

India, Russia sign cooperation pacts to boost flagging ties

MOSCOW, July 1: Indian Prime Minister PV Narasimha Rao and President Boris Yeltsin signed agreements on Thursday to boost flagging ties but failed to strike a deal on New Delhi's estimated 10 billion dollar debt to the ex-Soviet Union, reports Reuter.

Yeltsin, raising a glass of champagne for the Indian premier after talks under the golden domes of the Kremlin, predicted booming ties between the two nations.

"Now the task is to forge new political, economic and cultural links and to boost our relations to a level beyond those we had before the Soviet Union broke up," Yeltsin said.

During his four-day visit which started on Wednesday, Rao hopes to ensure a steady supply of Russian arms for the

Indian military whose equipment is estimated to be 70 per cent Russian.

Russia was India's main arms supplier but sales have slumped since the collapse of the Soviet Union in 1991.

Yeltsin and Rao signed 10 bilateral pacts to boost economic, political and trade ties, but details were not made public.

The Russian leader said the two countries would also work out ways to implement a series of friendship agreements he had signed during a visit to India in January 1993.

High on the political agenda were regional and global security issues including the Korean situation and tensions between New Delhi and neighbouring Islamabad, diplomats said.

But there was no breakthrough on the thorny issue of India's foreign debt repayments to Russia, a top Yeltsin adviser said.

"There was no agreement on debt," Dmitry Rurikov, Yeltsin's Adviser on International Affairs, told Reuters.

"Of course, this is an important issue. We are interested in debt repayments without damaging India's economy," Rurikov said. "We would like to use all possible means including direct repayments and payments in goods."

In the Soviet era, India's debt to Russia was denominated in roubles convertible to rupees at a special rate based on the 1978 value of the rouble. The rouble has since tumbled in value.

Last year, the two sides agreed the debt was worth 10 billion dollars. They also agreed to allow about a third of the debt to be repaid over 45 years.

Rao is also seeking to sign a protocol for a two-year extension of a \$30 million dollars Russian defence credit to India, which was approved in 1992. India has used only some 40 per cent of the funds so far, Indian officials say.

India is also seeking to boost its exports of agricultural products to Russia, led by tea.

Russia was the biggest traditional export market for Indian tea but sales have fallen sharply in recent years as Moscow cuts back on agricultural imports to save badly needed hard currency.

Kuwait allures foreign firms to explore oil

KUWAIT, July 1: Kuwait owner of 10 per cent of the world's crude reserves, on Thursday held open the alluring prospect of foreign oil firms participating in production or exploration in areas other than the sensitive north near Iraq, reports Reuter.

Oil Minister Abdul Mohsen Al Mudej said that assuming the idea of foreign participation in oil was eventually approved, foreign companies which worked successfully on marginal northern fields might be allowed into fields elsewhere in the emirate.

He said Kuwait, two decades after it took control of its oil sector from foreigners, aimed by year end to complete studies on whether to allow foreign oil companies back to become involved in exploration, drilling and production in its northern areas.

"We are heavily involved in discussions on sharing production, exploration and drilling in the northern part of Kuwait," he said in an interview with Reuters.

"We may finalise this by the end of the year and then we can invite qualified foreign firms to participate in this project."

"My feeling as a Kuwaiti is that I think that in this stage and for the future we need to be open with the world and participate with it on economic projects", among them projects in the oil sector.

Kuwaitis say that in view of lingering Iraqi hostility long term oil joint ventures with Gulf War allies will give them a continuing stake in the Emirate's existence and stability.

Mudej declined to discuss those issues in detail.

But he held out the prospect that areas other than the unexplored portions of the north might become available if initial production sharing in the north was successful.

World Bank pledges support for Palestinian self-rule

WASHINGTON, July 1: The World Bank said aid and major donor nations agreed Thursday to work with the Palestinians to come up with the estimated seven million dollars per month they will need to police the Gaza Strip and West Bank city of Jericho, reports Reuter.

In a statement issued after a week of talks with a PLO delegation here, the bank pledged its support for Palestinian self-rule and for improving living standards in the region.

The World Bank is committed to supporting the Palestinian authority in facing the economic challenges ahead, and ensuring Palestinian success in proving the quality of life of the people in the West Bank a Gaza," Bank Director Ram Chopra said.

Many Palestinians say funding

is now the biggest problem facing the first months of self-rule. Palestinian development officials estimate they need at least 170 million dollars to cover the budget deficit in the first year of self-rule.

The World Bank, which is playing a leading role in an international effort to ensure the economic success of the area, said that 50 million dollar in financing was available in the Johann Jorgen Holst Peace Fund — enough to cover the third quarter budget gap.

However, the police budget faces a shortfall because money in the fund cannot be used to cover police expenditures.

Accordingly, it was agreed that the Palestinians, the World Bank and major donors would mount an immediate effort to mobilise additional funds for the police, including

requesting specific donors to switch some of their Holst Fund pledges," the bank said.

It said that major donors also agreed to widen the purposes for which the Holst Fund could be used, including welfare payments and Gaza clean-up campaign.

The monthly ceiling on payments from the fund to the Palestinian Economic Council for Development and Reconstruction (PECDAR) will be raised to 13 million dollar from 5 million dollar, the World Bank added.

It said that a delegation consisting of Palestinians, the World Bank and major donors will visit major donor capitals in an effort to mobilise additional money to cover the fourth quarter budget deficit and match available donor pledges to specific investment projects.

Japan's consumer prices rise

TOKYO, July 1: Japan's consumer prices in May rose 0.1 per cent from the previous month and 0.8 per cent from a year earlier, the Management and Coordination Agency said Friday, reports AFP.

The government's agency said that consumer prices in Tokyo alone, leading indicator of nationwide inflation, in June declined 0.3 per cent from the previous month, but rose 0.5 per cent from a year earlier.

It was the first month-on-month decline in seven months, the agency said.

Also, the year-on-year rise of 0.5 per cent in Tokyo consumer prices was the smallest margin of rise since June 1988, when the increase was 0.1 per cent, the agency said.

'Urban migration doubles women's workload in eastern India'

MANILA, July 1: Rising seasonal migration to the cities have effectively doubled the burden on the rural women in eastern India who now have to work in the farm aside from housekeeping, the International Rice Research Institute (IRRI) said Wednesday, reports AFP.

The women are now doing between 60 and 80 per cent of rice farming work in the rural east, with the figure even higher near the cities where the menfolk can earn wages in non-farm urban activities, the Philippines-based IRRI said in a statement.

"Not much rice would be grown and eaten today without the contribution of women," it quoted IRRI director-General Klaus Lampe as saying. And yet, they were not being paid adequate attention in rice research and extension activities, it added.

Inflow of foreign fund in Singapore increases

SINGAPORE, July 1: Singapore's fund management activity expanded last year with total funds managed here rising nearly 65 per cent to \$1.8 billion Singapore dollars (40.6 billion US), the Monetary Authority of Singapore (MAS) said, reports AFP.

Growth was boosted by the rapid inflow of foreign fund attracted by regional stock markets, the MAS said in its 1993-1994 annual report obtained Friday.

European investors accounted for 17.3 billion dollars of the inflow followed by Brunei, Indonesia, Malaysia, the Philippines and Thailand which collectively accounted for 6.8 billion dollars.

Other major sources of funds were the United States with 5.7 billion dollars, Japan three billion dollars and Hong Kong 2.8 billion dollars.

International fund managers continued to be drawn to Singapore as a base for regional fund management operations because of the financial sector's reputation for stability, sound regulation and high standards of professionalism, the MAS said.

The MAS said the number of institutions engaged in fund management grew to 131 last year from 112 in 1992.



E A Chowdhury, Chairman of Pubali Bank Ltd, opening the 357th branch of the bank at Shahi Eidgah in Sylhet town recently.

Washington intensifying efforts for big emerging markets

NEW YORK, July 1: China, Indonesia, South Korea, India, Turkey, South Africa, Poland, Argentina, Brazil, and Mexico — "big emerging markets" singled out by the Clinton administration — have already begun to get special attention and projects, a top US trade official said, recently, says a USIS press release.

Jeffrey E. Garten, undersecretary of commerce for international trade, told the Foreign Policy Association that in the six months since the markets were identified, an emerging consensus has developed among top administration officials that "the big emerging markets ought to be a major focus for US commercial policy."

"This may not sound like much," Garten said, "but the fact is that previous administrations have not focused on big emerging markets at all — all the commercial attention has been on Europe and Japan. The big emerging markets were always at the periphery, always seen as problem countries. We have had, in an extraordinarily short period of time, a lot of high level attention" on those markets.

"It has become the most important focus of the administration's national export strategy," Garten said.

That translates, he explained, into more visits to the countries by top administration officials and shifting financial resources of the government to these markets. More commercial experts will be added to the US embassies in each country, he said.

Discussing the plans and programmes that actually got underway in the past six months, Garten said that while they will not cost the hundreds of millions of dollars of many other government initiatives, they are just as significant and will bring the same results in the long term.

"The results are not going to be this week or this year," he said. "It will test our ability to sustain attention over a longer period of time" as well as the government's ability to work with private companies and balance US commercial interests with other foreign policy considerations such as human rights.

The plans include working with private companies and business that are already in the

country and other US government agencies to develop country strategies. Other projects will include: opening new commercial centers, tracking of large development projects, developing data on growth industries, financing assistance, providing new technical assistance to governments on developing market-oriented economies; and establishing new "super export centers" in Miami, Los Angeles, Baltimore, and Chicago.

For Indonesia, for example, Garten said that a group of 22 agencies have formed the Indonesia task force to plan a country strategy. A task force and unique strategy will be designed for each market.

The Indonesian task force members are not just the typical agencies like the State Department or the Treasury but also the Federal Aviation Administration, the Food and Drug Administration," he said. "We had the people in one room over a period of three or four months and asked them the questions: How can we sell more to Indonesia? What do we know; what kind of technical assistance can we provide so that they are more inclined to buy American products?"

Caracas plans to grease wheels of economic plan

CARACAS, July 1: President Rafael Caldera announced Monday that he was suspending constitutional guarantees to impose currency and price controls in an effort to stem the country's spiraling financial crisis, reports AFP.

Caldera, who took office February 2, said in a radio broadcast that he was suspending six constitutional guarantees, including property rights and freedom of movement and economic exchanges.

The move comes after a wave of bank failures including the country's second largest, Banco Latino — a precipitous drop in the Bolivar and a series of street demonstrations which left one dead last week.

The guarantees on economic exchanges were suspended in February after Caldera's inauguration, but were reinstated three months later in order to grease the wheels of the new economic plan aimed at cutting the six billion dollar deficit.

Caldera said the measures included price controls on basic goods, issuing vouchers for food and transportation to cushion the hardest hit, regulations on financial institutions,

Venezuelan govt takes controls of banks

CARACAS, July 1: Facing the worst banking and economic crisis in Venezuelan history, the government took control of the nation's banks Thursday, reports AP.

The action was the latest in a series of government moves to address a deepening economic crisis in this oil-rich South American nation of 20 million.

The government already had taken over eight banks and a financial services company, and President Rafael Caldera imposed currency and price controls Monday to curb spiraling inflation and a plummeting bolivar.

Some Venezuelans fear the current crisis might provoke social unrest similar to food riots in 1989 when security forces killed at least 400 people. Nearly 80 per cent of the population lives in poverty, while public schools, roads, hospitals and other services are falling apart.

The government will create an emergency board headed by the finance minister to run the nation's banks, government spokesman Guillermo Alvarez Bajares said. Banks will continue to operate normally, he said.

There were no reports of

panic transactions on Thursday, but there had been a run on accounts when the government took over seven banks and a financial services company two weeks ago.

The banking crisis broke in January after the government took over the insolvent Banco Latino, the country's second-largest bank.

Huge infusions of government aid to other insolvent banks failed to restore confidence. On June 14, after pumping four billion dollars into the system, authorities took over the seven banks and the financial services company, touching off the current financial crisis.

Lack of supervision, and the incestuous nature of Venezuelan business, is thought to be at the root of the problem. Banks are frequently a part of larger groups, and often lend to related companies on what analysts have described as "less than strictly business criteria."

One analyst estimated earlier this year that 60 per cent of loans in the country was not being met in full.

The value of the bolivar has dropped from 117 per dollar in late April to 199 per dollar last week.

Cambodia plans to make liberal investment market in Asia

PHNOM PENH, July 1: Cambodia could become one of the most liberal investment markets in Asia luring lucrative foreign business, if proposed government legislation is approved by parliament, businessmen here said, reports AFP.

"It's probably the most liberal in the region," one British businessman said of the draft law, aimed at boosting the economy of one of the world's poorest countries.

Another foreign businessman said the investment incentives outlined in the plan were extremely attractive, but he added cautiously: "I think we have to reserve judgement until we see the final outcome."

The outcome of the government plan for investment is, however, still unclear, as its content is still open for debate and there is no clear indication when it will be discussed by law makers.

A government official had earlier said that the draft legislation would be presented to parliament when it convened next week, but Parliament's Secretary, Toh Lah, told AFP the bill was not one the next session's agenda.

Co-premier Prince Norodom Ranariddh recently said the main objective of the law was to grant very competitive incentives to attract investments capable of sustaining economic development and contributing to the growth of a dynamic private sector.

US economy to gain if ban on Alaskan oil lifted

WASHINGTON, July 1: Lifting the ban on exporting oil from Alaska's North Slope would create jobs in the United States and bolster the price of oil from California, the US Department of Energy said Thursday, reports AP.

The department released a cost-benefit analysis that forecast gains for the US economy and oil industry if the long-time prohibition were lifted.

The US maritime industry and its unions have fought past attempts in Congress to lift the ban. They argue that shippers would use foreign tankers to transport oil across the Pacific, rather than the smaller US vessels that haul oil along the West Coast of the United States, through the Panama Canal to refineries on the Gulf of Mexico.

The report does not examine the implications on US maritime interests. The Merchant Marine Act of 1920 — also known as the Jones Act — requires that all inter-coastal shipments be carried on vessels that are built, owned and manned by Americans.

"The study concludes that the export of Alaskan oil would yield clear economic and energy benefits to the country," Energy Secretary Hazel O'Leary said in a statement. "In both California and Alaska, it would create new jobs, stimulate on-shore production and increase state revenues."

These gains could be achieved without a significant adverse impact on the environment and with a minimal or no increase in US gasoline prices, the DOE said.

The 126 page report came a week after President Clinton met with lawmakers from oil and gas-producing states and voted willingness to consider lifting the ban.

Africa desperately needs crisis prevention investment

WASHINGTON, July 1: "Invest in crisis prevention" in Africa is the message that an official government delegation sent by President Bill Clinton to the continent has brought back to America, says a USIS press release.

J Brian Atwood, administrator of the US Agency for International Development (USAID), led the presidential delegation on a May 26 to June 4 fact-finding mission to assess current conditions in the greater Horn of Africa, an area which includes Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania and Uganda.

Drought and civil conflicts have placed as many as 20 million at risk of starvation in the region. Atwood told a Congressional briefing June 23 — the day he released his delegation's report entitled, "Breaking the Cycle of Despair: President Clinton's Initiative on the Horn of Africa."

Atwood told the lawmakers that investing in crisis prevention in Africa was a wise move from a practical as well as humanitarian standpoint. "We're

going to have to make some investments. Otherwise we're going to have increased costs for peacekeeping and disaster relief and we'll have even less money available for sustainable development."

The official drew an analogy for the lawmakers when he said: "It's question of what every American family has to face — how much money do you invest in insurance? And it seems to me that the best insurance that we can have is to invest in crisis prevention" in Africa.

Atwood, who is responsible for distributing 7,000 million dollar in US foreign assistance worldwide, was joined on the Africa trip by other government officials. Representative Tony Hall, congressional staff and journalists.

The delegation visited Eritrea, Ethiopia and Kenya and also traveled to Brussels, Geneva and Rome where consultations were held with United Nations officials and European Union members who have pledged relief aid to the famine-endangered region, according to Atwood.

"We have enough food in the pipeline for four months," Atwood told lawmakers, "but we could see famine after August" if donor governments and agencies ignore the threat.

To forestall a crisis in the Horn, the delegation's report recommends to President Clinton that:

— all assistance donors should be called upon to share accurate data on shipments of food and non-food items to meet the region's needs and to coordinate arrival dates to avoid overtaxing the ports;

— a donor working group should be formed to develop jointly with greater Horn governments and regional organizations a comprehensive multi-year plan to address the short, medium- and long-term challenges of relief, recovery and development;

— to eliminate logistical bottlenecks, planning should be undertaken to establish donor food storage sites in the Horn;

— "As a last resort," the US should consider using the Emergency Wheat Reserve to feed the hungry in the region

[This is a special emergency stock of up to four million metric tons of grain that Congress has allowed "the President to use for crises in the developing world]; and

— donor priority should be given to "strengthening local capacity to prevent, mitigate and manage disasters" in Horn nations currently recovering from war or famine.

With a US commitment of up to 100,000 metric tons of grain for relief to the Horn in 1995 and pledges from the European Union to expand their assistance, Atwood told the lawmakers, "We're making progress."

He noted that since the delegation returned from Africa "several significant actions" have taken place to address the crisis in the greater Horn area that include:

— commitment by the Japanese government of an additional \$13 million for relief assistance to Sudan and Rwanda;

— agreement by the European Union to consult regularly with the United States on the Horn (a USAID

team left for Brussels for that purpose June 21); and

— interest expressed by the new South African government in providing assistance to the Horn.

Atwood said he was concerned that donor interest on providing assistance to Africa is waning and he mentioned the reports of the OECD's committee on development assistance report, also released June 23, showing that overall assistance contributed by the international community fell by 7.8 per cent in 1993.

"I can tell you that in 1994 it will fall further," Atwood told the lawmakers.

Crisis are occurring so frequently in Africa that donors are unable to spread their limited resources effectively. Development agencies such as USAID are caught now in a "downward spiraling cycle of spending" to dress the wounds of civil conflict and disasters while spending less on the development programmes that might prevent them, Atwood indicated.

In 1993 in the United States, budget authority for