

Threat to foreign investors, tourists in Lanka

COLOMBO, Oct 27: A shadowy Tamil group has renewed a threat against foreign investors and tourists visiting Sri Lanka and said the bombing of oil storage tanks in the capital was warning, reports AFP.

The Elalai Force, known as a front for the separatist Liberation Tigers of Tamil Eelam (LTTE), said revenue from investments and tourism was used by the government to fund its war against the Tamil separatists.

"So we decided to carry out attacks on all foreign investments and tourists," said the one-page type-written Elalai Force letter received in the post by AFP today.

The group had claimed responsibility for a spate of minor bomb blasts at four hotels in and around the capital last year. Only a man who carried a bomb with him died in those attacks.

The group also claimed an abortive car bomb attack against the Colombo international airport in June.

Japan to extend grants-in-aid worth \$ 16 m to Myanmar

TOKYO, Oct 27: Japan will extend grants-in-aid worth 1.6 billion yen (16 million dollars) to Myanmar in its first aid package to the country since Yangon released democracy leader Aung San Suu Kyi, a foreign ministry official said on Thursday, reports Reuter.

Japan provided grant-in-aid packages to Myanmar even before Suu Kyi's release from six-year house arrest in July and the package is the second earmarked for Myanmar this year.

Notes for the latest grant package will be singed in Yangon next Monday. It will be used to finance the expansion of a school for nurses, the ministry official said.

Shortly after Suu Kyi was released, Japan said it would consider resuming full-scale financial aid to Myanmar, in the form of yen loans.

Yen loan packages are normally tens of times larger than grant packages and form the bulk of Japan's official aid to developing countries.

Japan suspended yen loans to Myanmar after its military's bloody suppression of a pro-democracy uprising in 1988.

Suu Kyi has urged Japan and other countries to be cautious about resuming full-scale aid, saying they should wait for real changes in Myanmar's human rights situation.

Japan has said it will decide whether to resume yen loans by carefully monitoring progress of democratic reforms in Myanmar.

Singapore best city for trade

SINGAPORE, Oct 27: Singapore has grabbed the top spot in Fortune magazine's 1995 list of best cities for business, backed by its geographic setting, skilled workforce and selective immigration policy. Fortune said yesterday, reports Reuter.

Singapore switched places with Hong Kong, last year's holder of the magazine's title which tumbled to sixth this year, the spot Singapore then occupied.

Ranked in descending order between the two Asian financial centres were the San Francisco Bay area, London, New York and Frankfurt.

Atlanta, Toronto, Paris and Tokyo took places seven through 10, respectively.

The rankings were based on a survey of business executives and economic development experts worldwide conducted by Fortune magazine and consulting firm Arthur Andersen.

While companies no longer target Singapore as a cheap manufacturing base, its emphasis on skilled labour has made it a prime site for product development, the Fortune survey found.

Uncertainty over Hong Kong's economy as the deadline for its handing over to China in mid-1997 draws nearer made Singapore the next choice as the gateway to the Asian market, according to the survey.

The San Francisco Bay area's second spot placing was backed by the industrial strength and technological talent of its three largest cities, San Francisco, Oakland and San Jose.

Affordable housing, good infrastructure and a wide choice of recreational and cultural activities were among the factors the survey cited as helping boost a cities ranking.

Reforms must to reverse economic decline in ME, N-Africa: WB

AMMAN, Oct 27: The World Bank said yesterday immediate reforms were needed to reverse economic decline in the Middle East and North Africa that could leave 15 million people surviving on less than 1 US dollar a day by 2010, says Reuter.

"In 10 years the Middle East and North Africa region has gone from the second-highest performer on income growth to last among regions of the world," said Caio Koch-Weser, World Bank Vice President for the region.

The bank, unveiling a report entitled "claiming the future" in advance of a three-day economic summit on the region that starts in Amman on Sunday, said adequate growth could resume if immediate action was taken.

"It will take promoting non-oil exports, making the private sector more efficient, producing more skilled and

flexible workers and reducing poverty by accelerating growth," the bank said in a statement at a news conference.

Koch-Weser said non-oil exports of the region stretching from Morocco to Iran, with 260 million people, were equal to exports by the five million citizens of Finland.

The bank said the region had suffered from falling oil prices, a failure to train workers, a lack of economic liberalisation and privatisation, excess bureaucracy and the waste of resources in inefficient state-owned enterprises.

"Without the higher growth that reform can bring, the number of poor (those living on less than 1 dollar a day) would rise to about 15 million by 2010," said the bank report.

While better than much of the world, the report said,

poverty is growing in the Middle East and North Africa after declining sharply in the quarter century until 1985.

Unemployment of more than 13 per cent is the highest in the world. Productivity and incomes have fallen for the past decade.

The bank said continuing the gradual and inconsistent reform policies the policies of the past would undermine any attempt to attract the increasingly mobile investment sought by all countries.

"Jobs for 47 million new entrants to the labour force will have to be found by 2010," it said. "The number of unemployed, now about nine million, will rise to 15 million by 2010 at today's high rates."

The World Bank pointed to Jordan, Morocco and Tunisia, which lack natural

resources to cushion unproductive economies, as three countries that have made progress with reforms.

"For too long countries in the Middle East and North Africa region have squandered their potential," the report said. "The implication is that countries can choose, though their policies to be rich — or to be poor."

The bank said there could be the initial pain of higher unemployment and falling consumption, but if reforms raised per capita real growth to an ambitious target of 3.5 per cent annually — it has been falling in most countries — incomes would double by 2010.

"By 2010 the countries of the Middle East and North Africa have the potential to double incomes, increase life expectancy by close to 10 years and cut illiteracy and infant mortality by almost half," it said.

France's nuclear test not affects sale of goods abroad : Chirac

PARIS, Oct 27: President Jacques Chirac denied on Thursday that international opposition to France's resumption of nuclear weapons tests in the South Pacific had affected sales of French goods abroad, according to Reuter.

"I think there has been a great deal of exaggeration," he told France 2 television in an interview.

"We have been following very carefully everything concerned with French sales abroad — in all countries.

Chirac's decision to break

World wheat output forecast cut

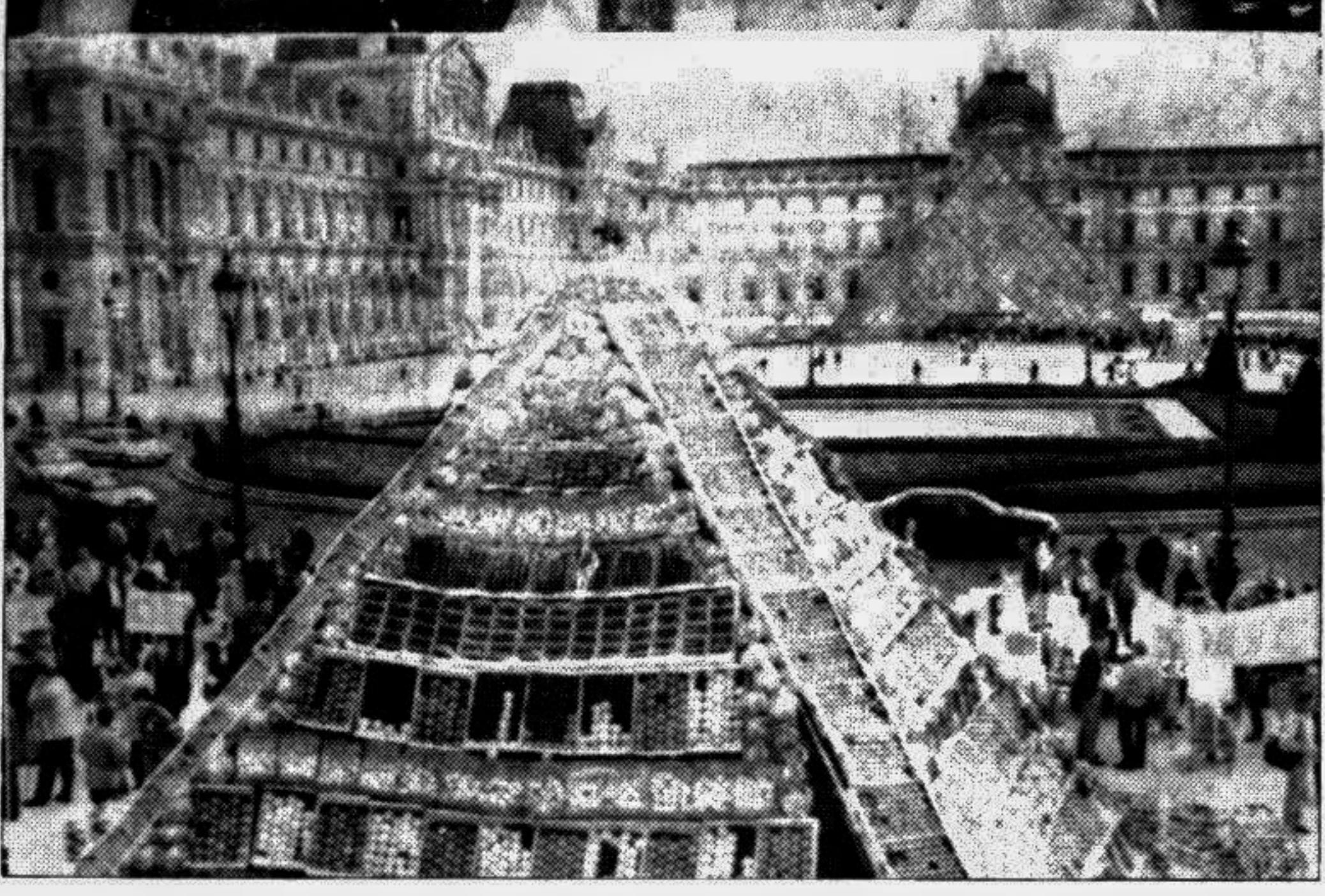
LONDON, Oct 27: An authoritative grain body made a further cut in its world wheat output forecast for 1995 yesterday, leaving food safety margins even tighter than previously estimated, reports Reuter.

Carrying stocks, used as a safety margin at times of food scarcity, are now projected at 30 million tonnes in the five leading exporters — United States, EU, Canada, Argentina and Australia. This compares with 36 million tonnes last season.

The IGC has been trimming its forecast for wheat since the beginning of the season in July, but the latest figure indicates a reduction of only one million tonnes from the 1994 output.

Farmers' decision to plant more wheat for 1996 rests on world prices, government subsidy programmes as well as the relative price of live-stock feed crops, grain experts say.

Chicago wheat prices at



French produce growers gather on Thursday around a fruit and vegetable pyramid, measuring six metres high, during a protest in front of the Louvre museum in Paris against slumping economic standards affecting their profession.

— AFP/UNB photo

Expert suggests steps to boost wheat output in Pakistan

ISLAMABAD, Oct 26: More

investment in technology and

research combined with the right government policy is the only way to increase wheat production in Pakistan, said Dr N. I. Hashmi, a wheat expert from the Pakistan Agriculture Research Council (PARC), reports Xinhua.

In a recent interview with Xinhua here, Hashmi said that in the past 15 to 20 years, the growth in wheat production in Pakistan came through increase in the wheat cultivation area.

The area increased by two to three per cent every year and the use of water by 10 per cent, the average fertilizer used on irrigated wheat has gone up from 50 kilograms per hectare in 1970s to 125-150 kilograms now," he said.

"Meanwhile, we shifted from old tall indigenous varieties to semi-dwarf Mexican varieties," he said, adding that now the shift is essentially completed in Pakistan and all farmers in the country are growing Mexico type wheat which is of high yield

potential.'

Hashmi said Pakistan is now getting into a situation where there is no more area, no more additional water for the wheat crop and too much chemical fertilizer cannot be added to the land.

Bad solid structure, weeds problems and wheat disease are the other reasons for the low production level, said the expert who has been with Pakistan's wheat programme since 1968.

On one hand, technology and research can make contribution to increase of wheat production, he said, adding that on the other, the government policy regarding price structure is also important.

Hashmi suggested the government to increase wheat prices, reduce the input cost, improve road and infrastructure, provide more credit to the farmers and ensure better seed and input supply system.

If all these things are taken care of, farmers can grow good wheat crop as there is a lot of potential to produce more wheat in Pakistan," he believed.

Financial package for Pak power plant finalised

ISLAMABAD, Oct 27: The Southern Electric Power Company Ltd. (SEPCO I), an affiliate of Canada's BC Hydro, yesterday finalised a financial package for the building of a 115 megawatt thermal power project in Pakistan, reports AFP.

Officials said the 119-million-dollar power project, to be constructed in Rawalpindi near Lahore in the country's southern Punjab province, was expected to be commissioned in 1997.

The financial close was achieved with Nissho Iwai of Japan, ANZ Grindlays, Coface of France and National Development Finance Corporation of Pakistan (NDFC).

The financial package envisages two loans of 35 million dollars each from Nissho Iwai of Japan and NDFC of Pakistan, while another 22 million dollars will be jointly provided by ANZ Grindlays and Coface of France with an

equity commitment of 27 million dollars from BC Hydro International Ltd. (BCHIL).

The government last year launched its new energy policy offering a series of incentives for private investors which included duty-free import of machinery and repatriation of profit.

Since then Pakistan has issued letters of support for 30 thermal power projects with a total capacity of 7,885 megawatts of electricity.

"Pakistan regulations are best in the world," said Stan Ridley, President of the BCHIL, one of the world's leading hydroelectric utilities with more than 11,000 MW of generating capacity and 50,000 kilometers (31,250 miles) of distribution network in Canada.

Pakistan is "well poised" to achieve the target of 2,500 MW thermal power by the end of 1998.

Lebanon, Syria boycott ME economic summit

BEIRUT, Oct 27: Lebanon and Syria are boycotting a Middle East economic summit this weekend, fearing it will help Israel tighten its grip on the Arab world and weaken the chances of a comprehensive peace settlement, reports AFP.

However, in Lebanon, which aligned its Middle East peace policy with Syria's, the decision has exasperated business leaders and economists who regarded the forum as a chance for both countries to attract investment.

Privately, they have expressed fears that Lebanon's absence at the landmark Middle East and north Africa summit in Amman will endanger its post-war reconstruction efforts and undermine its future role in the region.

But there is little they can do in the face of official hostility to the summit, which will attract some 1,500 politicians and business leaders from 63 countries, including Arab Nations, Israel, the United States, Japan and Europe.

Syria, which maintains

35,000 troops in Lebanon and has a large amount of influence, has failed to make any progress in peace negotiations with the Jewish state.

The peace talks have founders over security arrangements to accompany any Israeli withdrawal from the Golan Heights, which it seized in 1967 and annexed in 1981.

Officials in Damascus and Beirut, linked by a 1991 "brotherhood, cooperation and coordination" agreement, are adamant: they will not take part in multilateral talks with Israel until they have made progress toward peace.

Syrian President Hafez Al-Assad has charged that the main goal of the Amman summit, which opens on Sunday, is "to do away with Arab national identity and Arabism." He said it would hinder "the Arab nation's long-term role."

Syrian Foreign Minister Faruq Al-Shara was equally hostile, saying the summit would "weaken" his country's posture in negotiations with Israel and consecrate the Jewish state's occupation of Arab land.

MIGA announces first quarter results with firm foundation for continued growth in '96

The Multilateral Investment Guarantee Agency (MIGA) Wednesday announced first quarter results for fiscal year 1995 starting on July 1. MIGA issued nine investment guarantee contracts for 261 million US dollars in coverage during this period. (This compares with seven investment guarantee contracts for 130 million US dollars in the first quarter of fiscal year 1995).

In Kazakhstan, MIGA is sued 13.3 million US dollars of coverage to Efes, a Turkish beverage company. For its equity investment in Coca-Cola Almaty Bottlers (CCAB), CCAB will produce, bottle, and distribute Coca-Cola beverages using modern techniques. The project, which will generate positive developmental benefits for both Kazakhstan and Turkey, is a result of MIGA's efforts to encourage the flow of private investment both to and between developing countries.

Leigh P Hollywood, Vice President, Guarantees, expressed satisfaction with this strong performance, commenting that "these results set a firm foundation for continued growth in fiscal 1996."

MIGA-insured projects in the first quarter included investments in Jamaica, Kazakhstan, Kuwait, the Kyrgyz Republic, Peru, and Saudi Arabia. MIGA and the International Finance Corporation supported Wartsila Power

Development, Inc.'s investment in the construction and operation of a 74-MW barge-mounted diesel power plant at Old Harbour, Jamaica. The project, covered by a 30 million US dollars MIGA guarantee, will improve Jamaica's electrical power system by contributing significantly to the country's total installed generating capacity.

In its first project in Kuwait, MIGA issued 50 million US dollars in coverage to Union Carbide Corporation (UCC) for its equity investment in the construction and operation of a petrochemical facility in the Shuaiba Industrial Complex. The project, a joint venture of Petrochemicals Industries Company of Kuwait, will manufacture ethylene, polyethylene, and ethylene glycol for export and sale locally. It is expected to result in a substantial increase in local sales of trucks and buses, as well as greater local sourcing of parts and components. In addition, the long term customer financing provided by MIGA to UCC is a first for the Peruvian truck and bus market.

MIGA also provided 10 million US dollars of coverage to Guardian Glass Investments SA for its investment in the establishment of a glass manufacturing facility in Saudi Arabia. The project, a joint venture company, will provide high quality glass at competitive prices to downstream glass fabricators and create additional jobs in related industries.

In addition to providing guarantees to foreign investors, MIGA offers a range of technical assistance services to its developing and transition member countries to help them attract foreign capital. As part of this effort, MIGA recently issued its first edition CD-ROM on investment opportunities and conditions in the mining sector in Africa. The Agency also demonstrated the IPANet (Investment Promotion Agency Electronic Network) at the recently concluded World Bank Annual Meetings in October. The IPANet is a global information clearing-house and communications network on foreign investment in developing and transition countries.

In Peru MIGA issued 27 million US dollars in coverage to Volvo Truck Corporation for its loan guarantee to expand the customer financing provided by MIGA to UCC. The project, a joint venture of Petrochemicals Industries Company of Kuwait, will manufacture ethylene, polyethylene, and ethylene glycol for export and sale locally. It is expected to result in a substantial increase in local sales of trucks and buses, as well as greater local sourcing of parts and components. In addition, the long term customer financing provided by MIGA to UCC is a first for the Peruvian truck and bus market.

MIGA also covered its first project in the Kyrgyz Republic during this quarter. The

agency issued 45 million US dollars in reinsurance coverage to the Export Development Corporation of Canada for Cameco Corporation's investment in the Kumtor gold mine. The mine is the largest foreign private investment in the country and is expected to be a major source of scarce foreign exchange for the host government.

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above 5 US dollar per bushel are already at the highest since the early 1980s in reaction to a tight market following drought in Australia and North Africa.

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