

BRIEFS

FAO veterinary medicines for Yangon

YANGON, May 22: The Food and Agriculture Organisation (FAO) has provided veterinary medicines, vaccines and some equipment to Myanmar. The medicines and equipment valued at 178,000 US dollar were provided for development of poultry and pig farming in Shan state east regions of the country, reports Xinhua.

India to import oil from S Arabia, Iran

NEW DELHI, May 22: The Indian Oil Corporation (IOC) has finalised agreements for the import of eight million tonnes of crude oil from Saudi Arabia and Iran during 1993-94. Local newspaper 'The Economic Times' said today the agreement with Saudi ARAMCO (National Oil Company of Saudi Arabia) was signed for four million tonnes of Arab mix crude oil and one million tonnes of Arab medium oil. It also assured IOC of an additional one million tonnes if the need arose, reports Xinhua.

World oilseed output to hit record

WASHINGTON, May 22: World oilseed production is projected to hit a record 228.3 million tons this coming season, up about one per cent from the previous season, the US Department of Agriculture said here yesterday. Oilseed production outside of the US, the department said, will show a sharper gain on four per cent to a record 163.2 million tons in the coming season, reports Xinhua.

Pak ferry service to Dubai, Gulf

KARACHI, May 22: Pakistan National Shipping Corp (PNSC) plans to start a passenger ferry service to Dubai and other Gulf countries in the first week of August, officials said here. "The ferry service is aimed at providing a cheaper sea passenger transport and expansion of bilateral trade between Pakistan and United Arab Emirates (UAE)," said PNSC Chairman Mansoor ul Haq yesterday, reports AFP.

GM to file charge against ex-official

OKLAHOMA CITY, May 22: General Motors Corp said Friday it filed a criminal complaint against former purchasing chief Jose Ignacio Lopez de Arriortua, claiming he stole company secrets before joining Volkswagen AG. GM Europe President Louis Hughes told a news conference after GM's annual meeting that the charge was filed in Germany. "We believe that confidential documents have been taken from us and that is against the law in Germany..." Hughes said, reports AP.

Warner joins hands with Fuji TV

BURBANK, California, May 22: Warner Brothers said on Friday it will combine with a Japanese television network giant and an American producer to make and distribute films. The agreements with Japan's Fuji Television Network Inc and Outlaw Productions involves four to seven movies which will be distributed worldwide, reports Reuters.

Smuggled films flood Pakistan

KARACHI, May 22: Smuggled photographic material in Pakistan has captured 30 per cent of the retail market, a photographic goods importers group said here. "The total market of six million rolls of film and two million square metres of colour photographic paper is being plagued by... smuggling," said Mohammed Ashraf, president of the group, reports AFP.

Bangkok, Hanoi hold rice talks

BANGKOK, May 22: Thailand and Vietnam have held their first official consultations on cooperation in exchange of rice information on production, marketing and government roles in rice exports. Thai Foreign Trade Department Director-General Charat Chutharthul, who led the Thai delegation, told local press on Friday that both sides had agreed to explore possible cooperation in rice marketing to maintain higher prices and agreed to consult their respective authorities to prepare for the next round, reports Xinhua.

US blames Japanese imports for soaring trade gap

WASHINGTON, May 22: Surging imports from Japan helped drive the US trade gap to the highest level in nearly four years in March, the Commerce Department said yesterday, reports Reuters.

The figures showed a 29 per cent jump in the shortfall to 10.21 billion dollar, prompting calls from Clinton administration officials for quick action by Tokyo to stimulate its economy.

The deficit with Japan jumped to 5.26 billion dollar from 4.13 billion dollar, accounting for 52 per cent of the total trade gap.

Economists said the rise in imports, while the US economy was struggling, highlighted the difficulty in coordinating economic policy with major industrial partners encountering economic problem of their own.

"The underlying issue is that the United States is an island of growth in a world that is an ocean of recession," said Robert Derick, an economist with Northern Trust Co. in Chicago.

"Therefore, we continue drawing in imports because even though our own growth is quite muted, relative to others, it is fairly strong," he added.

The March deficit was the highest since May 1989, when it was 10.22 billion dollar.

The deficit with Japan was the biggest gap since it hit 5.54 billion dollar in October 1987.

Commerce Secretary Ron Brown quickly zeroed in on Japan, calling for it to stimulate its economy and drop barriers to imports.

Brown also suggested "corrections" in exchange rates, sending the US dollar plummeting lower, which makes American-made goods cheaper in foreign markets.

America's trade problems in March were not only with Japan.

A surplus with western Europe shrank sharply during March, to 437 million dollar from 1.42 billion dollar in February. The German economy is deep in recession, casting a pall over the whole European market.

The United States and key industrial allies Japan, Britain, Germany, France, Italy and Canada meet in Tokyo in July to talk about promoting growth.

US treasury under Secretary Lawrence Summers cautioned on Tuesday that sustained US recovery is not guaranteed and said others, especially Japan, must take up the slack by buying more goods from other countries.

Exports were a source of strength for the US economy until they levelled off late last year. Trade now is a drag on the recovery from the 1990-91 recession and is increasingly a sore spot in relations with Japan and other nations.

Economist Marily Schja of Donadson, Lufkin and Jencrette Securities Corp in New York said higher March imports show consumers remain fairly buoyant despite weak job creation and income gains.

The trade deficit with China

widened in March to 1.46 billion dollar from 1.17 billion dollar in February. But the gap with Canada, the United States' single largest trading partner, eased to 639 million dollar from 906 million dollar in February.

The Commerce Department revised the overall February US trade deficit upward to show a gap of 7.9 billion dollar instead of a previously reported 7.2 billion dollar.

Imports were up for a broad range of goods during March, from industrial materials to clothing and cars. Auto imports increased by 409 million dollar from February levels and apparel imports were more than 300 million dollar higher.

The cost of imported petroleum products rose sharply to 4.44 billion dollar in March from 3.65 billion dollar in February as the price of a barrel of crude oil rose to 16.47 from 15.70 dollar.

Exports of industrial supplies gained by 581 million dollar in March to 9.26 billion dollar.

India to extend Russia another credit-line for tobacco import

NEW DELHI, May 22: India will extend an advance of one billion rupee (31 million US dollar) exclusively for export of tobacco to Russia, local newspapers reported today, reports Xinhua.

The advance will be in addition to the allotment of 16.5 million US dollar technical credit extended earlier for export of tobacco.

This was agreed here yesterday by the two sides during the official level discussions on the operational issues arising out of the rupee-rouble agreement and the letters of exchange signed in January.

The discussions centred around the conclusion of banking arrangements between the Reserve Bank of India and the Bank for Foreign Economic Relations, Moscow.

The two sides have also agreed on the items and commodities which will be imported by Russia against the last tranche of technical credit of 85 million US dollar extended by India under the 1992 bilateral trade protocol. This would complete the utilisation of the full amount of 285 million US dollar technical credit.

ADB okays grant for Filipino women's project

MANILA, May 22: The Asian Development Bank (ADB) said here today that it had approved a 220,000 dollar technical assistance grant for the creation of a database on Philippine women, reports AFP.

The grant will go to the government's National Commission on the Role of Filipino Women (NCRFW) and will be used to compile a database on information dealing specifically with women, the Manila-based ADB said.

Such information will be useful in forming legislation and national and local policies involving women and the upgrading of their role in society, the ADB said adding that the government's various agencies will all contribute to the database.

The NCRFW had previously complained of the lack of adequate data on women, nothing that while many government agencies collected statistics, most of them did not distinguish between the sexes in compiling such data, the ADB said.

Japan, Russia to jointly develop supersonic airplane engines

TOKYO, May 22: Japanese and Russian civil aviation industries have agreed to develop jointly engines for supersonic airplanes that fly at five times the speed of sound, the Asahi Shimbun said today, reports AFP.

The daily said in a dispatch from Moscow that the agreement, the first such cooperation between the two countries, was reached Friday in talks between a Japanese industry mission and Russian authorities.

Aside from exchanges of information concerning the joint development plan, the two sides also agreed to train Russian managers in Japan and allow Japanese access to Russian research facilities.



CANNES: A starlette poses on the sign for the Hotel Carlton May 21 during the 64th Cannes Film Festival. — AFP/UNB photo

Beijing warns Washington Revoking MFN status will cost US 100,000 jobs

BEIJING, May 22: President Jiang Zemin warned in an interview airing Saturday that revoking China's normal trade status with the United States will put 100,000 Americans out of work and will lead to higher consumer goods prices, reports AP.

Jiang did not directly address the question of conditions, but stressed that both sides would be hurt if Clinton revoked China's MFN.

"For the United States, it would mean a loss of at least 100,000 jobs and more expensive consumer goods," Jiang told CNN, according to a transcript of the interview provided by the network.

To blunt demands that conditions be attached to renewal of the trading status, Jiang defended China's record on arms sales abroad and human rights. He also stressed the importance of maintaining good US-Chinese relations.

"The Chinese government attaches great importance to its relations with the United States," Jiang said.

"I would like to reiterate that we want to see more mutual confidence, less trouble, closer cooperation and no confrontation between us."

NAFTA meet on side-deals ends in failure

OTTAWA, May 22: After three days of intensive talks Canadian, Mexican and US trade negotiators admitted Friday they had made no progress on key US demands for additional agreements to be attached to the North American Free Trade Agreement (NAFTA), reports AFP.

Blanco, Canadian negotiator John Weekes and US negotiator Rufs Yerdal all evaded questions at a joint press conference on when, where and at what level the next meeting may be.

The negotiators told journalists they had discussed in detail two US demands—for side agreements to cover environmental matters and labour practices—without making any progress.

Blanco, Canadian negotiator John Weekes and US negotiator Rufs Yerdal all evaded questions at a joint press conference on when, where and at what level the next meeting may be.

A third US demand to cover protection against sudden import surge in any product—has still to be discussed, but is likely to cause as much friction as the stalemate on environment and labour practices.

The original plan had been for the three men to meet again early next month in Washington. But sources close to this week's meeting said a more likely scenario was that the meeting would be resumed at ministerial level.

The US demands in these three areas are directed primarily at Mexico where there are US concerns about lax enforcement of environmental protection and labour laws.

Rain holds the key to Indian reforms

NEW DELHI, May 22: From cabinet ministers to stock brokers, farmers planning for the next sowing season to business executives charting corporate strategies, Indians are praying fervently for rain, reports AFP.

Finance Minister Manmohan Singh hopes 1993 will be the first payoff year of his ambitious reform programme, and the monsoon which normally arrives in early June holds the key to the performance of the economy.

"This is a very crucial year as far as the economy is concerned," a Finance Ministry spokesman said. "This is the year the reforms have to show results."

"Inflation has come down to single digit level, the balance of payments is under control and industrial growth and exports should pick up. But everything will finally depend on the rains," he said.

The weatherman is feverishly analysing global weather signs from as far as Argentina and Tahiti to predict what kind of rains the southwest monsoon will bring. Early forecasts remain sketchy.

The monsoon arrives in the southern state of Kerala first and reaches the western desert state of Rajasthan by mid-July. Normal rainfall in the four months monsoon season is 88 centimetres (32.2 inches)

After being stricken by the century's worst drought in 1987, when rainfall Delhi was 19 per cent less than usual, India was blessed by five successive normal monsoons. Some astrologers say the rain gods will not be so kind this year.

Generous rains partly helped India weather a financial crunch that sent the government of Prime Minister P V Narasimha Rao cap in hand to foreign lending agencies after coming to power in mid-1991.

The government then applied a painfully tight rein on spending, slashing subsidies and squeezing imports as it moved to put the economy back on track.

Manmohan Singh loosened the belt in February in his growth-oriented fiscal 1993-94 budget, saying the crisis was over with foreign exchange reserves up to a comfortable seven billion dollar and inflation down to seven per cent.

He allowed the rupee to float, boosted development spending by five billion dollar and gave away two billion dollar in duty concessions to help industry emerge from stagnation.

The monsoon, which feeds a major portion of the crops in a country where just 26 per cent of farmland is irrigated, has a cascading effect on every sphere of Indian life from the economy to politics.

NY bourse closes lower

NEW YORK, May 22: Stock prices fell Friday, as investors took profits following two sessions of record highs in the Dow Jones industrial average, reports AP.

Stocks also fell in sympathy with lower bonds. The 30-year US Treasury bond was down five dollar per 1,000 dollar face value and yielding 7.03 per cent near the close of the session. Bonds fell on concern that money supply numbers, released late Thursday, were inflationary.

Declining bonds push interest rates higher, which raises corporate financing costs and could dampen profits and stock prices. Higher rates also make stocks less attractive than fixed-income investments.

But Don Hays, director of investment strategy at Wheat, First Securities-Butcher and Singer in Richmond, Va, said he is not concerned about higher interest rates. The market's focus, he said, is about to shift away from interest rates toward corporate profits. And earnings, he contends should be good for the remainder of the year and into 1994.

"From here on in bonds and stocks should not move in tandem," Hays said. "We're enormously bullish. We think that breakout on Wednesday is the first rose of spring."



Japan has dislodged Canada to claim the highest standard of living in the world, according to a UN survey. United States, however, retains its position as the richest country while Guinea of West Africa is the poorest. The rating was done not only on the basis of per capita income, but also on how it was spent.

United States will come down to 31st place on the list if its poor spendings on health and education and poor living standard of its blacks are taken into account. Former Soviet Union and East European countries, on the other, are highly placed on the list because of their big spending on education and public health services.

Photo shows affluent Japanese working class enjoying night-life at a bar. —Star TV photo

Asia expected to outdo other regions in competition for aid

MANILA, May 22: Buoyed by its strong economic performance, Asia is expected to outdo other developing regions of the world in the increasingly fierce competition for scarce aid funds, reports UPS.

At the same time, however, many Asian countries must deal with the scourge of success as they scramble to get all the foreign funds—aid, loans and investments—they can to keep their economies growing.

Virtually every country in the region is now spending huge sums on infrastructure ranging from telephones to electric power stations to maintain their fortunes.

All of these facilities have been put under enormous strain by more than 10 years of fast-paced economic growth. And now the ageing systems threaten to throttle further progress.

Much of the optimism about Asia's prospects in this era of shrinking aid budgets stems from the 'virtuous circle' argument: The region's economies are thriving and this makes them more attractive to aid donors and private investors alike.

As individual countries become richer, they rely less on official aid and loans and bank more on foreign investments. That has been the pattern for East Asia's economic tigers.

"Since 1980, the Asia-Pacific developing region has become the most successful in attracting foreign direct investments in the developing world," say Asian Development Bank (ADB) economists Min Tang and Aludia Pardo in a joint paper that examines the expected impact of the emerging world capital shortage.

From 1983 to 1990, about US 11.3 billion dollar of investments were poured into Asia-Pacific developing countries, a total that almost matched investments in the rest of the developing countries, the ADB economists said.

That surge of mostly Japanese and Taiwanese investments, they added, has helped some Asian countries reduce their dependence on aid. Malaysia, for example, has been paying off its external debt and actually reducing it since 1987, using its high export earnings.

China's explosive economic growth—1994, its economy will be four times bigger than it was in 1978 when free market reforms started—has been powered not only by soft loans from the World Bank, the ADB and Japan.

Overseas Chinese, particularly from Taiwan, Hong Kong and South-East Asia, have poured billions of dollar into thousands of medium and small enterprises that have turned southern China into the fastest growing region in the world.

Asia is also fortunate in having Japan as the region's financier. With Japan slipping into recession and its banking system in deep trouble, Tokyo's pockets no longer seem bottomless but they are still among the deepest in the world.

While other aid donors have cut back or frozen aid levels, Tokyo has raised its 1993 overseas aid budget by 4.7 per cent to more than US 8 billion dollar.

Moreover, the Japanese are spending the bulk of its aid in Asia, especially South-East Asia. This is in line with a global trend noted by the International Monetary Fund (IMF) that capital flows tend to stay in the regions where they originate.

Japanese aid should cushion the impact of a global capital crunch for at least the next few years, especially for the Philippines, which depends more than any other South-East Asian country on official aid.

"We expect that aid levels will be cut eventually. But for the next few years, we have a lot of proposals in the aid pipeline to keep us busy," says Alan Ortiz, who runs the Philippine government coordinating

overseas aid. According to Ortiz, US has been provisionally pledged to the Philippines by a consortium of governments and international aid agencies led by the World Bank.

Of that sum, about US 5.5 billion dollar have "committed" to specific projects while US 2.8 billion dollar have been disbursed.

But while the booming economies of East and South-East Asia are in much better shape to cope with the coming aid squeeze, they have little room for complacency. With bottlenecks in power, transport and communications threatening their economies, these countries need to dramatically increase their spending in infrastructure.

According to the World Bank, Thailand loses about 1.7 per cent of its gross domestic product because of the monstrous traffic jams that afflict Bangkok. Power shortages are costing China billions of dollar in lost output.

To avert an infrastructure crisis, Asian countries will have to spend astronomical sums. One official of Japan's long term credit bank says the total bill could add up to US 2.5 trillion dollar over the next 10 years.

The World Bank estimates that Asia needs about US 450 billion dollar to build the power generating capacity needed to sustain its average growth rate of 8.4 per cent.

This enormous sum is unlikely to be provided by official aid. Agencies such as the World Bank and the ADB are now encouraging private investors to pour money into infrastructure projects through build-operate-transfer (BOT) schemes.

That approach shows promise. But while nearly US 40 billion dollar worth of BOT projects are expected to be ongoing by end-1995, this represents only 10 per cent of what economists say will be needed.

Still, other countries in Asia face bleaker prospects.

Those in South Asia in particular are not as insulated from the impact of the global aid crunch. India, Pakistan, Bangladesh and Sri Lanka have attracted very little foreign investment and depend chiefly on soft loans from official agencies.

According to the ADB, these countries will continue to depend considerably on foreign aid in the near future. This makes them more vulnerable to possible aid cuts by donor governments.

New Delhi for example has been the Norwegians. Swedes and Danes cut their aid allocations for India. The amount are relatively small: in the past three years, Norwegian aid fell from US 17 million dollar annually to US 8.5 million dollar.

But the cuts hurt because these will halt high-value projects like industrial pollution control, waste disposal schemes and small industry development.

The reasons given for the cutbacks vary. Baard Hoelpland, a Norwegian aid coordinator in India, says Norway's parliament wants to channel more aid to sub-Saharan Africa. Others say the cuts were linked to India's high defence spending.

Swedish diplomat Jan Essner, who handles bilateral aid programmes in New Delhi, said Stockholm reduced its aid by 17 per cent because of domestic economic difficulties, not India's defence spending.

Finance Ministry officials say India is not in deep trouble because the major aid commitments from agencies like the World Bank and the Paris-based aid India consortium are pushing through.

Neighbouring Nepal, however, has much more at stake. Foreign donor funds make up about 80 per cent of the development budget of the country.

Kathmandu has been shaken by the World Bank's recent decision to freeze a large dam project in eastern Nepal after giving assurances it was committed to the project.