

Moscow must tighten budget to obtain promised \$ 6b loan: IMF

MOSCOW, Dec 7: A top international Monetary Fund (IMF) official told Moscow yesterday that it must further tighten its contested 1995 draft budget before it can obtain a promised six-billion-dollar standby credit, reports AFP.

The opposition here has strongly attacked the 1995 budget as being too restrictive, but the IMF's number two official, Stanley Fischer, said Tuesday that it was unrealistic to expect receipts had been over-estimated.

The budget proposed by Prime Minister Viktor Chernomyrdin foresees a deficit amounting to 7.8 per cent of gross national product (GNP).

Fischer, who arrived here on Monday to meet officials responsible for the economy and to discuss terms for a record stand-by facility of six billion dollars, said: "We have gone to the outer limit of what we think is feasible."

The proposed loan would be the biggest of its kind ever opened by the Fund.

Fischer, holding that the receipts in the Russian budget had been over-estimated, said that the IMF believed the deficit would probably amount to 10 per cent of GNP if the expenditure projections were correct.

But "We think the revenue projections are quite optimistic," he said.

Forecasts for receipts in 1994 had been over-estimated and in December the state had raised only half of the expected amount, he told a press conference.

Under the draft budget for 1995, tax receipts amounted to 11 per cent of GNP which, he said, was extremely low by comparison with international rates.

In the West, the equivalent figure was 40.42 per cent of GNP.

The Russian state was well able to increase budget income, Fischer said.

In addition: "At present the budget that was presented to the Duma (lower house of parliament) is not one that looks

consistent with the low inflation on which it is based. The arithmetic doesn't really add up."

The draft budget, which has run into strong opposition in the Duma, is based on an inflation rate of less than two per cent per month at the end of 1995.

Fischer said that "the Russian reforms have been limping along" and inflation remained high. But if the fundamental problems of the economy were to be tackled, inflation had to be reduced.

Inflation, which had fallen throughout the first half of the year, rose to a monthly rate of four per cent in August, to 15.1 per cent in October and is expected to be nearly 13 per cent in November.

The IMF also stressed that quotas restricting exports of energy products had to be removed.

A removal of quotas would attract massive investment from abroad.

However, Fischer acknowledged that big progress had

been made in reforming the economy.

The IMF would take time to examine the government's proposals and the budget eventually adopted by the Duma before opening a line of credit.

Saying that "we are under no deadline" he added, "We will support the programme when one is presented that we can support."

If the budget is well founded, Russia can hope to receive the funds it wants from the international community amounting in total to about 12 billion dollars and which already figured in the budget, he said.

On Monday, Fischer met Vice Prime Minister Anatoly Chubais, the interim president of the central bank Tatiana Paramonova and the president of the budget commission of the Duma, Mikhail Zadornov.

Before leaving Moscow later on Tuesday, Fischer was to meet Economy Minister Yevgeni Yasin and Finance Minister Vladimir Panskov.

First ADB loan to Kazakhstan

MANILA, Dec 7: The Asian Development Bank (ADB) said yesterday it had approved its first loan to Kazakhstan, offering 60 million dollars to help the former communist state in its transition to a market based economy, reports AFP.

The loan aims to help the Central Asian republic stabilize its macroeconomy and undertake structural reforms to bridge an external financing gap and ease "a further decline in output and deterioration in living standards."

It will also provide critical foreign exchange to finance imports of much-needed medical equipment and spare parts for the public and private sectors.

"The project will help to maintain capacity utilization, production and consumption in the economy. Imports to be financed will have direct output and employment effects and increase the availability of vital equipment and supplies," the bank said.

The loan is ADB's first to Kazakhstan, which joined the bank in January this year. The country, part of the former Soviet Union, has an inflation rate of 3,000 per cent in 1992 and 1993, with real wages plunging by 37 per cent.

Pak rice exports may fetch \$ 320m

KARACHI, Dec 7: Rice exports from Pakistan might fetch over 320 million dollars during the current season (1994-95) as a result of aggressive marketing and timely decision for bulk sale, according to the Rice Export Corporation of Pakistan sources, reports AP.

"There has been a big increase, they said, in rice exports in the July-October period, which amounted to 104.177 as against 66.087 million dollars, showing an appreciable growth of 57.64 per cent for the same period last year."

The share of rice in country's total exports also increased from 3.26 per cent to 4.48 per cent during this period over the corresponding figures of the preceding year.

However, the average unit price of the commodity has fallen to dollars 220.87 PMT from dollars 272.84 PMT of the same period last year.

According to the RECP sources, a delegation may leave to Iran by the end of the current month to negotiate fresh

rice contracts. The commerce minister has already directed the RECP officials to immediately visit Sharjah, Muscat, Oman, Kuwait and Saudi Arabia to negotiate deals for basmati.

RECP spokesman said the corporation has geared up its efforts to capture international markets and in two months period around 268,000 tonnes of rice has been exported to Romania, Hungary, and Seychelles. Godowns at Landhi have been cleared of the old stocks and are ready to accommodate the 1994-95 crop, he added.

The 1994-95 rice crop is estimated as around 3.391 million tonnes of which basmati would be 1.154 million tonnes and irri-6 2.277 million tonnes. The RECP is planning to procure around 150,000 tonnes of basmati and 800,000 tonnes of irri-6 at 195 and 378 rupees per tonne respectively.

Last year the corporation had procured 685,621 tonnes of irri-6 at the rate of 181 rupees per tonne and 124,759 tonnes of basmati at the rate of 350 rupees per tonne.

Gas prices go up in Armenia

YEREVAN, Armenia, Dec 7: Gas prices more than doubled on Tuesday, several days after a bridge explosion halted all traffic on the only railway connecting Armenia with the outside world, reports AP.

Gas prices rose to 1.1 dollars a liter from about 50 cents a liter on Monday, and only few of gas stations in the Armenian capital remained open.

Armenia is one of the poorest of the former Soviet republics, with an average monthly salary of about seven dollars. Its economy has been severely hit by an economic blockade imposed by Azerbaijan as part of a six-year war over the enclave of Nagorno-Karabakh.

Last Saturday, unknown assailants blew up the rail bridge across the Khrami river in Georgia several kilometers (miles) from the border with Armenia.

Armenian President Levo Ter-Petrosian has blamed Azerbaijan for sabotaging the bridge.

A natural-gas pipeline from Georgia, which is Armenia's only source of energy, has also been repeatedly bombed.

During the past few weeks, Armenia has been without fuel, as Turkmenistan, a former Soviet republic in Central Asia, had suspended natural gas supplies to Georgia because of his huge debt. Gas supplies destined for Armenia must pass through Georgia.

Turkmenistan resumed supplies last weekend, after agreeing to reschedule Georgia's debt. As a result, Armenia also started to get some natural gas, but only enough to heat apartments in Yerevan for one-two hours a day.

Meanwhile, the temperature in Yerevan was the lowest this century at minus 15 degrees Celsius (5 degrees Fahrenheit), while the normal temperature for December is minus 3 degree Celsius (27 degrees Fahrenheit).

OPEC output steady in Nov

PARIS, Dec 7: Oil output by the Organisation of Petroleum Exporting Countries (OPEC) was steady in November at slightly less than 25.2 million barrels per day MBD, the International Energy Agency (IEA) reported today, says AFP.

This was about the same as the amount produced in October, the IEA said in its monthly report.

The agency did not change its estimate that demand for oil in the area covered by the Organisation for Economic Co-operation and Development (OECD) in the fourth quarter of 1994 would be 40.7 MBD.

The agency said that it was waiting for more information about the strength of demand in Japan and about the effects of mild weather in Europe and the United States.

The IEA revised upwards its calculation of demand for oil in the OECD area in the third quarter by 0.1 MBD to 39.7 MBD and its calculation for consumption in non-OECD countries by 0.2 MBD to 27.8 MBD.



Protesters make their way towards the Houses of Parliament in London on Tuesday to protest against the proposed increase in value added tax (VAT) on domestic fuel. The government lost the vote on an opposition motion contesting the move, leaving John Major's conservative government in a difficult situation with rebel conservative MPs showing their willingness to vote against the government. — AFP photo

IBM back in S Africa

JOHANNESBURG, Dec 7: IBM completed its return to South Africa Tuesday with the announcement that it had increased its stake in its local representative to 51.5 per cent, reports AP.

IBM first said it would return to the country last December, when it bought a 24 per cent stake in Information Services Group (ISG) Ltd, the company which took over the computer group's South Africa operation when IBM left in 1986 because of apartheid. IBM's share steadily increased its share of ISG over the past year, investing 280 million rand (about 80 million dollars).

IBM is the most recent in a parade of US companies returning to South Africa following the country's first all-race vote and the election of a black majority government.

At least 173 US companies are invested in South Africa now, compared to 139 before the last US sanctions against the country were lifted last year. The number still falls short of peak representation of 286 companies in 1986.

Australian trade minister foresees Another world trade accord within 10 yrs

MELBOURNE, Dec 7: Another world trade accord is likely within 10 years, sparked by the Asia Pacific Economic Cooperation forum's free-trade timetable, Australia's trade chief said Wednesday, reports AP.

"Our counterparts of 2004 will look back and say the most significant set of events of this period was that which led to the next round of multilateral trade negotiations, which may well be the APEC round of trade negotiations," Trade Minister Bob McMullan said.

"In saying that, I am saying not only that I am confident a further round will have started by 2004, but also that I hope it will have been completed by then," he added.

Senator McMullan was opening the National Trade and Investment Outlook Conference in Melbourne. APEC leaders agreed last

month in Indonesia that the 18-nation group would achieve free trade among its members by 2020, with developed nations achieving the target 10 years earlier.

APEC links Australia, New Zealand and Papua New Guinea, North America and Chile, Southeast Asia, and North Asia, including Japan and China.

The last world trade deal, known as the Uruguay Round of the General Agreement on Tariffs and Trade, was signed earlier this year by more than 120 countries to liberalize trade in agricultural and industrial products, services and intellectual property areas.

Outlining changes to the global trading environment which have created an array of new opportunities for Australian business, McMullan said the changes had also created new challenges.

Asian stock markets likely to perform better in '95

KUALA LUMPUR, Dec 7: Asian stock markets are likely to perform better in 1995, International Brokerage Merrill Lynch predicted yesterday saying that after China and India, Indonesia could emerge as the next favourite, reports AFP.

Uncertainty in global and other Asian markets could also benefit Singapore, which is likely to gain from broad-based earnings growth in banking, ship-repair, airlines, hotels, office property and retail next year, it said.

The forecast was done against a projected growth of 7.0 to 7.5 per cent for the 10 major Asian economies, not counting Japan. In 1995 and 1996, from 7.7 per cent in

1994. Merrill Lynch said in its Asian Economics Strategy Report released at a national economic outlook conference that slower growth in China's economy should be offset by continuing buoyant expansion in Southeast Asia.

"If investment flows are any indication, Indonesia could well emerge as the region's strongest economy in 1995," it predicted.

For its 1995 Asian market strategy, Merrill Lynch has rated Singapore, Malaysia, Indonesia and Thailand, as positives Hong Kong and Taiwan negative, and South Korea and the Philippines neutral.

In the next 12-to-18

months, property-related earnings should do well in Malaysia, while financial sector liberalisation could provide a third engine of growth for Singapore's economy, Merrill Lynch said.

In South Korea, margin expansion should see continuing strong earnings growth next year, while India's structural reforms are expected to start yielding tangible growth.

In terms of economic fundamentals, it rated as above average the markets of Singapore, Malaysia and Thailand, average for India, Indonesia, South Korea, the Philippines, but a below average for Hong Kong and Taiwan.

Merrill Lynch said property prices were a major unknown in Hong Kong, and earnings were slowing in at least two sectors: banking and property development.

"The run-up to 1997 could produce more political wranglings with Beijing," it said.

For Taiwan, it noted that although a breakthrough in mainland China policies could, act as a key market catalyst in 1995, growth prospects would remain unexciting in the near term.

But the downside risks could include a sharper-than-expected rise in US interest rates, it said.

China's economic growth averages 9.5 pc

MELBOURNE, Dec 7: China will not be able to attain the living standards in developed nations for several generations despite its economic progress in the last decade and a half, a senior Chinese official said today, reports Reuter.

Song Jian, Chairman of the State Science and Technology Commission, said economic growth had averaged 9.5 per cent since China opened up its economy in 1978, and quality of life for its 1.2 billion people had increased significantly.

"As witnessed by many people, China, a giant nation, is waking up after 200 years of repose and humiliation. It is striding forward in its quest for modernisation," he told the national trade and investment outlook conference.

"However, because of its huge population, weak economic base and centuries-long seclusion, continued efforts of several generations are required before China can succeed in earning a decent life for its people and in participating fully in a changing world."

China was becoming involved with the global economy at an unprecedented rate with imports and exports rising 20 per cent a year, and imports now estimated to exceed US 100 billion dollars, he said.

The three-day conference,

organised by the Australian government, brings together business and government officials from around the world, particularly Asia.

Song said China's greatest challenge was improving the living standards of rural people, and it was fortunate that agricultural output had risen in the past 15 years, providing them with more food.

He said science had played a major role in rectifying productivity problems in rural industry and helping farmers. In its three-step modernisation drive, China was ready for the second step of becoming a middle-level developed country in the first half of the next century, Song said.

"We must set for (ourselves) new and more vigorous goals. We must demand more of ourselves and our children," he said.

Song said hope was high and confidence strong in China, partly because of the successful population policy which has reduced annual population growth to 1.3 per cent in 1993 from two per cent in the early 1980s.

"The resolving of this (population) issue is absolutely critical to sustainable development and improved quality of life for future generations," he said.

Government of the People's Republic of Bangladesh Department of Women's Affairs 37/3, Eskaton Garden Road Dhaka Admission Notice Trainees will be admitted in the following Trade in the National Women's Training and Development Academy under the Department of Women's Affairs for the session from January '95 to June '95 in order to ensure gainful employment through vocational training.

Notice Inviting Tenders Tender No 4/1994-95 1. Name of work: Constn of T.H.C at Monpura SH:- Constn of Pump House with driver's room and constn. of drain and apron attached to T.H.C at Monpura.

\$ 1.1m ADB grant for rice research in 5 countries

MANILA, Dec 7: Research into boosting rice yields in low-producing lowlands of South and Southeast Asia was given a million-dollar boost Tuesday by the Asian Development Bank (ADB).

The bank has approved a 1.1 million dollar technical assistance grant to consolidate research work in Bangladesh, India, Indonesia, the Philippines and Thailand.

Philippine-based International Rice Research Institute (IRRI) would be the executing agency. The ADB said in a statement the research will focus on increasing yields in rain-fed lowlands. Rice is the staple of Asia's more than three billion people.

Agronomists have warned that Asia is facing serious food shortages by the turn of the century as more agricultural land is consumed by residential and industrial development to meet the demands of a growing population.

The ADB estimated Asia's population increases by 80 million people a year.

High-yielding rice varieties in the region's irrigated lands have also reached their full potential of about seven tonnes per hectare (2.8 tonnes per acre) and are now levelling off.

IRRI agronomists are pinning hopes on developing high-yielding, yet pest-resistant varieties to double the yield in South and Southeast Asia's rain-fed lands — which account for 25 per cent of total

world production — to forestall food shortages.

The total cost of the research project was pegged at 4.32 million dollars.

The Netherlands has contributed 390,000 dollars, the US-based Rockefeller Foundation 230,000 dollars, National Research Systems 1.15 million dollars and IRRI 1.45 million dollars.

This prospective US stamp, released to AFP in Washington on Monday and part of a commemorative series highlighting events from World War Two, shows the first atomic bomb's mushroom cloud over Hiroshima, Japan. The stamp, according to the US Postal Service, was designed in the 1980s by "a group that was politically insulated from outside special interest pressures," and will reportedly be one of a 10-stamp set.



Atomic bombs hasten war's end, August 1945 This prospective US stamp, released to AFP in Washington on Monday and part of a commemorative series highlighting events from World War Two, shows the first atomic bomb's mushroom cloud over Hiroshima, Japan. The stamp, according to the US Postal Service, was designed in the 1980s by "a group that was politically insulated from outside special interest pressures," and will reportedly be one of a 10-stamp set.

BCIC Tender Notice The Managing Director, Zia Fertilizer Company Limited, Ashuganj, Brahmanbaria invites sealed tender for Procurement of Proximity Switch & Relay against Tender No CM/SHM/246/93. The tender should be dropped along with 1% earnest money within 4.1.95 up to 11.30 AM at Zia Fertilizer Co Limited, Ashuganj, Brahmanbaria or at Purchase Division, BCIC (16th floor), 30-31, Dilkusha C/A, Dhaka and will be opened simultaneously at both places just after closing the tender. Tender schedule containing all terms and conditions may be purchased on payment of Tk 400/- (Taka four hundred) only at Zia Fertilizer Co Ltd, Ashuganj, Brahmanbaria, BCIC, BCIC Bhaban (2nd floor), 30-31, Dilkusha C/A, Dhaka and BCIC Branch Office, 6, Agrabad C/A, Chittagong. No Tender documents shall be sold on the date of opening.



Tender Notice

বিদ্যুৎ বিল নিয়মিত পরিশোধ করুন

Tender No SHB/DM/GL/794/222 dated: 24-11-1994 is invited from the C & D class contractors of PDB for fitting fixing of Grills of Utility Building, A.E's Building and Asstt. Director (Security)'s building etc of Shahjibazar Power Station PDB, Habiganj at an estimated amount of Tk 53,130/00 (Taka fifty three thousand one hundred thirty) only. Detail schedule/tender documents is obtainable at a cost of Tk 50/00 (Taka fifty) only with prior permission from the office of the undersigned till 20-12-1994 and tender will be received at 12-00 Noon of 21-12-1994.

Dy Manager-in-Charge Shahjibazar Power Station PDB, Habiganj

DDP-11963/1/12 G-1944