By 1990, that share had declined to 14 percent and the number of dollars to support agriculture, adjusted for inflation, had fallen from about 12,000 million dollar to 10,000 million

The outlook for the 1990s is for an accelerated declining trend for agricultural assistance, the institute says.

"It is inonical that agricultural development assistance declines at the very time when economic reform programmes low income countries should make investment in agriculture more rewarding, and at a time when almost all increments in agricultural growth and food output must be realised through yield increases and, thus, through investment in researchbased technological change for sustainable growth," says the report.

Agriculture a Stimulus to Economic Growth

The IFPRI report argues that it is difficult to stimulate overall growth in the least-developed countries without first moving the largest sector, agriculture. Attempts to stimulate industry at the expense of agriculture have generally failed.

There is a 75-percent correlation between agricultural growth and overall economic growth in the least-developed countries, and a 21-percent

correlation between these growth rates in the less developed and middle-income countries over the 1965-89 period," it says.

He said there were no in-

Jernational political institu-

tions able to guide the recon-

struction of Eastern Europe

and new political institutions

were needed to meet growing

challenges and prevent the

basically hollow with the ex-

ception of the G7 (Group of

Seven, major industrial na-

tions) but even this is degen-

erating into a friendly meeting

where no one wants to take

responsibility," he added.

"All these instruments are

smothering of world trade.

In Africa, for example, the report notes that Kenya had five percent annual agricultural growth during the 1965-80 period and a 4.2 percent rate of growth in gross domestic product (GDP) in the 1980-90 pcriod. In contrast, during the same periods Nigeria had only a 1.7 percent rate of growth in agriculture and a 1.4 percent rate of GDP growth.

Food Needs Remain Unmet Though average food availability in developing countries has climbed over the last two decades, the average per capita calories consumed in the leastdeveloped countries remains almost unchangedrising from 2,030 in 1969-71 to 2,070 1988-90.

Adding to this concern is the increasing variability in global food grain production and prices and its affect on the poor, the report says.

"Price and income changes affect the consumption of the poor and, in certain circumstance such as famine, can lead to dramatic reductions in their ability to effectively demand adequate food," it says.

Since agricultural production increases on limited land are principally a factor of technological changes, the report says that sustained investment for agricultural research and education are vital in helping these countries provide for their food needs. **Multilateral Banks Cutting Back Assistance**

The contribution to agriculture by multilateral organisations has declined from 13 percent to eight percent of total development assistance over the last decade, while that from bilateral organisations has dropped from seven per cent to six per cent, the re-

The World Bank, the largest single donor to agriculture, provides about 30 per cent of all agricultural assistance to developing countries, down from 40 per cent in 1980. The United States' share of total bilateral agricultural aid has steadily decreased from more than 30 percent in the early 1980s to less than 15 percent in 1989-90. In part, the decline in multilateral assistance has

been offset by some bilateral donors, particular Japan, but also Scandinavia, Italy, Britain and France. Onequarter of total bilateral assistance to agriculture in 1990 came from Japan.

IFPRI believes that a decline in expected performance of a number of agricultural projects and a poor macroeconomic climate have been major factors in expenditure reductions.

Donors apparently had difficulties in simultaneously scaling back in the less successful areas and increasing spending in the areas of proven success," the report says. But it argues that with the agricultural policy re-

forms being implemented in many low-income countries today, higher payoffs to agricultural investment are forthcoming. "Cutbacks in international agricultural development assistance can hardly be rational at a time... when en-

sult of underinvestment in appropriate research— are finally being fully recognised. Aid Shifts from Latin America to Africa

vironmental threats to the sustainability of growth

arises from inappropriate technological change— a re-

The report found that over the decades of the 1980s. Africa's share of total agricultural aid rose from 22 per cent to 31 percent while Latin American's share fell from 24 percent to 15 percent. The

Middle East's share has remained unchanged while South and East Asia and the Pacific continue to capture the largest share of all assistance for agriculture, between 40 and 50 percent.

Land and water development were allocated smaller shares of total agricultural assistance while macroeconomic reforms and agro-industry develop ment gained larger shares.

The report argues for strengthening the capabilities of low income countries in food and agricultural policy design and implementation with a greater allocation of public expenditures to agriculture.

"Shortage of entreprenueurial talent and unavailability of key inputs including land, irrigation, fertilizer, and seeds have contributed to slow agricultural growth, "it says. Overcoming these shortages, the report says, will require legal reforms, improved rural infrastructural and stronger institutions within the agricultural sector itself. Projects will need to include greater conditionality, with specific targets for expen-

Loans,	1980-90	jor Indu) 5 dollar)	istrial C	ountrie	s Grant	s and
Country	1980	1982	1984	1986	1988	1990
Caracla	77.68	85.09	215.02	164.39	240 60	146.63
France	275 40	345.80	284.20	467.48	641.80	639.25
Cernnany.	395.70	244.60	214.03	339.78	510.50	427 06
haly	32.31	104.57	149.46	361.76	474.55	325.52
Japan	345.37	379.28	497.48	500.82	1133 48	1242.46
Britain	79 90	63.72	124.51	91.08	138.18	244.39
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Bilateral Official Agricultural Development