

# Industrial nations set to block \$50b IMF plan to Third World

WASHINGTON, Sept 11: Major industrial nations look set to block a 50 billion US dollar IMF plan to help needy developing nations and former communist countries by pumping up world currency reserves, monetary sources said yesterday, reports Reuter.

Under the proposal, the International Monetary Fund (IMF) would act to ease the plight of those nations through an issue of its own artificial currency, the special drawing right.

But the plan, which was discussed by the fund's board on Friday and is vigorously backed by IMF Managing Director Michel Camdessus, requires an 85 per cent vote in favour.

"It just doesn't have the votes," said one source.

The proposal is expected to be discussed further by finance ministers and central bankers from the fund's member nations at the IMF's annual meeting later this month.

Opponents of the plan question the need for an SDR allocation to help developing na-

tions, noting that the IMF is already lending money to many of those countries. They also fret that such a move could ultimately prove inflationary.

Under the proposal, the IMF would effectively create money out of thin air through a 36 billion SDR allocation worth about 50 billion US dollars to the fund's 177 member nations.

In a position paper on its proposal, the IMF argued that an SDR issue would help developing nations and the so-called countries in transition that were members of the communist bloc build up their scarce currency reserves.

An SDR allocation would allow developing countries and countries in transition to reach more adequate international reserve levels without additional recourse to expensive borrowing or the compression of domestic demand," it said.

The fund said industrial nations should consider channelling the SDRs they receive under the proposal back to needy nations.

But international monetary

sources said that those arguments have not won anywhere near the 85 per cent vote that's needed for approval of the proposal (ESAF).

The 7 1/2 billion US dollar facility, which lends money at virtually no cost to the world's poorest nations, is due to expire at the end of November.

The Group of Seven -- Britain, Canada, France, Germany, Italy, Japan and the United States -- seem split over how to refinance the facility, international monetary sources said.

The United States and Britain want to tap the IMF's own general resources for that purpose, a proposal opposed by fund management. Japan, on the other hand, backs the current scheme, in which industrial countries contribute to a trust fund that finance the ESAF.

An earlier British proposal for the IMF to sell some of its gold to fund the facility does not seem to have won much backing, international monetary sources added.

Some international monetary sources voiced concern that Camdessus's strong back of the SDR issue would deflect atten-

## MCCI, NBR members to meet tomorrow

The chairman and members of the National Board of Revenue (NBR) will meet the Chamber members tomorrow at 10:30 am in the Conference Hall of the Chamber at Chamber building, 122-124, Motijheel Commercial Area, says a press release.

The meeting will discuss tax and tariff issues particularly back to back L/C and bonded warehouse facilities for the exporters, import of duty-free machinery for exporters, problems of industries affected by tariff anomalies, problems arising from tariff valuation for the purposes of import duties and deduction of income tax at source, VAT and other duties/levies.

## Two US firms on verge of \$16.5 b merger

NEW YORK, Sept 11: Paramount Communications and Viacom Inc are on the verge of a 16.5 billion dollar merger in a deal that would create one of the world's most powerful media companies, two newspapers reported Saturday, reports AP.

Unidentified sources told The New York Times and the Los Angeles Times that the companies' two chairmen would present the plan to their directors over the weekend.

If approved, it would be the biggest merger since the Time-Warner marriage in 1989.

The deal would be structured as a purchase, with Viacom acquiring Paramount for 6.2 billion dollar in stock and one billion dollar in cash, sources said.

Paramount has produced recent movie hits "The Firm" and "Indecent Proposal," and the TV comedy "Cheers." It also owns book publisher Simon and Schuster. Viacom is a cable TV powerhouse that owns Showtime and Nickelodeon and music cable networks MTV and VH-1.

A Paramount-Viacom hybrid would rank No. 5 behind Time Warner, Rupert Murdoch's News Corp., Germany's Bertelsmann AG and The Walt Disney Co.

Viacom chairman Sumner A Redstone, 70, would own nearly 40 per cent of the stock in the merged company and be its chairman, sources told the newspapers. Paramount Chairman Martin S Davis, 66, would serve as chief executive.

Speculation of the deal Friday drove up Paramount stock 4.25 dollar to 61.125 dollar.

## Indian transport workers to go on strike again

NEW DELHI, Sept 11: India's 1.8 million long-haul truckers will stop transporting freight next week in a new protest over costs, after the government failed to implement an agreement that ended a crippling strike last month, a spokesman said yesterday, reports Reuter.

S P Singh of the All-India Motor Transport Congress (AIMTC) said a national committee meeting in Delhi had agreed to suspend operations from midnight on September 15.

He said it was not a strike because owners would continue to pay drivers and support staff, but they would not book or deliver freight from that time.

Last month, the hauliers went on strike for six days over road taxes and tolls and the alleged corruption that they said accompanied their collection. They said the costs meant truckers were operating uneconomically.



Mahbubur Rab Saadi, Project Director, Grameen Bima Project of Delta Life Insurance handed over a cheque of death settlement claim to the nominee of policy holder Jilai Mia at Habiganj recently. Local chairman Shahid Choudhury, DC Shah Alam, SP M N Bhakta and APD Shamsher Alam also seen in the picture.

## Germany urged to pursue 'cautious' monetary policies

PARIS, Sept 11: Hans Tietmeyer, deputy head of Germany's central bank, urged governments here yesterday to pursue "cautious" monetary policies despite signs of weaker than expected growth this year in several key countries including Japan, reports AFP.

Seconding Tietmeyer, Kumihiro Shigehara, chief economist of the Organisation for Economic Cooperation and Development (OECD) told reporters that "we have to be very careful."

Shigehara said the OECD welcomed the half-point cut in the Bundesbank's key interest rates announced on Thursday, which was followed by similar moves by other European central banks.

But he also foresaw "some need for a downward revision" of the OECD's latest growth forecasts, published on July 1, especially for Europe and Japan.

Japan's room for manoeuvre on the fiscal side was "rather limited," he said, responding

indirectly to reports that Japan's new coalition government may consider a new fiscal package later this month to keep a growth slowdown from turning into a real recession.

Tietmeyer, due to take over as governor of the Bundesbank on October 1, was speaking for the last time as chairman of a high-level OECD panel which held its first session since last July's monetary turmoil in Europe.

He told correspondents the 10-nation working party no. 3 had held a wide-ranging discussion of the economic situation in Europe and of the "benefits and risks" of the temporary widening of margins in the European Exchange Rate Mechanism (ERM) at the end of July.

There was a general feeling that one should be cautious in using room for manoeuvre in the monetary field, he said.

Tietmeyer indicated that the group also saw a need to follow a line of regaining credibility and coming to more convergence among European economies, he added.

Tin crisis threatens Bolivia, Malaysia

LONDON, Sept 11: The world tin market, depressed since a collapse in 1985, is facing its most acute crisis yet as prices continue to fall, threatening the Bolivian and Malaysian tin industries, analysts said here yesterday, reports AFP.

Tin, used mainly in the metal and chemicals industry, is no longer making any money for its producers because extraction costs are higher than the market price, the analysts added.

The producers blame China, the biggest tin producer, and to a lesser extent Vietnam, for the fall that has taken prices to a 20-year low in London.

Beijing has accelerated its exports, bringing them to 30,000 tonnes in 1992, equal to 15 per cent of western demand, while other countries have tried to reduce their supplies.

At the same time, sales have increased of US strategic tin reserves and demand has stagnated in line with the weakness of industrial demand.

In addition, Russia, which used to buy around 20,000 tonnes of tin every year has switched from being an importer to an exporter of the metal, depressing the market further.

Dealers in London said, however, that the contraction in supply would take a long time to work through into the market place and that prices would not begin to rise again for several years.

year absence, the price of tin has slumped from 10,000 dollar a tonne to 4.00 dollar today.

The fact that this has happened is all the more galling following the setting up in 1987 of a producer's cartel in an attempt to reflate the market after its dramatic collapse in 1985.

The association of tin producing countries, bringing together Australia, Bolivia, Indonesia, Malaysia, Nigeria and Zaire, set a target of reducing world surplus stocks of tin 20,000 tonnes in 1993, only to see them at double that.

Faced with this failure, some countries, including Malaysia, are threatening to leave the organisation and are set to call for its dissolution at a meeting in Kuala Lumpur at the end of October.

Some metals companies have already abandoned hopes of an increase in prices and preferred to leave their mines to property speculators rather than continue mining operations.

Dealers in London said, however, that the contraction in supply would take a long time to work through into the market place and that prices would not begin to rise again for several years.

## Drought hits Taiwan

TAIPEI, Sept 11: Water rationing has been imposed on the northern port city Keelung and irrigation of many rice paddies in Taiwan has been curtailed because of a severe drought, officials said Saturday, reports AP.

Officials of the Taiwan Water Supply Company said it has not rained for nearly three months in Keelung, and under rationing that came into force last month, 200,000 households in the city are provided with water every other day.

Naval vessels also have been transporting water from eastern Taiwan to the port city, which is hit by the worst drought in 39 years, the officials said.

Weathermen said Saturday that relief was expected soon because of approaching tropical storm Abe, which is packing winds of 100 kilometres (60 miles) per hour.

The Central Weather Bureau said that at 12 pm (0400 GMT), Abe was located about 290 kilometers (116 miles) southeast of Taiwan, and it was moving north-northwest toward this island at nine kilometres (5.4 miles) per hour.

"Rice crops have not withered but a bad harvest is expected," Huang said in a telephone interview.

Officials have urged people to stop car washing and to take a shower instead of a bath to save water.

If it scores a bull's-eye, Abe

will be the first tropical storm to hit the island this year.

Forecasters said in Taiwan in southern Taiwan, only 300 millimetres (12 inches) of rain fell during July and August, about one quarter of the rainfall recorded during the same period last year.

Storage in the island's 12 major reservoirs has dropped to the lowest level in four decades with 560 million tons of water, averaging about 40 per cent of capacity, the Water Resources Planning Commission reported.

Storage in the two main reservoirs in the north fell to have only enough water to provide 70 days of supply to this capital city, officials said.

In central Taiwan, many rice paddies were irrigated once every six days to save water for household use, said Hung Pin-hsi, a Taitung Water Resources Planning Commission official.

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## Shipping Intelligence

### CHITTAGONG PORT

Berth No.	Name of Vessels	Cargo	L Port Call	Local Agent	Date of Arrival	Leaving
J/2	Banglar Sampad	Repair	—	R/A	16/09	
J/3	Banglar Kiron	Repair	—	BSC	14/09	
J/5	Yong Ning	Gl/R Seed	Sing	Prog	3/9	13/09
J/6	Ji Lin	Gl	Sing	Prog	3/9	14/09
J/7	Continent-1	Gl	Kara	CLA	7/9	13/09
J/8	Vishva Karuna	R Seed	Chin Limond	30/8	24/09	
J/9	Eastern Mars	Gl	Hong Kong	Prog	09/09	14/09
J/10	Sea Nymph	Cement	Sing	USTC	02/08	14/09
J/11	Mowlavi	Salt	Tutu	UMAL	7/9	15/09
J/12	Lanka Mahapola	Cont	Mong	Baridhri	11/09	13/09
J/13	Knud Jespersen	Cont	Sing	CT	10/09	14/09
MPB/1	Fong Yun	Cont	Bangladesh	BDShip	10/09	14/09
CCJ	Samudra Samrat	Repair	Kand	SSL	25/8	25/09
GSJ	Dolores	—	Seacom	R/A	30/09	
RM/3	Aurora Sky	CPL	Cal	TSL	10/09	12/09
DOJ	Banglar Jyoti	C Oil	—	BSC	R/A	16/09
DDJ/1	Banglar Robi	Repair	—	BSC	R/A	18/09
DDJ/2	Banglar Asha	Repair	—	BSC	R/A	15/09

### VESSELS DUE AT OUTER ANCHORAGE

Name of Vessels	Date of Arrival	Last Port Call	Local Agent	Cargo	Loading Port
Eponyma	11/09	Sing	CTS	Cont	Sing
Virgo	14/09	Sing	OTBL	Scraping	—
Sea Pal	11/09	Bang	BML	Gl	—
Green Island	13/09	—	Karna	Gl (Lash)	—
Sea Rhapsody	12/09	—	USTC	Cement	—
NGS Ranger 1/9	13/09	Sing	BDShip	Cont	Sing
Parahassus	13/09	Kand	MSPL	Salt	UK Cont
State of Naglaji	14/09	Ma	SSL	Gl	Doland
Gruz	13/09	—	BSC	Gl	Holland
Alpha Nova	14/09	—	USTC	Cement	—
Peter Starostin 7/9	14/09	—	CT		