

World financial leaders considering plan to cut \$7b poor country debt

WASHINGTON, Apr 20: A plan under consideration by US Treasury Secretary Robert Rubin and other world financial leaders could cut seven-eighth billion dollars from the debts of poor countries that owe about 97 billion dollars, says AP.

The plan was approved by President James D. Wolfensohn of the World Bank and Managing Director Michel Camdessus of the International Monetary Fund. Representatives of the 181 member countries of the two sister bodies are holding their annual spring meeting in Washington.

On Sunday Rubin will meet with leaders of the other six major financial countries: Japan, Germany, France, Britain, Italy and Canada.

Their plan deals with debts owed to wealthy nations indi-

vidually, as well as to the bank and fund, by 20 countries. The 20 are in debt situations considered "unsustainable," according to two reports by the bank and fund obtained by the Associated Press Friday.

All the debtors except Burma, Bolivia, Nicaragua and Guyana are in southern Africa, according to the documents.

Left unresolved is the status of Nigeria, Africa's most populous country and one of the most heavily indebted. In 1994, the bank calculated that Nigeria owed 33.5 billion dollars.

One of the reports from the bank and fund on the plan was submitted April 4 for a meeting of cabinet ministers and other high level government representatives to be held Tuesday. The other was submitted April 12.

The plan assumes that creditor governments would provide new reductions individually that would amount to two-thirds of the seven billion to eight billion dollars estimated. The bank fund and similar joint bodies would handle the other third.

The cabinet members, central bank chiefs and other high financial officials are expected to try to reach agreement on the issue by their by the next meeting in the fall.

The documents said that governments had decided that some countries just could not keep up with their debt payments.

The Boards of the two institutions agreed that there is a significant number of highly indebted poor countries for whom the burden of debt was likely to remain above sustainable levels," one report said.

Wolfensohn and Camdessus listed eight small countries with in the "unsustainable" category: Nicaragua, Mozambique, Sudan, Zaire, Zambia, Burundi, Guinea-Bissau and Sao Tome-Principe.

There were 12 others, including Burma, Bolivia and Guyana, classed as "possibly stressed." The nine in Africa were Cameroon, Ivory Coast, Tanzania, Uganda, Congo, Ethiopia, Madagascar, Niger

and Rwanda.

The report also pointed to differences among developed nations on how to make the cuts. One major is agreement was over how much of the cost the governments should pay, and how much the bank, fund and other creditors should bear.

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US, Taiwan end copyright talks

TAIPEI, Apr 20: Taiwan pledged to crackdown on piracy of US products during four days of talks with US representatives, official said Saturday, reports AP.

The talks ended Friday with Taiwan agreeing to prevent its compact disc manufacturers from selling master CDs to companies suspected of pirating, said Tseng Lien-feng, head of the Taiwanese delegation. CD makers will be asked to put identification codes on their products to help trace their origin, said Tseng, deputy director of the Board of Foreign Trade.

US companies have accused Taiwan of aiding Chinese companies in pirating CDs.

Taiwan also agreed to continue inspecting computer products destined for export, Tseng said. Taiwan had wanted to terminate the expensive and time-consuming process.



A M Anisuzzaman, Chairman of the Board of Directors of the Uttara Bank Limited, inaugurated the new premises of the Fakirapool Branch in the city yesterday. Directors Md Lutfur Rahman and Golam Rahman, and the Managing Director of the bank M Aminuzzaman are also seen in the picture.

\$144,000 m US budget deficit for '96

WASHINGTON, Apr 20: The US budget deficit for 1996 will be \$144,000 million, the smallest since 1982 and half the size of four years ago, and will amount to 1.9 per cent of gross domestic product (GDP), the smallest proportion since 1979. The Congressional Budget Office (CBO) announced April 17, says a USIS press release.

CBO Director June E O'Neill attributed the lower deficit to the decline in interest rates and the holding down of discretionary government spending. The deficit projection is for fiscal year 1996, which ends September 31.

Appearing before the House Budget Committee, O'Neill warned that if current policies for revenues and entitlements are not changed, and if discretionary appropriations keep pace with inflation, the deficit will begin to grow steadily in 1997.

Because of the continued dispute between Congress and President Clinton, 1996 appropriations bills for portions of the US government still have not been approved. Since the 1996 fiscal year began last October 1, there have been successive continuing resolutions — funded those parts of the government. In many cases, the continuing resolutions funded the agencies and

departments at 75 per cent of their previous year's budget.

Congress is currently developing an omnibus appropriations bill to cover the agencies now being funded by the most recent continuing resolution, which expires at midnight April 24.

While both the Republican led Congress and President Clinton say they remain committed to balancing the budget, it appears unlikely that serious work will resume on this effort until after the November presidential election.

At the Budget Committee hearing, CBO Director O'Neill urged that efforts to limit the growth of spending be resumed. More important than the 2002 deadline, she said, is the period after 2010, when the large "baby boom generation" born between 1946 and 1964 begins to retire, putting pressure on the costs of Social Security, Medicare and other programmes for the elderly.

Kasich conceded that the biggest obstacle to controlling spending is the so-called entitlement programmes run by the federal government. These include the Social Security retirement programme, which consumes the largest part of the federal budget, as well as the medical assistance programmes.

Finland may be among first countries to join EMU

HELSINKI, Apr 20: Finland will likely be among the first wave of countries to join the European Monetary Union (EMU). EU Finance Commissioner Yves-Thibault De Silguy said here yesterday, reports AFP.

However, the high Finnish unemployment rate — 18.6 per cent in March — is a major concern, the Commissioner said on a one-day visit to Finland.

Finnish Prime Minister Paavo Lipponen, with whom De Silguy held talks on Friday, has repeatedly said that he hopes Finland will be among the first group of countries to enter the third phase of the EMU.

De Silguy said Finland was among "the best students," but was cautious in his comments on a possible link of the Finnish mark to the European Exchange Rate Mechanism (ERM).

De Silguy said the Commission was in no way pressuring Finland to link its currency to the ERM, but did say that it was "recommended" and "logical."

Finance Minister Sauli Niinistö, with whom De Silguy also met on Friday, said it is important that Finland make that decision its own. It is important that we in Finland, as much as possible, known the risks of linking the mark," Niinistö said, noting that evaluations are continuously made.

Lipponen has said that Finland will meet the EMU membership criteria with its so-called "convergence programme" by the end of 1996 or early 1997, once the public debt is reduced.

The government hopes to soon meet the criteria regarding the budget deficit, which must not exceed three per cent of GDP, and public debt, which must not surpass 60 per cent of GDP.

It has already met the criteria on inflation, which must not exceed by more than 1.5 points the average inflation rate of the top three EU countries, and long-term interest rates, which must not exceed by more than two points the average rates of the three countries with the lowest rates.

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