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Ukraine facing payment crisis

KIEV, Feb 19: A top government official warned yesterday that Ukraine needed hundreds of million of dollars in fresh credits to escape a severe payments crisis threatening to cripple its industries and deepen energy shortages, reports Reuter.

Deputy Prime Minister Valentyn Landyk said the government should issue 10 trillion Karbovanets (790 million US dollars) in credits to ease debts between state enterprises.

Landyk also told Interfax-Ukraine news agency that loss-making enterprises' must be allowed to go bankrupt, although he said this could result in a 20 per cent jump in unemployment.

Extra cash would help ease the payments crisis and stave off social unrest in key industrial areas where wages have not been paid for months.

But it would boost inflation, which dipped to 20 per cent in January from December's 80 per cent due to a government freeze on issuing more money.

President Leonid Kravchuk has given the government until Monday to find a solution to the payments crisis, presidential economic adviser Mykola Mykhailchenko said. The government was expected to report to parliament on Tuesday.

Economists said a shortage of cash in circulation was in part to blame for the payments crisis hitting many factories which are now unable to sell their goods on the domestic market.

Many factories are idle or cutting working hours.

In the industrial city of Dnipropetrovsk, officials said 10 per cent of all enterprises were closed.

A number of others were working three-or-four-day weeks, including the biggest rocket factory in the former Soviet Union.

In Kiev, about 70 miners from the Eastern Donbass coal region were on the third day of a hunger strike, protesting that many coal miners had not been paid for two months.

Energy officials said they were unable to pay for imports because consumers were not paying for fuel. Ukraine owes Russia more than 1 billion US dollars for oil and gas.

Officials at Ukraine's joint stock gas company Ukrhazprom said they were helpless in the face of an ultimatum from Turkmenistan which threatened to cut off gas supplies if Ukraine did not start paying up.

Turkmenistan supplies about 35 per cent of Ukraine's natural gas imports.

"We're not having an energy crisis, we're having an economic crisis," Deputy Energy Minister Olexiy Sheberstov told a news conference on Thursday.

As part of the Soviet Union, Ukraine had access to cheap and plentiful supplies of gas and oil from other republics, primarily Russia. But in two years of independence, suppliers have moved closer to world prices for fuel and energy.

Industrial output fell 15 per cent in 1993.

Bangladesh Biman

NY flight passengers to report 3 hours before departure

All Biman passengers travelling to New York and other destinations by BG-009 will now be required to report at the briefing counter of Zia International Airport three hours before the scheduled departure of the flight, reports UNB.

Bangladesh Biman in a press release said yesterday the three hours time is needed to ensure timely completion of customs, immigration and other formalities.

UAE oil minister resigns

ABU DHABI, Feb 19: United Arab Emirates (UAE) Oil Minister Yusuf Ibn Omair Ibn Yusuf has resigned, nearly three years after he was appointed to the post, the official news agency WAM reported on Friday, reports AFP.

His resignation has been accepted, the agency quoted official sources as saying, without giving reasons for the resignation.

The move followed a sharp decline in oil prices and Gulf offer to cut output to stabilize the market, which has been rocked by recession, overproduction by independent exporters and excessive withdrawals from stockpiles in industrial nations.

Oil Ministers from the six-nation Gulf Cooperation Council (GCC) are due to meet in the Saudi port of Jeddah on March 5 to discuss oil prices, which have plummeted to nearly seven dollars below OPEC's 21-dollar benchmark.

But it was not immediately clear if member states — Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the UAE — would go ahead with the meeting.

300m baht Japanese grant to Thailand

BANGKOK, Feb 19: The Japanese government has donated 300 million baht to Thailand to help improve the efficiency of the Thailand Productivity Centre it was learnt here today, reports Xinhua.

The five-year initial period of the productivity development project will begin at the end of this month.

The Japanese government will send experts to transfer knowledge and expertise to its Thai counterparts, train fellowships in Japan, and provide Thailand with equipment and materials.

S Africa's trade surplus drops

PRETORIA, Feb 19: South Africa's monthly trade surplus dropped 46 per cent to 1.06 billion rands (308 million dollars) in January from December's 1.97 billion rands (572 million dollars), according to official figures released yesterday, reports AFP.

The department of Customs and Excise said imports grew 9.5 per cent to 4.69 billion rands (1.36 billion dollars) in January from December's 4.28 billion rands (1.24 billion dollars).

The rise in imports was accompanied by an eight per cent decline in exports, from December's 6.26 billion rands (1.82 billion dollars) to January's 5.75 billion rands (1.67 billion dollars).

Economists said they were not alarmed at the large drop in the trade surplus.

One m Chinese migrate to Shanghai for jobs

BEIJING, Feb 19: Some one million migrant labourers have descended on Shanghai in the traditional post-spring festival crush as fortune-seeking farmers leave their villages for city jobs, it was reported today, reports AFP.

An average of 580,000 passengers daily have entered the eastern city by train for the past week, forcing numerous additional services to be laid on as the rail system is stretched to its limits, the China Daily said.

Others have travelled from the countryside by bus, the report said.

It said that no migrants had yet been found sleeping outside the railway station, with many heading for jobs in construction, agriculture and township enterprises in and around Shanghai.

With 30 million farmers expected to leave their villages after the holiday period, Shanghai and many other Chinese cities have take precautions such as banning local employers from taking on any workers privately and warning that any who arrive without proper work contracts will be sent back home.

The provincial authorities in Guangdong issued a notice late last year urging farmers who had been to the booming capital Guangzhou not to encourage fellow villagers to follow them.

Big privatisation project in Russia

Lukoil offers shares to public next month

MOSCOW, Feb 19: Russia's biggest oil conglomerate, Lukoil, said yesterday that it planned to offer shares to the public next month in the latest big privatisation project aimed at injecting new life into the industry.

"We will sell 7.42 per cent of our shares at open auctions," Lukoil Vice-President Leonid Fedun told Reuters in an interview.

Lukoil, which accounted for about 14 per cent of Russian crude oil output last year, will be auctioning shares in both the mother company and is subsidiaries.

Russians can exchange privatisation vouchers for shares at the auctions, which will take place from March 14 to April 11. The vouchers, with a face value of 10,000 roubles (6.40 US dollar), were distributed to the 150-million population in late 1992.

Foreign investors have the right to a maximum stake of 15 per cent in the holding company, but they are not yet entitled to hold shares in the subsidiaries.

Lukoil is the biggest of Russia's three "vertically integrated" oil companies, combining production, refining and marketing operations.

The state will hold a 45 per cent controlling interest for at least three years in the company, which was founded by the Western Siberian Producers Langepasneftegaz, Uralneftegaz and Kogalymneftegaz.

Last year, it produced 48.8 million tonnes (976,000 barrels per day) of crude and exported 5.2 million tonnes (104.000 BPD), according to Fuel and Energy Ministry figures.

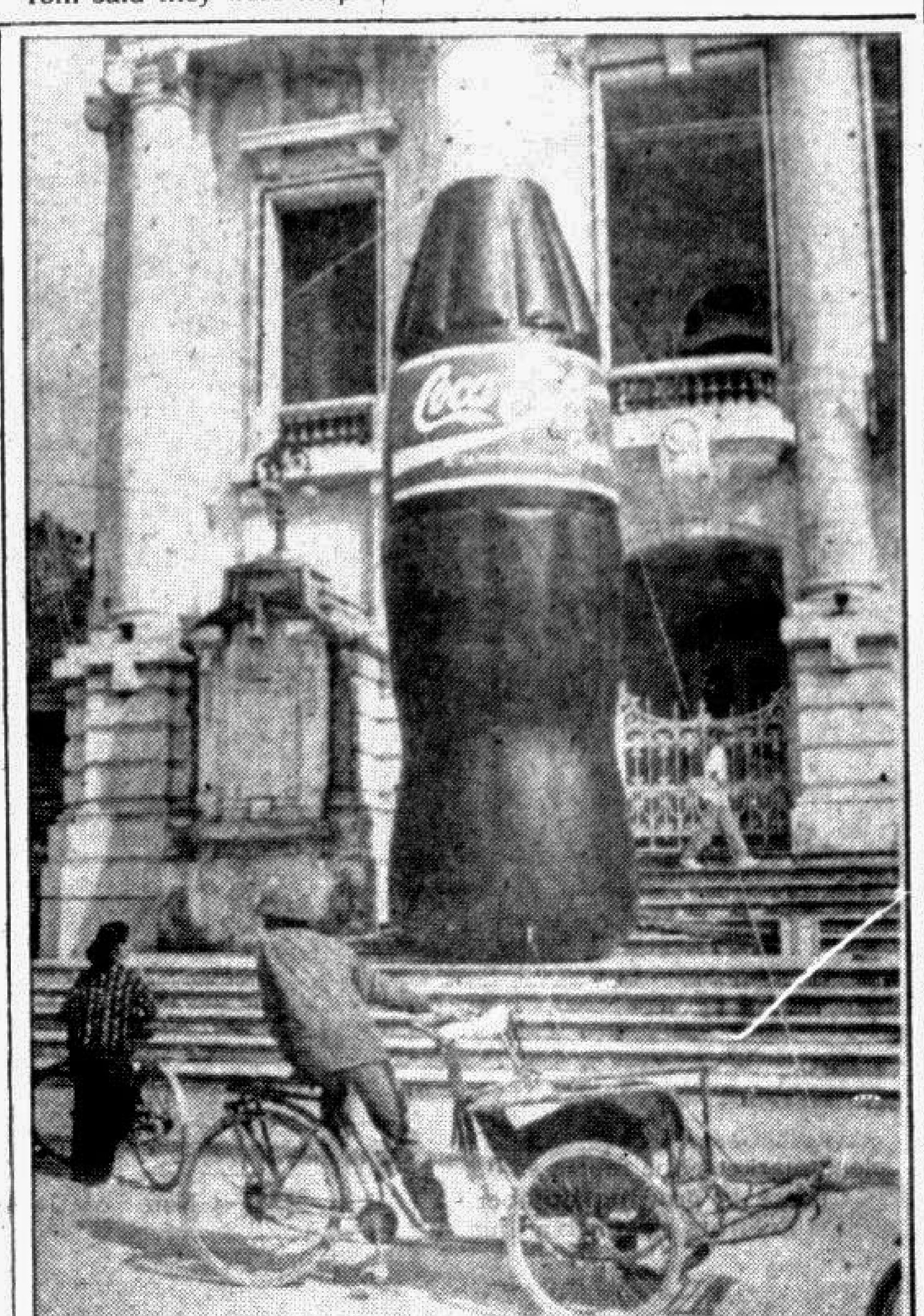
Fedun said output fell last year — from more than 50 million tonnes in 1992 — because of "over-production in Russian."

Russian oil output has been falling, but so has demand and companies have been forced to cut back investment in projects aimed maintaining production due to financial problems linked to consumers' failure to pay for supplies.

"We were forced to cut oil industry investment," Fedun said, "the market is overflowing with oil and oil products and the government is not allowing US sufficient access to foreign markets."

Lukoil is owed more than 450 billion roubles (290 million US dollars) by state and other organisations, Fedun said.

He said the company was expanding its operations outside Russia. Lukoil wants to take part in a foreign consortium negotiating a contract with Azerbaijan to develop two Caspian Sea oilfields.



A cyclo driver waits for clients yesterday before one of two giant plastic Coca-Cola bottles installed in front of the Hanoi's French-style opera house for an advertising campaign launched this week in the capital of Vietnam. Coca-Cola has set up a 20 million dollar joint venture to produce the famous soft-drink in neighbouring Ha Tay province.

—AFP photo

Delhi decides to lift ceiling on export credit

NEW DELHI, Feb 19: The Indian government has decided to lift the ceiling for export credit and introduce 24-hour customs clearance facilities at major ports to keep with the continuing export promotion efforts by the country, reports Xinhua.

The decision was made at a meeting held yesterday of secretaries to the government and heads of departments connected with the export drive.

During the meeting presided over by Cabinet Secretary Zafar Saifullah, it was decided with immediate effect that all export credit applications would be considered by the government without reference to existing 10 per cent ceiling in the case of quality borrowers engaged in exports.

Under the new decision, adequate and timely credit facility would be made available by the commercial banks to the exporters.

It was made clear at the meeting that the job of export facilitation and promotion was not limited to the centre.

Saifullah stressed that joint efforts should be made among the ministers and agencies connected directly or indirectly with exports as this is a national priority in the larger interest of the Indian economy as a whole.

He indicated that two follow-up meetings would be scheduled at the level of the cabinet secretary to discuss fiscal and banking issues relating to exports after the budget session of Parliament.

Foreign direct investments touch $4b

Another report says: Foreign direct investments (FDI) had touched four billion US dollars in the last two years.

This was disclosed by Chairman of Foreign Investment Promotion Board (FIPB) A N Verma in a meeting here yesterday.

He said that the quantum of investments reflected a growing confidence of the international business community in the country's economy.

He expressed the hope that liberalisation and streamlining of procedures for facilitating economic activities will attract higher level of investment to the country in the near future.

Carpet exports may exceed target

A further report adds: India's carpet exports are likely to exceed the target of 12.6 billion rupees (406 million US dollars) during 1993-94.

Inaugurating the 10th All-India Carpet Trade Fair here yesterday, Minister of State for Textile G Venkat Swamy said that the hand-knotted carpet industry had made tremendous progress in the recent past in spite of recession in the international market.

He said that exports of Indian carpets had already increased to 9,920 million rupees (320 million US dollars) in 1992-93 from 4,200 million rupees (135 million US dollars) in 1989-90.

Gold slides to its lowest level in London

LONDON, Feb 19: Gold slid yesterday to its lowest level in three weeks as investment funds in the United States decided to sell, bullion traders said, reports Reuter.

The fall started on New York's Comex Market, spreading to London, where gold was fixed in the afternoon at 379.90 US dollars an ounce, a drop of nearly six US dollar from the previous day's close.

It later slipped to around 378 US dollars.

"It was a whole different ball game when the funds came in," one dealer said, adding that there seemed no single piece of news to rigger the selling.

Dealers said gold had looked vulnerable to a correction this week, having failed to climb above 387 US dollars. The next support level for the market was expected to be around 375 US dollars.

Trade rift may lead Tokyo to deepen ties with others

TOKYO, Feb 19: Japan's trade tussle with the United States has forced Tokyo to make a difficult re-examination of its relations with Washington, and may lead to a gradual deepening of its relations with Asian and European partners, reports AFP.

"It is a good opportunity for Japan to modify its perception of the United States and boost relations with its other major partners (in Asia and the European Community)," the general manager of major trading house Sumitomo, Hieyasu Nasu, said.

"Japan maintains an emotional relationship with the United States," said Nasu, who saw in future a shift in Japanese thinking towards closer links with Europe.

But for this evolution to materialise, other Japanese observers said, it will take time as the United States has been the top priority for Japan since 1945, calling into question as such a shift does the basis of stability and security for the last 50 years.

Some western diplomats were more cautious in their views, seeing the Japanese administration as incapable of taking a long-term global view which separates the existing framework from the historical priority accorded links with the United States.

For its part the economic daily Nihon Keizai said Friday there was some wavering by Japanese officials after Prime Minister Morihiro Hosokawa's "no" to US demands for numerical targets, prompting economic concern over the possibility of a serious rift.

The Nihon Keizai said market-opening measures Japan was preparing to put in place to appease the Americans risked returning Japan to "the habitual behaviour" of submitting to US pressure.

Japan has already noted the indirect support of Europe and several countries in Asia, which have criticised the threat of unilateral trade sanctions brandished by Washington.

The stance against unilateral sanctions is all the more significant considering that most Asian and European countries carry sizeable trade deficits with Japan.

British food firm moves to focus on its tea products

LONDON, Feb 19: British food group Allied-Lyons yesterday announced the sale of its coffee products to Kraft Jacobs Suchard and to the Finnish Group Pauling to enable the company to focus on its tea products, reports AFP.

Allied-Lyons will sell, through its su[illegible] ary Lyons Tetley, the ground coffee brands Lyons original, Lyons continental and Lyons world of coffee to Pauling UK, the British subsidiary of Pauling, which markets Melitta coffee.

The instant coffee brands will be bought by Kraft Jacobs Suchard, the European business of Kraft General Foods International, a subsidiary of Philip Morris companies. Kraft markets the Menco, Maxwell House and Cafe Hag brands.

Japan's central bank chief vows to stabilise yen

TOKYO, Feb 19: Japan's central bank chief vowed on Friday to fight currency market speculators and stabilise the yen with the help of its Group of Seven (G7) partners, reports Reuter.

Bank of Japan (BOJ) Governor Yaushi Mieno reassured a parliamentary panel Japan would strive to correct the recent excessive rise of the yen against the dollar.

"Generally speaking, there is a G7 agreement that currencies should reflect economic fundamentals and move in stable fashion, Mieno told the lower house budget committee.

"Under that agreement, which is still intact, we want to seek currency stability by keeping in touch with each nation for the G 7," he said.

Finance Minister Hirohisa Fujii also underscored to the same committee Japan's determination to counter speculative currency movements.

"G7 nations share the view that we should not allow any manipulation of exchange rates," Fujii said.

Finance ministers and central bank governors from the G7 — the United States, Japan, Germany, France, Britain, Italy and Canada — are due to meet near Frankfurt on February 26.

Mieno declined comment on what specific yen dollar rate he might favour but suggested he was unhappy with recent movement, saying that since there was no change in economic fundamentals, currency moves in the past few days had been excessive.

Economic planning agency Vice-Minister Tsutomou Tanaka told a news conference later he hoped the dollar would rise again to the 110 level that prevailed before the U.S-Japan summit on trade ended in failure last week.

Reacting to the summit, the dollar dropped to around 101 yen this week but by Friday mid afternoon was hovering about 104.50 after numerous BOJ interventions.

Mieno defended his monetary policy, saying Japan's interest rates were low enough to support economic recovery.

Mieno and cabinet ministers said they still could not paint a rosy picture for the economy, now in its worst post-world War Two war slump.

Move to reopen jute mill in Hooghly fails

CALCUTTA, Feb 19: A tripartite meeting to reopen Angus Jute Mill in Hooghly district, closed for about a month about 4,500 workforce, failed Wednesday which the state government attributed to "unacceptable suggestions of the management," reports PTI.

The State Labour Minister, Santi Ranjan Ghatak, told newsmen here that it was the mill management which urged the state government to organise a tripartite meeting. But, he said, it was due to the "unreasonable suggestions" put forward by the management that 'thwarted' the move to re-open the mill.

The Labour Commissioner, S Das, who was present, said that the management proposed at the meeting, attended by the representatives of 16 trade unions, that while reopening the mill, 500 workers would have to be retired, "there would be no payment of gratuity as also the arrear wages," but those suggestions were rejected by the trade unions, he said.

Italian courts seize $ 900m of Mafia money, goods

ROME, Feb 19: Italian courts seized 900 million dollars of Mafia money and goods in 1993, a report by the Anti-Mafia Commission said Friday, reports AFP.

The sum was three times higher than in 1992, and the report said two-thirds of the money seized, some 600 million dollars, had come from the main crime hostspots of Sicily and Campania, an area around Naples.

Some 125 million dollars came from the Calabria region of southern Italy. The report was presented by the commission's President Luciano Violante to deputies on Friday.

Pakistan seeks assistance on rice export woes

Javed A Malik writes from Islamabad

Pakistan has sought advice on how to sustain current levels of rice exports to avert major problems for the country.

At present, some eight per cent of the country's foreign exchange earnings come from the export of rice. Pakistan exports annually one million tonnes of rice, about 45 per cent of its total production. Its exports give the country an 11 per cent share of the international rice market.

However, local and global developments threaten not only to make it difficult for Pakistan to increase export earnings but even to sustain current rates. Thus, it has asked the United Nations Food and Agriculture Organisation (FAO) to conduct an analysis of its rice export.

Both the country's main rice exports — Basmati and Irri — seem to be having some difficult time in the international market.

Basmati is long-grained aromatic and high-quality. Its main buyers are countries of the Gulf Cooperation Council — Bahrain, Oman, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates. Iran has also emerged as a major market. Irri, on the other hand, has African nations as its main buyers. Substantial amounts have also been imported by Bangladesh, Singapore and Mauritius.

Until the early 1980s, Pakistan made substantial profits from Basmati exports but sales have fallen since 1987. The country's efforts to revive sales through the high-yielding Basmati 385 are not so successful as competition in the world market intensified. Besides, prices for Basmati 385 tend to be lower as it is more abundant and people still prefer the traditional Basmati 370. Irri sales are also adversely affected by intense competition. Earnings from the export of this grain have fallen to almost half of mid-1980s levels. The rice is now exported at prices considerably lower than production costs.

In 1987, the government allowed the private sector to export rice as part of its policy to liberalise trade. However, private exporters could only trade in Basmati and under a number of restrictions. Numerous taxes were also imposed. The restrictions were intended to ensure the quality of Basmati rice exports and to maintain support for farmers producing Irri.

Irri rice was bought from farmers at prices higher than export rates. The government worried that if private traders were allowed to export Irri, the prices they would pay would be lower than the existing support price for farmers. This would adversely affect the income of a large number of farmers who depend on Irri production for their livelihood.

Since then, trade controls have been further relaxed so that the private sector now accounts for one-third of Pakistan's total rice exports. At the same time, the government, as part of its liberalisation policy, eliminated subsidies on seeds, plant protection, and locally produced nitrogenous fertilisers. But water and electricity continue to attract substantial subsidies.

Faced with increasing difficulties in maintaining its position in the international rice market, Pakistan asked the FAO to analyse its export programme. The organisation has come up with concrete proposals for increasing the country's share in the international rice market.

FAO said the increase in procurement price over the years has not been sufficient to compensate for the reduction in subsidies. This is the reason for the stagnant production of export varieties.

But the organisation welcomed the private sector's entry into the export business as its overhead tends to be lower.

FAO recommended the promotion of the export of Basmati 385 whose lower price puts it in a better competitive position against other aromatic varieties in the world market. A market for Basmati 385 would have to be developed to make it a more important contributor to Pakistan's rice export earnings.

While the organisation found some policy changes beneficial to the export programme, it noted that the problem of stagnant production has not been addressed sufficiently and effectively. The cost of production has risen sharply with the elimination of subsidies and this cost is bound to increase further as liberalisation continues.

Non-price factors like modern inputs, distribution of seeds, plant protection and balanced application of fertilisers have not had much success in raising yields in the 1980s.

'Until significant improvements in yields are made, the unit cost of production will continue to rise,' FAO said. It warned that farmers might decide to shift from rice to other crops like cotton where profits are higher. Failure to reduce cost would also affect the competitiveness of Pakistani rice in the world market.

Muzaffar Ahmed, food and agriculture secretary of Pakistan, welcomed FAO's analysis of its rice exports. 'We fully agree with the analysis of Pakistan's rice exports and are trying to overcome the problems,' he said. But some of the problems, according to him, are beyond the government's control or require very long-term strategies which are beyond the country's means.

Still Ahmed said Pakistan can greatly benefit from FAO's analysis of the rice export business.

— Depthnews Asia

$ 18.36m WB loan to Nepal for education dev

KATHMANDU, Feb 19: The World Bank will provide Nepal with a loan assistance of some 900 million rupees (about 18.36 million U.S dollars) for its development and improvement of higher education, reports Xinhua.

The total cost of the higher education projects is estimated at 22.8 million U.S dollars, of which the World Bank will contribute 20 million U.S dollars, according to a press release issued by the Ministry of Finance on Friday.

An agreement to this effect was signed between the Nepalese government and the World Bank in Washington D.C on February 16.

The higher educational project consists mainly of four parts, namely institutional development, facilities improvement, instructional delivery and assessment, higher secondary education reform.