Bank of France governor to run EBRD soon

LONDON, Aug 20: The embattled European Bank for Reconstruction and Development (EBRD) will soon be run by Jacques de Larosiere, governor of the Bank of France, a bank source said Tuesday, reports AP.

De Larosiere will replace disgraced former bank president Jacques Attali, brought down by a spending scandal that tarnished the image of the bank set up to help the poor nations of Eastern Europe convert to capitalist economies.

During the bank's first two years of operations, it blew more money on itself than it spent on the members of the former Soviet Bloc. Taxpayers of wealthy nations, including the United States, picked up the tab for Attali's private jet rides, fancy parties and expensive marble placed in the bank's opulent headquarters in London's financial district.

De Larosiere became the only candidate who will be considered by the European Bank for Reconstruction and Development after other contenders, including former Italian Premier Giuliano Amato and former Polish Finance Minister Leszek Balcerowicz, dropped out, the bank source said. The source spoke to the Associated Press only on condition of anonymity.

The bank's 57 governors will vote Wednesday on de Larosiere and an announcement is expected Thursday morning.

EC single currency unlikely before '99

BRUSSELS, Aug 20: A single currency for the European Community is highly unlikely before 1999, the deputy governor of the national bank of Belgium, Guy Guaden, said Tuesday, reports AFP.

He said in an interview published in the Le Soir newspaper: "Everyone now considers that the realistic date for monetary union is 1999 rather than 1997 because we must allow more time for economic convergence."

Guaden added that Belgium intended to maintain its policy of a strong currency, along with France, and not proceed quickly to interest rate cuts for fear of undermining its hard-won monetary credibility.

The EC's Maastricht Union Treaty specifies 1997 as the first target date for a single currency, but gives 1999 as an alternative date if the candidates for monetary union cannot quickly align their economies.

The currency union project, centre-piece of the Maastricht Treaty, has been strained over the past year by exchange rate turbulence within the E.C.

Earlier this month the community was forced to loosen its European Monetary System Mechanism of linked currency parties, and allow a 30 per cent margin of exchange rate fluctuation.

ICAB demands revival of advisory bodies on taxation

Chartered accountants Thursday demanded revival of the advisory committees on taxation which were assisting the government in framing a new taxation policy, reports UNB.

At a seminar on "Changes in Income Tax Ordinance 1984, Wealth Tax Act 1963 and Value Added tax 1991 by Finance Act 1993", they also demanded proper assessment of VAT constituent elements.

"Mon examination of these accounts and records by professional accountants may result in possible decline of potential revenue," said MA Halim Gaznavi who presided over the seminar.

To check decline of potential revenue, Halim Gaznavi, President of ICAB, called for introducing a system of auditing the VAT returns.

He said the contribution of chartered accountants could enhance resource mobilisation and help streamline country's economy.

"Revival of committees will contribute a lot in amending the tax laws and policies, conducive to the economic development the country," he added.

Organised by the Institute of Chartered Accountants of Bangladesh (ICAB), the seminar was attended by about 500 delegates from various accountant firms and business organisations.

The seminar was addressed, among others, by Dr Akbar Ali Khan, Chairman of the National Board of Revenue, and Mesbah Uddin Ahmed, member (Taxes), NBR, while MJ Abedin, Chairman of the Taxation and Company Law Committee of ICAB, presented the keynote paper.

Qureshi imposes tax on agri income

ISLAMABAD, Aug 20: Pakistan's interim Prime Minister Moeen Qureshi imposed a tax on agricultural income in a wide-ranging economic recovery plan unveiled in a nationwide broadcast late Thursday, reports AFP.

Qureshi, a former World Bank vice-president, said the programme, representing what he called "tough political decisions," would leave a legacy for future elected governments to carry forward the economic reform mission.

The World Bank and the International Monetary Fund (IMF) have agreed to support the plan with "substantial additional resources," said Qureshi, who held talks with top executives of the institutions in the United States last month.

Agriculture accounts for an estimated 30 per cent of Pakistan's gross national product (GNP), with incomes in the sector contributing 100 billion rupee (3.33 billion dollar).

Experts say the powerful feudal lobby, which has traditionally dominated the political scene in the country, has blocked attempts to widen the tax to cover their incomes.

Qureshi, who promised a stringent campaign against tax evasion as well as measures to recover unpaid loans secured by influential people from banks in the past, said his government would apply the wealth tax to agriculture.

In addition, the governments in the four provinces of the country will introduce a tax on agricultural income in such a way that only the big land owners were subjected to taxes, he said.

Earlier, Acting President Wasim Sajjad issued a decree which binds candidates in October elections to file declarations on the status of loans secured from banks and financial institutions.

Qureshi vowed to pursue with greater vigour the programme of privatization of state-owned industrial units, which was launched by his predecessor Nawaz Sharif, but pledged "complete transparency" in the drive.

The former premier, who quit last month along with President Ghulam Ishaq Khan under an army-mediated end of their mutual power tussle, was accused by opponents of selling state assets to political favourites.

Qureshi also outlined moves to revamp tax collection system, enforce financial discipline and curtail public expenditure by reducing foreign missions and ministries.

He said the government would launch a campaign against the drug menace and prosecute those involved in it.

$350m IMF loan for Pindi likely

A Reuter report from Washington says: The International Monetary Fund signalled its readiness to provide financial backing to Pakistan after the country took action to put its economy and finances in better shape.

IMF officials said they expect the fund's policy-making broad to approve about a 350 million US dollar, short-term, "standby" loan for Pakistan in the middle of next month.

"Management will be recommending to the IMF executive board approval of Pakistan's request for financial assistance," said one official, who declined to be named.

Pakistan's caretaker government on Thursday ordered high farm incomes to be taxed for the first time in the country's history in a package of strict economic management ahead of elections on October 6.

Prime Minister Moeen Qureshi also said in a televised address his 32-day-old administration would come down hard on tax evasion, corruption and inefficiency in government departments, wastages and illegal drugs.

IMF officials said the fund was working with the government on putting together a medium-term package of financial support that would take effect after the elections.

No more rupee devaluation planned

Another report adds: The Pakistani Finance Ministry said no more devaluation of the country's currency, the rupee, had been planned.

A ministry statement denied speculation by local newspapers that interim Prime Minister Moeen Qureshi's government would further devalue the rupee soon as part of economic reforms it wants to implement before general elections in October.

Last month, the rupee was devalued 9.91 per cent against the dollar — part of total of devaluation of 16.10 per cent since January — to make Pakistani exports more competitive.

A teenage female worker installs auto parts at an assembly line on Wednesday in Toyota Motor Corp's latest high tech plant in Miyata, the outskirts of Fuikuoka in southwest Japan. Japan's car industry tries to lure young people back into the factories with creating a more pleasant working environment in the assembly halls. Manual work, like car assembling, is not so popular among young people who find it difficult and dangerous. —AFP photo

Rebel bureaucrat's book best-selling in Tokyo

TOKYO, Aug 20: A rebel bureaucrat's best-selling account of his lonely crusade against the stifling rules of daily life within the mammoth government administration has created a furore in Japan, reports AFP.

The publisher of "Government Office Rules" said it had sold 170,000 copies so far, a big success in Japan, and copies were being snapped up in Tokyo's Kasumigazeki district, where the major ministries are headquartered.

In the book, Masao Miyamoto dares to break the silence observed by his colleagues by denouncing the workplace rules of the Japanese bureaucracy as "inhumane, inefficient and anachronistic."

The unwritten code imposed on government employees, he said, is "don't take holidays. Don't work. Don't compete."

Miyamoto writes that basic rights such as free expression, not to mention the freedom to take the occasional holiday and to get home at a reasonable hour, are sacrificed for the sake of group unity — a concept at the heart of office and business life in Japan.

Miyamoto, still a health ministry employee, recounts the day he asked to take two weeks of the 23 days of annual paid holiday he was nominally entitled to so he could make a trip to Europe.

He said colleagues quickly began targeting him with ascorbic remarks such as "how could someone in your position dare to take such a long vacation," "you should be too busy to take a vacation," and, perhaps most telling, "don't disturb group harmony."

Such thinking is outdated, according to Miyamoto, who wrote that, "the contempt for individualism must be corrected if Japan wants to be a world leader."

Miyamoto has been shunned by colleagues who have treated him like a heretic since the appearance of "Government Office Rules," according to the Japan Times, which gave the controversial volume extensive coverage.

Clinton vows NAFTA campaign to overcome Democratic opposition

WASHINGTON, Aug 20: President Clinton on Thursday named Chicago attorney William Daley to help him sell the controversial North American Free Trade Agreement NAFTA and vowed to campaign vigorously to overcome Democratic opposition to the pact, reports AP.

The 44-year-old attorney is the son of the late Richard J Daley, Chicago's mayor for 21 years, and the brother of current Chicago Mayor Richard M Daley.

"This trade agreement means a better future for American workers, for American industry and for the American economy," Clinton said in an Oval Office session announcing Daley's appointment. "Whether we gain jobs and whether we gain good jobs depends on whether there is more demand for American goods and services."

Daley said his job was "obviously quite a challenge," an indirect reference to the opposition to the pact among many Democrats in Congress, particularly in the House.

But the Chicago attorney, known as a shrewd political operative, turned to Clinton and said, "With your leadership we will be successful."

Clinton inherited the trade agreement from the Bush administration and plans to seek congressional approval this fall now that he has negotiated side agreements on labour and environmental standards with Mexico and Canada.

Those deals were designed to allay the fears of labour unions that have protested that Mexican workers are exploited with low wages and lousy work conditions, and of environmentalists who say the country's manufacturers put profits over environmental protection.

"Nothing like this has ever been found in a trade agreement before," Clinton said of the side agreements. The provisions allow for sanctions if Mexico fails to keeps its end of the bargain and "ensures that workers on both sides of our border can benefit," Clinton said.

But labour and its top allies in Congress were not swayed by the side agreements and have vowed to defeat the trade pact when Clinton submits it for ratification.

They have a vocal ally in Ros Perot, the Texas businessman and 1992 independent presidential candidate who is running a campaign against the trade deal.

With promised Republican help, Clinton appears to have the votes to win Senate approval, but the outlook is more uncertain in the House, where much of the Democratic leadership is opposed to NAFTA.

"If ratified, the NAFTA would phase out trade barriers among Canada, Mexico and the United States starting Jan. 1. The Clinton administration said this will increase exports and add 200,000 US jobs in the next two years.

Opponents, however, claim there will be a flood of US manufacturing jobs running to low-wage Mexico.

ANZ Grindlays still committed to Delhi

NEW DELHI, Aug 20: ANZ Grindlays, dogged by rumours it is set to wind up its network here, said Thursday the appointment of a banker of Indian origin as its managing director was a sign of its continued commitment to India, reports AFP.

A K Bommakanti's appointment to the London-based position has "further strengthened" the bank's "commitment to its Indian operations," it said in a statement released on its behalf here.

Persistent rumours emanating from Bombay have said the bank was contemplating selling off its Indian operations and that it had opened talks with the Hong Kong and Shanghai bank group on a possible sale.

ANZ Grindlays suffered substantial losses in a 1.3 billion dollar securities scam which surfaced in April 1992 after disclosures that a ring of bankers and brokers had colluded to siphon off public funds to play the stock market.

Bommakanti, who replaces Bevyn Ranford who is retiring, will oversee ANZ Grindlays bank's Indian operation including the relocation of its branches to "more profitable areas," the bank statement said.

With his appointment, the bank's operations in India "stand poised to benefit from his strategic insights and years of international experience," it added.

ANZ Grindlays bank has 56 branches and 400,000 customers in India.

The rumours that it was contemplating closing down operations in the country erupted after reports that it had decided not to expand its Asian operations except in regions where it has little or no presence.

Ramos opens economic conference

Put 'house in order' through reforms

MANILA, Aug 20 : President Fidel Ramos opened a national economic conference Friday with an appeal for Filipinos to put "our house in order" through reforms aimed at restructuring the country's laggard economy, reports AP.

Other speakers also warned that the Philippines must take steps to restore law and order, solve the Marxist and Muslim insurgencies and improve infrastructure to avoid falling further behind more prosperous Asian neighbours.

"Our common desire is to transform the Philippine economy from the slow-growing, inward-looking and import-substituting economy that has been to high growth, competitiveness and an outward-looking, export orientation," Ramos said. "Our utmost priority is to finish putting our house in order."

The conference brings together representatives of the legislative and executive branches to agree on a common strategy in each areas as tax reform, monopolies, agriculture and finance.

The Philippine economy has barely grown at all over the last three years, due to a series of natural disasters and an energy crisis caused by poor planning by Ramos' predecessor, Corazon Aquino.

Mrs. Aquino mothballed a 623-megawatt nuclear plant because of allegations that Westinghouse Electric Corp, bribed the late strongman Ferdinand Marcos to win the contract.

A US jury in New Jersey acquitted Westinghouse of the charge in a lawsuit this year. Mothballing that plant undermined the government's entire energy strategy and resulted in massive power outages throughout Luzon, the main Philippine island which includes Manila.

During his speech, Ramos said the government must restore political stability, dismantle monopolies, stimulate agriculture and control the budget deficit to achieve its goals.

Successive governments have identified similar goals but have failed to implement them due to resistance by entrenched groups including industrialists, landlords and other special interests.

During the conference, Senate President Edgardo Angara called for greater political will by the national leadership and "clear popular support."

Angara said that the economy's current three per cent growth rate, coupled with a 2.4 per cent annual population increase, means it will take the Philippines 116 years to double its economic output.

"If this continues, the Filipinos will be where the Thais were in 1990 by the year 2109," Angara said.

Ramos has pledged to bring the Philippines to the status of a newly industrialised country by the year 2000. His slogan "Philippines 2000" has been greeted with widespread public skepticism and jokes about "Philippines 2000, BC."

President appeals to Congress

AFP report adds: President Fidel Ramos Friday urged the Philippine Congress to pass crucial economic reports topped by new taxes on the rich, vowing that his administration had the political will to carry them out.

Ramos said "structural reform will be difficult" but "we shall not lack the political will to do what we have to do".

He made the appeal at the opening of a one-day "summit" between the cabinet and Congress intended to thresh out the key legislation needed to implement Ramos's ambitious economic development plan.

In his speech, Ramos reiterated past calls for further opening up the economy and dismantling "monopolies and cartels injurious to public interest."

Ramos also said that "if sacrifices have to be made, the more advantaged sectors and groups should lead the way," an apparent reference to the new taxes, aimed at the affluent, that he wants Congress to pass.

The cabinet has been urging Congress to pass new revenue measures in order to pay for much-needed infrastructure and to shrink growing deficit but Congress leaders have resisted, saying the administration must simply work harder at collections.

US move to halt dollar's plunge against yen

NEW YORK, Aug 20: Proclaiming newfound concern about the rising yen, the US government has moved decisively to halt the dollar's plunge against the Japanese currency —at least for now, reports AP.

But whether Washington will defend the dollar as strongly in the future probably depends on a core problem facing the world's two biggest economies: the burgeoning US trade deficit with Japan.

The deficit soared 15 per cent in June, according to figures released by the Commerce Department on Thursday. The figures were just one part of the worst US trade performance in five years.

After the trade figures were issued Thursday, the dollar began to nose down toward the 100-yen level, a barrier considered psychologically important in the markets.

Then, the Federal Reserve struck. In its biggest intervention in months, it bought dollars, driving up the value of the greenback, the dollar ended the day at 105.95 yen, up 4.35 yen from late Wednesday.

It was a sharp change in US policy, which had helped drive the dollar down nearly 20 per cent — to record lows — against the yen since February.

The Clinton administration has argued for a weak dollar for months, saying it could bring trade into balance by making US exports cheaper in Japan. Same analysts said the administration changed course on Thursday because its strong-yen policy had spun out of control.

Coffee growers agree on price structures

KAMPALA, Aug 20: Top coffee growing nations have agreed on price structures as part of an agreement to withhold 20 per cent of all their exports to push up prices, reports Reuter.

The plan adopted by African and Latin American producers meeting in the Ugandan capital Kampala on Tuesday comes into effect October 1 — the start of the new coffee season.

"The retention will be reduced to 10 per cent if the 15 day moving average of the composite price (for Arabica and Robusta) is above 75 American cents," said producers, adopting proposals by Colombian delegate Nestor Osorio.

"If the composite price is at a level above 80 cents, retention will be suspended," the statement said.

"If the composite price is at a level above 85 cents the quantities of coffee withheld will be released," they said.

Despite those rules, the producers spelt out specific rules to apply for the retention of Robusta coffees.

They said that retention (of Robustas) would be reduced to 10 per cent if the composite price was below 75 cents but the 15-day moving average reached 60 cents.

"If the 15-day moving average of Robusta is at a level above 65 cents, the retention of this origin will be suspended," they added. "If the 15-day average of Robusta is at a level above 70 cents the quantities of coffee withheld will be released."

The plan aims to take a total of 10 million 60-kg bags off the world market during the 1993-94 crop year to be stored in closely-monitored warehouses to trigger higher prices.

India accuses China of dumping practices

BANGLAORE, Aug 20: India is accusing China of dumping practices to pave an illicit Silk Route to India, Beijing's closest competitor in the world silk market, reports AP.

Silk Smugglers annually bring in an estimated 5,000 tons of high grade silk at one-third the cost of India's lower quality yarn, government officials and businessmen said in interviews this week.

"China wants to monopolize the world silk industry by ruining ours," said Gangadharyya Parameshwara, a cabinet minister in the state government of Karnataka in southern India.

About 2,500 tons of Chinese silk is imported legally on condition that it is woven into garments for export.

But shiploads of silk are illicitly reaching weavers for the local market, where an insatiable demand exists for fine silk for brilliantly coloured saris worn by women and for men's shirts.

Legislators are pushing for a total ban on silk imports.

Parameshwara said Chinese yarn cost 600 rupee (19.35 dollar) per kilogram (2.2 pound). Dumping has forced the price of Indian silk to drop from its peak of 1,700 rupee (54.64 dollar) to 900 rupee (29 dollar) this week.

China makes about three times as much silk as India, which produced 14,120 tons last year.

Parameshwara said officials seized even 7 tons of Chinese yarn this summer and charged several accused smugglers.

Under state law, they face a maximum fine of 5,000 rupee (160 dollar), but he said he wanted to increase the penalty to a possible three year jail term and 25,000-rupee (800 dollar) fine.

Gandikota Subba Rao, the chief of the Central Silk Board, said the only way to stop the illicit trade is to improve the quality of Indian silk.

Chinese yarn, a fine white silk, comes from the bivoltine silk worm, while Indian silk, yellow and coarse, comes from the multivoltine worm.

Production is labour-intensive, making it a suitable industry for the world's two most populous nations.

Crippling financial crisis hampers PLO operations

JERUSALEM, Aug 20 : The Palestine Liberation Organisation's huge network of social, financial and military operations is falling apart amid a crippling financial crisis, reports AFP.

Trained guerillas are working as butchers' boys, experienced officials are scraping a living working in restaurants and laundries, and tens of thousands of Palestinians accustomed to receiving many of the benefits provided by a real state from the PLO are finding their only source of livelihood cut off.

The financial crisis was precipitated by PLO Chairman Yasser Arafat's support for Iraq after its 1990 invasion of Kuwait, which prompted the oil-rich Gulf Arab states to withdraw funding estimated by the United Nations to have run into hundreds of millions of dollar a year.

Tens of thousands of Palestinians with well-paid jobs were thrown out of Kuwait in the after match of the emirate's liberation by a US-led multinational force in 1991 leading to a further strangulation of funds.

The results have been devastating.

Palestinian "prisoners of war" in Israeli military jails have not received their monthly payment of between 75 dollar and 105 dollar for five months.

Many academics, officials and fighters have not received their salaries from the PLO from months.

PLO representation across the world has been cut back, personnel at the head office in Tunis has been slashed.

Two high schools run by the organisation have been closed in Lebanon, home to 350,000 Palestinians, and where the Palestinian Red Crescent Medical service has been paralysed for a year.

Families stormed a UN food store in a refugee camp in Lebanon two weeks ago and made off with sacks of flour and sugar.

But the most serious effect is in the Israeli-occupied territories of the Gaza Strip, West Bank and East Jerusalem, where, according to estimates by Palestinian economists, annual PLO funding for educational, social, health and political organisations has been cut by between 70 per cent and 80 per cent.

Economists estimate funds to the territories of 300 million dollar to 310 million dollar have dropped to between 60 million dollar and 90 million dollar.

Many Palestinian analysts see another reason for the Arab States' continued withholding of funds: they want to pressure the PLO into making concessions in the Middle East peace talks.

"Cutting off aid to the Palestinians is aimed at making them desperate, so they accept whatever solution they can get," said Munir Maqdah, head of the forces in Lebanon of Fatah, the main PLO faction.

In the Israeli-occupied West Bank and Gaza Strip, the Islamic fundamentalist Hamas is welcoming with open arms Palestinians disillusioned with Arafat's organisation.

Funding for universities in the territories, with their 13,000 students, has all but dried up. According to Palestinian economist Samir Huleileh, the institutions received between 22 million dollar and 25 million dollar annually before the Gulf War: now they get only two million dollar a year.

Lectures at Bir Zeit, the most prestigious university in the occupied territories, have not been paid for two months.

"The only course of action for the universities is to drastically increase their fees, which will mean 60 per cent of students abandoning their studies," Huleileh told AFP.

He added that 42,000 families eligible for PLO "social services" risked going broke.

The "people's committees" aiding the intifada, or uprising, against the Israeli forces are in serious financial difficulty. The committee in Tulkarm, in the north of the West Bank, has had its funds chopped from 20,000 dollar a month to 5,000 dollar.

Japan's land prices fall sharply

TOKYO, Aug 20: Japan's land prices at the beginning of this year were down 18.1 per cent from a year earlier, the sharped fall since current records were started in 1955, the National Tax Administration Agency said Wednesday, reports AFP.

The agency said the average price of land near major roads across the country was 299,000 yen (2,945 dollar) a square metre (10.76 square feet) on January 1, down from 365,000 yen the year before.

Average land prices plunged by 20.6 per cent in the Tokyo area, 23.9 per cent around Osaka and 16.6 per cent around Nagoya.