

**Ensure capital flow into LDCs: Rubin**

**G7 nations pledge united move to promote global growth, stability**

WASHINGTON, Oct 4: Financial leaders from the Group of Seven major industrial nations said on Saturday the financial crisis sweeping the globe posed a mounting downside risk to their economies and vowed to work together to promote growth and stability, but made no concrete policy commitments, says Reuters.

In a statement released after a meeting of G7 finance ministers and central bankers here, the leaders pledged to cooperate in foreign exchange markets as appropriate and called on Japan to take "swift and effective" action to clean up its debt-ridden banking sector and boost its dormant economy.

"Financial market conditions have deteriorated in many parts of the world, leading to a further weakening of growth prospects, especially in most emerging market countries... in this context, we reaffirmed our view that the balance of risks on a global basis has shifted," the G7 statement said.

But the statement did not allude specifically to the possibility of coordinated G7 interest rate cuts, and suggested that economies would have to plot different paths to address their individual problems. "The challenges that face each of our

economies differ," it said.

The US Federal Reserve cut a key short-term interest rate this week to cushion the US economy from global turmoil, prompting mounting speculation in financial markets that other G7 central banks may follow the Fed's lead.

Noting that inflation was low or falling in many G7 nations, the group said that "the weakening in Asia and some other markets poses increasing downside risks to economic activity" in industrial nations.

"We reemphasized our commitment to create or sustain conditions for strong domestic demand led growth and financial stability in each of our economies," the statement said.

"In this context, we noted the importance of intensified cooperation among us at this juncture."

The G7 said the United States, Canada and Britain should take "appropriate action" to sustain growth, and said it was important that European nations implement structural reforms and reduce their high unemployment rates.

The statement said it was of "critical importance" to Asia and the rest of the world that Japan's economy pull out of recession by providing a strong

fiscal stimulus and taking immediate steps to clean up the banking sector. The Group warned that Japan's economic challenges had "intensified significantly in recent months."

The G7 also expressed concern about the indiscriminate flight of capital from emerging markets despite progress on much-needed economic reforms by some nations.

The finance ministers and central bankers from Britain, Canada, France, Germany, Italy, Japan and the United States were joined by Russian officials for part of the all-day discussion of a number of proposals aimed at dealing with the crisis.

Russia has attended G7 economic meetings for several years, briefing the industrialized world on its economic programme and - at times - asking for financial help. The International Monetary Fund rushed billions of dollars to Moscow this summer but loan payments have stalled with Russia's government and its reform programme in shambles.

The G7 agreed to explore US President Bill Clinton's plan to provide "contingent finance" through the IMF to cash-strapped nations, giving them

easier and faster access to fresh capital before they get engulfed in the turmoil.

The G7 also called on the World Bank to beef up its emergency support to crisis-hit economies and to use loan guarantees and other measures to help the private sector.

An AFP reports says, industrialised countries must strengthen growth and keep capital flowing into less developed nations. Treasury Secretary Robert Rubin said after G7 meetings here Saturday.

"The immediate need is to straighten growth and sustain capital flows to emerging markets," Rubin told a news conference after six hours of what he called "very energetic" talks among G7 financial chiefs.

Finance ministers and central bank governors of the seven major industrial countries also shared their concerns about Japan, now in recession and dragging its feet in cleaning up huge bad loans.

Ministers for new IMF loan system

The Group of Seven club of leading industrial nations said Saturday it would consider a new IMF loan system that would help countries ride out financial storms emerging from other parts of the world, reports AFP.

In a communique issued in Washington following a meeting of finance ministers, Britain, Canada, France, Germany, Italy, Japan and the United States said the credit mechanism would be established under the International Monetary Fund's borrowing arrangements.

"We agreed to explore a strengthened capacity... to provide more effectively contingent finance to help countries pursuing sound policies to maintain stability in the face of difficult global financial conditions," the G7 said.

The statement was in line with US President Bill Clinton's proposal unveiled Friday for a "new mechanism" under which the IMF would provide emergency assistance to countries facing the threat of financial turmoil from elsewhere.

The proposal was directed at Brazil, which many fear will be the next country hit by the wave of international disruption that began in Asia.

The IMF has been considering such measures since Mexico was rocked by a currency crisis in 1995.

**G24 calls for cut in interest rates**

WASHINGTON, Oct 4: The world's developing countries called on wealthy nations Saturday to reduce interest rates in order to restore confidence in international financial markets and prevent a slide into global recession, says AP.

Finance ministers and central bank governors of the Group of 24 countries, representing nations in Africa, Asia and Latin America, said in a communique that lower interest rates "would relieve some of the pressures of capital outflows and heavy external debt-servicing costs for emerging market and developing countries."

Algerian Finance Minister Abdelkarim Harchaoui, chairman of the G-24, said the Asian financial turbulence that spread to Russia and threatens Latin America demonstrated the fragility of the international financial system.

"We now have to decide how we are going to react and halt the crisis because recession is knocking at the door," Harchaoui said.

The statement, released after the group met at the International Monetary Fund, also urged Japan "to adopt a more expansionary fiscal policy and take effective action" to solve the problems of its troubled banks.

Japanese banks have an estimated one trillion dollars in bad debts on their books.

The ministers underlined the need to provide the IMF with sufficient financial resources so it can help countries in need. This was a reference to the failure so far of the United States

to provide the IMF with 18 billion dollar in new capital. A Clinton administration proposal to provide the funds is stalled in Congress.

The ministers also called for "meaningful measures" for debt relief for developing countries and extending such relief from the world's poorest countries to "severely distressed middle-income countries."

Members of the G-24 are Algeria, Argentina, Brazil, Colombia, Ivory Coast, Egypt, Ethiopia, Gabon, Ghana, Guatemala, India, Iran, Lebanon, Mexico, Nigeria, Pakistan, Peru, the Philippines, Sri Lanka, Syria, Trinidad and Tobago, Venezuela and Zaire. China attends as an invitee.

**BKB to disburse Tk 79.29 cr agri loans in 5 dists**

SHARIATPUR, Oct 4: Bangladesh Krishi Bank will disburse loans amounting to Tk 79.29 crore among the farmers of five districts under the Barisal Agriculture Extension Zone (BAEZ) during the current fiscal year, reports APB.

The disbursement programme will cover the districts of Shariatpur, Madaripur, Gopalganj, Faridpur and Rajbari.

BKB sources here said the loans will be given for cultivation of aman, aus, boro, wheat, potato, mustard, banana and betel leaf.

It will also cover the sectors of pisciculture, dairy and poultry farming, and women entrepreneurship development programme (WEDP).

Of the total, Tk 18.96 crore will be disbursed in Shariatpur, Tk 13.07 crore in Madaripur, Tk 12.90 crore in Gopalganj, Tk 19.17 crore in Faridpur and Tk 15.90 in Rajbari.

The disbursement of loans is expected to create massive agricultural rehabilitation in the districts, said the BKB sources.

**Tk 1.17cr FAO aid for supplying vegetable seeds**

The World Food and Agriculture Organisation will provide 250,000 US dollars equivalent to over Tk 1.17 crore for distributing vegetable seeds among the country's flood-hit farmers, reports APB.

An agreement on the grant assistance was signed here yesterday between the government and the FAO, officials said.

With the money, some 20 tones of vegetable seeds will be supplied to one lakh marginal farmers under the post-flood rehabilitation programme.

The seed-distribution project named "Emergency Supply of Vegetables Seeds to Flood-affected Farmers" will be implemented by the Ministry of Agriculture.

Seeds will be distributed in two phases beginning this week.

Muhammad Abu Taher Khan, Deputy Secretary of the Economic Relations Division, and Hiroyuki Konuma of FAO signed the deal.



Bangladesh and FAO sign an agreement on emergency supply of vegetable seeds to the flood-affected farmers in the city yesterday. -FAO photo

**Taka firmer on lower dollar demand**

The Bangladesh Taka slightly appreciated against the dollar in the interbank trade yesterday as the demand for the greenback fell because of weekend holiday in most international money markets, foreign bank dealers said, reports BSS.

The Taka was quoted at 47.24/47.25 per dollar yesterday against the previous day's closed of 47.25/47.26 per dollar.

Yesterday Taka firmed in the market because the US currency's demand fell against Bangladesh Taka (BDT) as comparatively fewer buyers were present during the day's trading session.

**No-strike deal with union PAL announces reopening**

MANILA, Oct 4: Philippine Airlines publicly announced Sunday it was reopening after forging a no-strike deal with its largest union, though militant workers vowed to continue opposing the deal, says AP.

In several paid newspaper advertisements, PAL said it would offer 14 round-trip domestic flights from Manila starting on Wednesday and apologized to the public for problems caused by its shut-down last month.

"Your national flag carrier is back," PAL said.

PAL officials have said at least 2,000 workers will be recalled to handle domestic operations, and most of the airline's 8,600 current workers will be recalled once international flights resume in a few weeks.

The debt-ridden airline,

Asia's oldest, closed on Sept. 23 after failing to persuade its ground crew union to accept a management-proposed recovery plan that would suspend its workers' right to strike and negotiate a collective bargaining agreement for 10 years.

Its closure left much of the Philippine archipelago without air service, prompting President Joseph Estrada to enlist Hong Kong's Cathay Pacific to fly PAL's domestic routes to avoid serious damage to the economy.

In a second government-supervised referendum held Friday, about 61 per cent of the 6,700 members of PAL's largest union accepted the proposal to suspend collective bargaining in exchange for 20 per cent of the company's stock and seats on its board, the Manila government cope with the Asian crisis.

union, however, said they would seek court action on Monday to declare the agreement illegal and would continue protests against it.

This agreement would set a precedent and lead to the downfall not only of PAL workers," said Renato Reyes, a union board member opposed to the proposal.

He said the PAL recovery plan violates the Philippine constitution, which guarantees the right of workers to form unions and bargain collectively for labor benefits.

Estrada assured the workers that he will defend their rights during the proposed 10-year collective bargaining suspension, adding it is only a temporary measure to help PAL and the Manila government cope with the Asian crisis.

**Magic manure!**

NEW DELHI, Oct 4: A group of progressive farmers from Solapur district of Maharashtra has developed a wonder manure which it claims can revolutionise Indian agriculture leading to bumper crops at a fraction of the cost of chemical fertilisers, reports PTI.

Titled Anrit Sanjivani, the fertilizer has been developed by members of Bharatiya Kisan Sangh (BKS) after four years of experiments using cowdung as the main raw material.

Easily different from the composite manure used by farmers for generations Anrit Sanjivani, can be prepared by a farmer himself by a simple method and it is useful for all types of crops, vegetables, fruits and trees.

Karve said for preparing the fertilizer for one acre of land a farmer would need 60 to 70 kg of cowdung, three kg of urea and equal quantity of super phosphate in powdered form one kg potash and two kg thin explorer groundnut cake.

**IMF braces for criticism at annual meet**

WASHINGTON, Oct 4: The International Monetary Fund (IMF) is bracing for sharp criticism at its next week's annual meeting with the World Bank for its failure to anticipate the present international economic crisis that has caused systemic disruption and threatened political stability in nations.

Finance ministers and heads of central banks of some 182 countries, assembling here for the session, are worried over the worst downturn in Japan since World War II, the economic meltdown in Russia and crisis in East Asia, particularly Indonesia, Thailand and Malaysia. They are expected to offer suggestions about new institutional arrangements to deal with the crisis.

IMF Managing Director Michel Camdessus, who finds himself under attack from all sides, has defended his institution's policies in Asia in 1997. "If we were to go back to July '97 for Thailand, November for Indonesia, November-December for (South) Korea... we would do the same thing," he asserted.

He noted that Thailand and South Korea had made considerable progress. Interest rates, which had shot up in both countries, had since declined to pre-crisis levels. However, what is being held against the IMF is its misjudgment of the emerging crisis. The IMF itself gave indication of this phenomenon when it revised its 1998 global growth forecasts down to two per cent from the 3.1 per cent it had predicted just six

months ago.

Meanwhile, World Bank President James Wolfensohn has promised his organisation's support to the IMF in its efforts to contain the emerging markets crisis and help financially stricken countries lay a foundation for stable growth during the next three to four years.

The bank will work with governments on the issues of reforming their financial systems, of reforming their judicial systems, of building social safety net programmes, of trying to assist the countries to put down the stability that they need in order to have growth," Wolfensohn told reporters.

Camdessus wanted the major players to discharge their full responsibilities for orderly growth in the world economy. "This is why I welcome the initiative of the (U.S.) Federal Reserve to start reducing interest rates," he said, referring to the September 29 action by the U.S. central bank to reduce the interest rates it controls by one-quarter percentage point.

The Federal Reserve's action means that US rates can be lower further in the future, Camdessus said.

"There is also room in Europe for reduction of interest rates," he said adding, "Japan, the world's second largest economy, has other problems, the most important being to put its financial sector in order and to maintain, increase and sustain during 1999 the needed fiscal stimulus, while continuing with efforts at opening and deregulation."

-India Abroad News Service

**Magura town to have Tk 6cr water purifying plant**

JHENIDAH, Oct 4: A Tk 6 crore water purifying plant will be set up in Magura town during the current financial year (1998-99), reports APB.

Official sources said the project, financed by the Netherlands government, also include construction of an overhead water supply tank.

Work on the project will start soon and is expected to be completed by the end of the current fiscal year, they said.

**Vietnamese rice exports to hit 3.6m tons**

HANOI, Oct 4: Vietnam's rice exports in the whole year of 1998 would reach 3.6 million tons, an official report said yesterday, reports Xinhua.

The Vietnamese government has released an official letter covering new management regulations on the export of rice in the last three months of 1998 and early 1999.

The government said that the management of rice exports in the remaining months of 1998 and the first months of 1999 must ensure the purchase of all commodity rice from farmers as well as national food security.

The quota for the export of rice in the fourth quarter of the year is set at 500,000 tons so that the country's rice exports in the whole 1998 will reach 3.6 million tons.

The ministry of trade is assigned to keep a close eye on the overseas rice markets in order to properly manage rice export activities and to instruct the signing of contracts for rice export in the first quarter of 1999, the official report said.

**Shevardnadze seeks end to Russian crisis**

TBILISI, Georgia, Oct 4: Georgian president Eduard Shevardnadze called for Russia to stay on the track of "democratic development" and find a resolution to its economic crisis, news reports said Sunday, reports AP.

Shevardnadze, who met Saturday with Gennady Seleznyov, the speaker of Russia's lower house of parliament, is eager for "political and economic stability of (Georgia's) great neighbour Russia, as well as its democratic development," according to the reports.

Georgia, still embroiled in political and economic instability after the fall of the Soviet Union, has been hit hard by aftershocks from Russia's latest financial trouble.

Shevardnadze and Seleznyov also discussed the conflict in Georgia's breakaway Abkhazia region, as well as the Russian parliament's continuing refusal to ratify a friendship treaty signed by Shevardnadze and Russian President Boris Yeltsin in 1993.

**Oil production in Kazakhstan plunges**

ALMATY, (Kazakhstan), Oct 4: Oil production at a major oil and gas field in northwestern Kazakhstan is down by two thirds because of Russia's financial crisis, a Texaco official said Sunday, reports AP.

Russia's financial crisis has cut production at the Karachaganak field, in which Texaco has a 20 per cent stake, from 60,000 barrels a day to 20,000 barrels a day, said Texaco Vice President Larry Andersen.

"We can't continue to sell product into Russia and not get paid," Andersen said. "That's not a real good news, but that's the situation today."

The field's routine oil output is sent to nearby Orenburg in Russia for refining, but other refining options are now being considered, he said.

**Govt undertakes massive boro cultivation drive**

BOGRA, Oct 4: The government has undertaken a massive programme of boro cultivation in the country's 16 northern districts to make up for the aman crop losses in the devastating floods, reports APB.

Under the programme, preparations have been taken for the cultivation of boro crop on 10 lakh hectares of land in the districts during the rabi season, the Agricultural Extension Department (AED) sources said.

The production target of the crop this season has been set at 24 lakh tonnes.

Sources said some 14.21 lakh tonnes of boro paddy would be produced on about 5.96 lakh hectares of land in the eight districts of Rajshahi.

10,000 tonnes of Tokyo rice lying in Jakarta godowns

JAKARTA, Oct 4: Some 10,000 tonnes of Japanese rice aid to Indonesia has been lying in warehouses for months awaiting a decision from Jakarta on a selling price, the state Antara news agency said Friday, despite a food shortage, reports AP.

"We are still awaiting instructions from the National Logistics Agency (BULOG)," Antara quoted Lambanbati, an official of the local BULOG branch office, as saying the town of Kupang.

**Arctic 12 seeks better life for those in the cold**

Delegations from eight countries have just held a meeting near the North Pole. Their aim to work out how people living in remote regions inside the Arctic Circle can be given some benefits of modern living while retaining the environment, languages and the traditional way of life.

By Clyde Sanger

To most people the Arctic remains a forbidding region of treacherous ice and hostile weather. It is best left to a few explorers with odd ideas of adventure. It is often thought, indeed, even penguins don't choose to live.

So why did four foreign ministers, led by Canada's Lloyd Axworthy, and delegations from eight countries, as well as people from agencies like the World Wide Fund for Nature, fly up in mid-September to Iqaluit, a small town 63 degrees north of the equator on Baffin Island?

Certainly, Iqaluit has no distinguished history. It used to be called Frobiisher Bay, after the Elizabethan adventurer Sir Martin Frobiisher who was trying to find a way to sail through to China in 1576-78, and brought back to England two Eskimos and 1,350 tons of worthless rock that he thought contained gold. In English, Iqaluit appropriately means "difficult landing."

Axworthy and his companions were hardly as naive as Frobiisher. Their hopes, through the Arctic Council, they were representing, are not set on gold so much as on a careful programme of sustainable development that does not harm the fragile environment.

They are also concerned to work alongside the native people to preserve their languages and traditional way of life, while offering them some benefits of modern living.

The Arctic Council as chief American delegate Wendy

Sherman said, is "a quite unique animal and needs a special structure."

It was created in Ottawa in 1996 as a forum for the eight Arctic states - Russia, Finland, Sweden, Denmark, Greenland, Norway and Iceland as well as Canada and the United States.

Its main aim has been to plan cooperation in fighting pollution in the Arctic and saving its wildlife while opening up possibilities such as university training in their own circumpolar region for northerners.

What makes it unique is that the heads of four indigenous groups - the Inuit Circumpolar Conference, Saami Council, the Alaska-based Aleut International Association and a Russian association of 30 northern peoples - sit alongside government officials as permanent participants.

The Council works by consensus, which means that these groups have (theoretically, at least) equal say with Russia or the United States.

A small secretariat rotates every two years, Canada having been the first to run it. Arctic cooperation has several origins. Some date it to the Murmansk speech made in 1989 by Mikhail Gorbachev, when he called for the Arctic to become "a zone of peace."

But the United States has not wanted military security to be an agenda issue, and in 1991 the eight governments met in Finland and adopted the Arctic Environmental Protection Strategy (AEPS).

Under its four working groups have produced useful scientific studies on tiny budgets. Since 1996 the AEPS and the working groups have been the practical arm of the Arctic Council.

At the Iqaluit meeting some delegates and observers voiced impatience that the senior Arctic officials, who have met nine times, had spent much of the Council's first two years in working out rules of procedure for this "special structure."

A main difficulty has been to agree on a formula for funding the working groups. While seven governments would adopt an overall formula to fund the Council and through it the working groups on a multi-year basis, the US has insisted that each project be separately approved and supported.

The projects agreed at Iqaluit are fine in themselves. For example, Canada proposed one focusing on the health of children, and (through the US) the Alaska state government put up three proposals on telemedicine, ecotourism and sharing technology on sanitation systems.

The working groups themselves have produced plans to contain oil spills, save seabirds, and reduce pollution from land-based sources. They have also tracked pollutants from outside the Arctic that contaminate "country food" which northerners obtain by hunting, trapping and fishing.

But funding project-by-project

has meant, as a British Foreign and Commonwealth Office observer Neil Gilbert complained, creating pieces of a jigsaw puzzle without a unified picture. He and others called for an over-arching strategy for sustainable development.

Will this happen, now that the US has taken over the chair and will run the secretariat until the year 2000? Washington has shown it prefers to do things bilaterally. It has been giving Russia technical assistance in managing PCB wastes, and Ambassador Sherman added, is cooperating with Russia on "a prototype vessel for sealing and storing nuclear waste."

It was a gamble to put the United States in the chair, and it was done in the hope that Washington would become more engaged in Arctic cooperation. Perhaps this will happen with a push from Alaskan officials.

Meanwhile, other governments are funding and pursuing some exciting initiatives. Among them, Finland is leading on plans for a university of the Arctic, a "university without walls," which will link existing colleges and provide a curriculum that takes full account of indigenous cultures.

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**Talking Arctic**

