

World economy to grow by 3.8 pc in '96, forecasts IMF

WASHINGTON, Apr 20 : The International Monetary Fund said here that it has shaved its forecast for world economic growth this year as a slowdown has spread through Europe, but added it sees better times ahead in 1997, reports Reuter.

In its semi-annual world economic outlook, the IMF said subdued global inflation, low long-term interest rates, buoyant stock prices and a stronger dollar all point to "relatively solid" world economic growth in the months ahead.

"Overall, there do not seem to be grounds to expect a prolonged or generalised slowdown, and global growth is projected to pick up," it said.

The IMF expects the world economy to grow by 3.8 per cent this year. That's faster than last year's pace (3.5 per cent), but slower than the 4.1 per cent growth rate projected by the fund for 1996 last October.

Growth is forecast to pick up to 4.3 per cent in 1997. Much of the expected sub-par performance of the world economy this year is blamed on a slowdown in Europe, particularly in Germany, France and other countries whose currencies are closely linked to the German mark.

The IMF expects Germany's economy to grow by a mere one per cent this year, and France's 1.3 per cent. Growth in 1997 is expected to pick up to 2.9 and 2.8 per cent, respectively.

The fund sees room for further reductions in interest rates by those countries to spur growth and offset the drag on their economies from budget cuts as they strive to meet the tough criteria for entry into the European Monetary Union.

The slowdown has raised questions about the ability of Germany, France and others to meet the budget-cutting requirements for the launch of EMU starting in 1999.

The IMF though argued that the EMU fiscal targets were feasible, provided economic growth picks up as expected. But it admitted it won't be easy. Qualification by a sufficiently large number of countries is by no means assured.

It suggested that some of the fiscal targets might be interpreted liberally, perhaps by focussing on structural, rather than actual, budget deficits, to ensure the EMU launch.

European countries whose currencies are not linked to

the mark have performed better than Germany and France, partly because the weakness of their exchange rates has boosted their exports by making them more competitive on world markets.

They include Britain, where growth is expected to be 2.2 per cent this year and 2.7 per cent next, and Italy, with growth of 2.4 per cent in 1996 and 2.7 per cent in 1997.

The IMF though had some words of warning for both nations, saying it saw room for little, if any, further cuts in British interest rates, while calling Italy's recovery "unbalanced."

It also suggested there was some scope for an appreciation of the British pound and the Italian lira.

In contrast to the mixed picture it sees in Europe, the IMF forecast steady US growth in the period ahead — 1.8 per cent this year and 2.2 per cent next, after two per cent in 1992. While US long-term interest rates have recently climbed, they remain well below levels seen in early 1995.

The fund though warned of a "significant risk" to the US expansion if the Clinton administration and Congress fail to reach an agreement to balance the federal government budget.

The fund also saw brighter times ahead for Canada, with growth accelerating to 2.9 per cent in 1997 from 1.9 per cent in 1996 and 2.2 per cent in 1995. Canada has "some flexibility" to cut interest rates further if needed to boost growth.

China seeks to play down 9 pc drop in exports

BEIJING, Apr 20 : China sought Friday to play down an 8.7 per cent drop in exports during the first quarter of 1996, blaming what it termed a "temporary" downturn on last year's rush for export tax refunds, reports AFP.

"More difficulties than ever confront China's foreign trade, but we have anticipated them," Ministry of Foreign Trade and Economic Cooperation (MOFTEC) spokesman Hu Zhaoping was quoted as saying by the China Daily.

China registered a 1.15 billion dollars foreign trade deficit in the first quarter with exports dropping 8.7 per cent from the same 1995 period to 28.25 billion dollars, while imports soared 23.2 per cent to 29.4 billion dollars.

Nevertheless, Hu said the state goal of balancing imports and exports this year on a targeted volume of 281 billion dollars was still "achievable". Pointing out that abnormal seasonal fluctuations last year had been caused by planned cuts in export refund rates.

"In their rush late last year to get more refunds, exporters scrambled to sell more goods overseas before the switch and, as a result, many used up supplies planned for early this year."

Hu's analysis was backed up by state Statistics Bureau spokesman Ye Zhen, who told a press briefing Friday that the fall in exports was a "temporary phenomenon".

"The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

"The government will adopt various measures to promote exports, while enterprises have to adjust after the fall of the rebate," he added.

Ye also revealed that once seasonal factors were taken into consideration, exports actually grew slightly in the first quarter of this year compared to the last three months of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

"The government will adopt various measures to promote exports, while enterprises have to adjust after the fall of the rebate," he added.

Ye also revealed that once seasonal factors were taken into consideration, exports actually grew slightly in the first quarter of this year compared to the last three months of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.

The base figure last year for exports was quite high," he said, pointing to a 6.19 per cent rise in exports in the first quarter of 1995.