

Vietnam earns \$858.6 m in seafood export in 1998

HANOI, Jan 16: Vietnam exported 208,000 tons of seafood worth \$ 858.6 million last year, an increase of 10.58 per cent from 1997, the Nhan Dan newspaper reported Thursday, says AP.

It quoted the Ministry of Fisheries as saying exports to Asia, which account for 75 per cent of Vietnam's markets, have been badly affected by the regional economic crisis, but exports to Europe and the United States increased considerably.

Seafood export value to the European Union increased by 80.42 per cent and to the United States by 115 per cent, it said, adding that Vietnam's seafood markets expanded to 50 countries last year from 28 countries in 1997.

Prime Minister Phan Van Khai last month approved a fishery development strategy, which set a target of export revenues of \$ 1 billion by 2000 and \$ 2 billion by 2005.

Foreign debt hurting Chinese companies

SHANGHAI, Jan 16: China's foreign-exchange regulators are calling for urgent measures to slow overseas borrowing by Chinese companies, saying it is dangerous and mostly unneeded, reports AP.

Poor regulation of foreign debt is hurting China's credit record and could worsen troubles at government banks, the State Administration of Foreign Exchange said in its monthly magazine.

China's currency, the yuan, does not trade on worked markets, making it hard for domestic companies to obtain foreign currency to repay debts abroad. The agency recommended setting up small groups to approve foreign borrowing and demanded more realistic studies of proposed projects. It suggested creating a fund to ensure foreign debts are repaid.

Its report cited a study by the agency that found that each of 15 companies surveyed in Yangzhou, a city near Shanghai, were having trouble repaying foreign loans.

The report said the unidentified companies had borrowed a total of \$50.1 million to buy foreign equipment for industrial ventures.

In some cases, managers didn't know how to use the equipment, or it was incompatible with local facilities, the article said.

Only two of the 15 companies were exporters earning foreign currency, it said. The other were forced to borrow foreign currency from banks to pay their debts.

These firms' ability to pay back their foreign debts is seriously flawed... and they've taken the financial risk and shifted it onto domestic banks," the report said.

Austrian airline places order for 7 Boeings

SEATTLE, Jan 16: Lauda Air, based in Vienna, Austria, continued its fleet expansion into the new year with the order of six Next-Generation 737s and one 767-300ER (extended range), the Boeing Company confirmed Friday.

The order also includes options for an additional four 737-700s.

The estimated value of the order, including options, is \$519 million. The firm order of Next-Generation airplanes is for two 737-600s and four 737-700s.

Boeing will begin deliveries in August of this year with the 767-300ER. The 737s will begin delivery in the first quarter of 2000, with the last airplane delivering in 2002.

"Lauda Air is a very dynamic airline which is experiencing tremendous growth," said Chris Longridge, Commercial Airplanes vice president - European Sales. "Lauda has been a strong supporter of new Boeing models, including the 777 and Next-Generation 737s. I'm very pleased we are continuing to grow our partnership together."

Lauda Air began operation in 1979 and placed its first Boeing order in 1985 with the purchase of two 737-300s.

Britain posts biggest-ever trade deficit in September

LONDON, Jan 16: Britain posted its biggest-ever foreign trade deficit in September, officials said today, reports AP.

Trade with European Union and non-EU countries for September was \$202 billion pounds (4.15 billion dollars) in deficit from a revised deficit of 1.283 billion pounds in August, the Office for National Statistics said.

The ONS said the shortfall was the highest on record and that the trend was that the deficit would increase as the value of exports, hit by the strength of sterling and the turmoil in markets in Russia and Asia, continued to fall.

Economists had been predicting a global trade deficit of 2.195 billion pounds.

The ONS said that trade with South East Asian countries had fallen to about 900 million pounds a month from the 1997 monthly average of 1.3 billion pounds.

Indo-Pak power deal within a few months

By Muhammad Najeeb

ISLAMABAD, Jan 16: Pakistan will sign an agreement for sale of power to India in the next couple of months once the requirements and tariff was decided upon by officials of the two countries, Power Minister Gohar Ayub Khan has said.

He said a team of experts from Pakistan will visit India shortly to discuss electricity supply to the Indian states of Punjab, Haryana and Rajasthan.

The Minister dispelled the notion that Pakistan was backtracking from its commitment to supply electricity to India, but said, "We have to consider certain factors such as local requirements and the rate of electricity before entering into contract with India."

He said the local require-

ments of power and the tariff were the two important factors that had to be taken into consideration, but he assured that Pakistan would be in a position to transmit 100 MW of electricity through the Lahore grids.

Khan hoped the final agreement with India on supply of power would be signed in a couple of months. He said the team that will visit India later this month or early February had not been finalised yet.

A team from India has already visited Pakistan to discuss the matter.

"There is a complete network on our side and of course on their (India) side as well. What we need are the connections, which would take only a couple of weeks."

"We have offered them

(India) 100 MW supply from Lahore to Amritsar or Lahore to Ferozpur, which could be increased with nominal expenditure up to 400 - 500MW in six months," Khan told IANS.

Khan, who was foreign minister for 20 months before taking over the power portfolio, said there was no other hitch in giving electricity to India.

Asked if Pakistan was linking the issue with resolution of the Kashmir dispute, the minister replied, "The UN resolutions are there and now the question is only to implement them. The day will soon come when India will realise the importance of these UN resolutions. We hope that it would give the right of self-determination to the people of Jammu and Kashmir."

Admitting that at present

Pakistan itself was facing an electricity shortage and had to resort to load-shedding, the minister said that in the next two to three years the country would have excess electricity.

He said the Tarbela Dam which at present produces 2,000 MW would soon increase its production to 3,600 MW and Mangla would also enhance its capacity.

Khan said five of Pakistan's independent power projects (IPPs) would be completed in this period, making electricity generation more than consumption.

He said Pakistan also had several hydro and nuclear power projects in the pipeline which would be completed in the next three years.

About the existing power

crisis in the country, especially in Karachi, he said power production had declined because of the falling water level in Tarbela and Mangla. About the Kalabagh Dam, he said the dam would be completed in about eight years after it has started.

Khan disclosed the environment study for the dam had been completed by Kalabagh Consultants in 1992-93 and it needed to be updated according to the guidelines specified by donor agencies like the World Bank.

"Our consultants are doing the job to assess local requirements and the total electricity we can produce after putting all of our power producing projects in action, including Ghazi Barotha, IPPs and Chashma Nuclear Power Plant."

He said members of the Economic Cooperation Organisation (ECO) were considering interconnecting their power grids to overcome their electricity shortages.

A Turkish firm was currently conducting a survey on this and "Pakistan has already issued a no objection certificate to this proposal," he said.

Khan said under the proposed plan, the power deficiencies of one country would automatically be overcome through the surplus generation by other countries.

The grid in Europe is also inter-connected and that is the very reason that all the European countries have no electricity problem," he commented.

— India Abroad News Service

France fails to strike Mirage deal with India

NEW DELHI, Jan 16: France had failed to extract a commitment from India to purchase more Mirage 2000 fighter aircraft, despite offering to part with cutting edge defence technology and helping out on ongoing defence projects, the Indian daily, the Business Standard said.

India did not firm up a possible order for up to 10 Mirage 2000-5 fighters during a four-day visit to Paris by a delegation led by Indian defence minister George Fernandes and vice-chiefs of the services.

Sources said the Mirage sale was high on the French agenda, which had sweetened the deal by offering spares and support, besides upgrading the existing Indian Mirage fleet at a discount.

However the Indian side was not ready to make a purchase commitment, the daily quoted the sources as saying India is likely to opt for the Russian-French advanced jet trainer Mig-AT, in which the engines which the engines and avionics are French and air frame Russian.

Fernandes was quoted in an agency report from Paris as saying that this decision to purchase the advanced jet trainer may be made, the daily said.

— Asia Pulse Internet

Dollar should remain reference currency: France

PARIS, Jan 16: The dollar should remain a world reference currency despite the arrival of the euro, French Prime Minister Lionel Jospin said yesterday, reports AP.

Asked if the dollar risked losing its place as a reference currency with the arrival of the European Union single currency, Jospin said "it would not be desirable for that to change."

He also questioned a call last week by Japanese Prime Minister Keizo Obuchi for the yen to become a more international currency, saying he wondered if the Japanese authorities really wanted to achieve this.

"It is not enough to declare a wish for a currency to become an international one for it to happen, he said while exchanging New Year's greetings with the press.

Finance Minister Dominique Strauss-Kahn said meanwhile after meeting his Dutch counterpart Gerrit Zalm here that "the euro has no desire to supplement the role of the dollar on the international monetary stage, it will naturally take its place along side the dollar."

UAE GDP falls by 5.5pc in 98

ABU DHABI, Jan 16: The United Arab Emirates (UAE) saw a 5.5 per cent drop in its Gross Domestic Product (GDP) in 1998 due to plummeting oil prices, the federal government said yesterday, reports AP.

The GDP fell from 180 billion dirhams (49 billion dollars) in 1997 to 170 billion dirhams (46.3 billion dollars) last year, Planning Minister Humaid bin Ahmad Al-Mowalla said, quoted by newspapers.

He said crude prices had dropped by 27 per cent over the year, undermining expected government revenues. The non-oil sector, meantime, grew 4.7 per cent over 1998, contributing 133 billion dirhams (36 billion dollars) to GDP, as opposed to 127 billion dirhams (34 billion dollars) in 1997.

The minister said he expected GDP to grow by 3.5 per cent in 1999, reaching 176 billion dirhams (48 billion dollars) because of a slow improvement in oil prices, and continued growth in the non-oil sector.

Meanwhile, the UAE's population grew by 5.7 per cent in 1998 to reach 2.77 million, the minister said. Diplomats estimate that foreigners account for more than 80 per cent of the total.

Australia suffers further int'l trade blow-out

CANBERRA, Australia, Jan 16: Australia suffered a further international trade blowout Tuesday with a 980 million Australian dollars (US\$ 598 million) deficit, seasonally adjusted, on the balance on goods and services for November, reports AP.

The Australian Bureau of Statistics said the figure was 147 million Australian dollars (\$ 89.6 million), down on the revised deficit of 1.127 billion Australian dollars (\$ 687 million) in October.

The ABS attributed the drop in the value of imports to lower imports of gold - 115 million Australian dollars (\$ 70 million) for processing and future re-export - and passenger motor vehicles.

It said exports fell 4 per cent on the October figure, mainly reflecting lower gold exports.

"Exports of goods and services to our major southeast Asia and north Asia trading partners were flat during November, compared with exports to other destinations which fell 14 per cent on the previous month," the ABS said.

81 Bangladeshis removed from US in '98

WASHINGTON, Jan 16: There were 373 Pakistanis and 351 Indians among 171,154 illegal aliens removed by the US Immigration and Naturalisation Service (INS) in 1998. The number of removals last year broke the 1997 record of 114,386.

According to INS spokeswoman Barbara Francis, among the top 20 countries led by Mexico, which accounted for 81 per cent of the removals, Pakistan was 16th on the list and India 18th. She told IANS that the breakup for the rest of South Asia in terms of removals was 81 Bangladeshis, 44 Sri Lankans and eight Nepalis. She acknowledged that the number of criminal removals among the South Asians were a fraction of the total removals and that the vast majority who were deported were illegal aliens.

The INS said the FY 1998 results were 39 per cent above the target of 123,000 removals and 50 per cent higher than last fiscal year's record performance. The agency said this marks the fifth consecutive year of record-setting removals.

INS Commissioner Doris Meissner said in a statement that "removals play a crucial role in our effort to restore credibility of our nation's immigration laws." "I'm pleased with the progress we've made in removals, but in the interior and at our borders we have much more to do," Meissner said. The INS said criminal alien removals reached 56,011, nine per cent over FY 1997's total of 51,272. It said an average of 1,077 criminal aliens were removed each week last year.

Malaysian manufacturing sales up 0.5 pc

KUALA LUMPUR, Jan 16: Sales recorded by 73 manufacturing industries for November 1998 increased by 0.5 per cent or RM0.1 billion (US\$1.8M) to RM18.3-billion from the previous month, the Statistics Department said Friday.

However, this value was lower by 6.6 per cent or RM1.3 billion when compared with sales of RM19.6 billion registered in November 1997, the department said in its monthly manufacturing statistics statement.

The data on sales value, the number of employees, salaries

and wages paid and the main products were collected through a survey which covered 73 out of a total of 137 manufacturing industries.

The department said that 39 industries reported a sales value of RM1 billion and above for the first 11 months of 1998. Their total sales amounted to RM184.3 billion, which was 5.1 per cent or RM8.9 billion higher than sales of RM175.4 billion registered during the same period in the previous year.

While Mexico earned the dubious distinction of being the top nation in terms of removals, nationals of El Salvador, Guatemala and Honduras each represented three per cent of total removals. The INS said the figures do not include an additional 78,928 aliens in INS custody that were allowed to voluntarily leave the US after being charged with a violation of immigration law. The removal figures also did not include approximately 1.5 million apprehensions and voluntary returns at US borders last year, it added.

— India Abroad News Service

Kenya, Tanzania fear food shortages

NAIROBI, Jan 16: Kenya and Tanzania are both warning of looming food shortages following crop failures, says AP.

Kenyan Agriculture Minister Musalia Mudavadi said drought was to blame for the 360,000-ton grain shortfall in his east African country. The corn is a staple food for Kenyans.

"Even if the rains came today, chances of recovery are poor and therefore it is expected that for most of the area there will be total crop failure," Mudavadi said Wednesday.

Mudavadi said the ministry had already received requests for food aid from residents in northern Kenya.

In Tanzania, more than 300,000 people in the central region of Dodoma are at risk of starvation in the next five months, Prime Minister Frederick Sumaye told diplomats earlier this week in the capital, Dar es Salaam.

Abnormally dry weather, blamed on the El Nino weather phenomenon, has dried field and killed crops across central and northeastern Tanzania. Shortages in Tanzania's corn crop are expected to approach 600,000 tons, state-run radio reported Wednesday.

Sumaye said Tanzania needs international help to stave off a famine. He said the government plans to import 50,000 tons of emergency food.

A spokesman for the UN food agency in Nairobi said Thursday that no request for aid had been received from the Kenyan government.

Investment in Filipino special zone falls 40 pc

MANILA, Jan 16: Depressed by Asia's financial crisis, investments in the Philippines' special economic zones fell 40 per cent to 95.8 billion pesos (\$2.5 billion) in 1998 from 159.8 billion pesos (\$4.2 billion) a year earlier, reports AP.

The new investment last year in these zones, which offer tax breaks to foreign and local investors, was also 20 per cent below the government's target of 119.7 billion pesos (\$3.1 billion), according to data released Wednesday.

The government attributed the slower pace of investment in 1998 to the regional financial crisis. Many companies have scaled down their operations or postponed expansion plans since the turmoil broke out 18 months ago.

The special economic zones, which are typically located in provinces where unemployment is high, generated 46,215 new jobs last year, bringing the zones' total work force to 608,300.



A Kuala Lumpur vendor sells sweets ahead of Hari Raya (Muslim New Year) Thursday. Most schools, offices and businesses will remain closed during next week when most Malay Muslim families spend time with their families in the native villages. — AP/UNB photo

Kerala alarmed over Indo-Lankan deal

THIRUVANANTHAPURAM, Jan 16: While the India-Sri Lanka free trade accord signed last month is being touted by some as an example of fruitful economic cooperation within the South Asian Association for Regional Cooperation (SAARC), it has drawn scathing protests from various quarters in southern India's Kerala state.

The accord with Sri Lanka, like that with Nepal, might silence sceptics who view India as a "Big Brother" which scuttled any trade arrangement among SAARC nations but would definitely spell doom for Kerala, critics claim. Pointing out that the accord allows duty free import of 1,000 products from Sri Lanka in a phased manner over a period of three years, they say such a move would deal a shattering blow to the state's economy because its main agricultural products like coconut, tea and rubber are cultivated in Sri Lanka as well.

Congress party leader A K Antony, a former Chief Minister, has lashed out at the Kerala government's failure to raise its voice against the treaty, which, according to him, would wreak havoc on the state's agriculture and seafood sectors.

Among the goods that could be imported from Sri Lanka on a large scale free of duty included coconuts, copra, coir products, coconut oil, tea, rubber and seafood. "Kerala will be the worst at cashing in on the treaty," Antony said. Pointing out that the price of cardamom had nosedived as the smuggled spice produced in Guatemala flowed into India through Nepal, he also expressed fear that the Sri Lanka-India

agreement could be misused to pump in goods from other countries.

Antony noted that the opposition had requested the state government of Chief Minister E K Nayanar to join hands with it in opposing an accord that allowed the other SAARC nations to bring to India 2,000 products, if the government had moved in time, necessary alterations could be effected in the accord.

"The government's silence then has encouraged the Centre to sign the December 28 India-Sri Lanka accord," Antony charged. He hoped the ruling Left Democratic Front (LDF) would now join the opposition to inform Prime Minister Atal Bihari Vajpayee, who is scheduled to arrive here on Sunday, about the adverse affects the treaty would have on Kerala.

Various factions of the Kerala Congress, which mainly depend on the farmer vote bank, have also expressed similar concerns. Kerala Congress-Jacob leader T M Jacob has warned Vajpayee that the treaty would paralyse the state's agricultural sector.

In a memorandum to Vajpayee, Jacob said the treaty threw up the spectre of Kerala being flooded with coconuts and coconut-related products and consequent crash in their prices. He wanted the Centre to include coconut in the "Negative List" of import items to save coconut farmers. Though the LDF is yet to react to Antony's proposal that an all-party panel meet Vajpayee, Agriculture Minister Krishnan Kaniyamparambil has admitted that the treaty would have an adverse impact on the state.

— India Abroad News Service

Microfinance not sole instrument for poverty alleviation : WB

By Vasantha Arora

WASHINGTON, Jan 16: The World Bank has commended a composite strategy envisaging microcredit programmes complemented by campaigns in literacy promotion and vocational training to eliminate poverty in the developing world. Its new study confirms that microcredit programmes can raise living standards, particularly for women and households headed by them, but concludes that microfinance should not be the sole instrument for poverty reduction.

"Microfinance has tremendous potential as an instrument for poverty reduction," said Shahid Khandker, Senior Economist in the World Bank's Poverty Reduction and Economic Management Network and main author of the study. But complementary efforts are necessary to help those who lack the skills to make credit work for them, he added. "To reach the poorest of the poor, other targeted programmes such as wage employment schemes are needed for those who cannot make productive use of microcredit," he said.

The new study, "Fighting Poverty with Microcredit: Experience in Bangladesh," assesses for the first time the cost-effectiveness of microcredit programmes as instruments for poverty reduction based on the experiences of the Grameen Bank which pioneered microfinance and two other major mi-

crocredit programmes: the Bangladesh Rural Advancement Committee (BRAC), the largest non-governmental organisation in the country providing financial services to the poor.

The report finds that microcredit programmes are more cost-effective than formal finance in providing financial services to poor rural clients and are also more cost-effective than some other types of anti-poverty programmes. Defying conventional wisdom, women, who constitute the vast majority of members, have proven to be excellent credit risks with a rate of default that is less than one-third that of men. For many of the outcomes examined, credit extended to women has a larger impact than credit to men. For example, for all three of the microcredit programmes studied, the impact on household consumption was twice as great when the borrowers were women. Women who participated in microcredit programmes also increased their net wealth and their status within the household and improved the quality of lives of their children as well.

While microcredit programmes are worth supporting, they should not be considered a panacea for poverty reduction, the report concludes. Only people who have the ability to be self-employed can borrow and only about 40 per cent of the eli-

gible poor households in Bangladesh participate in microcredit programmes. Entrepreneurial ability is unevenly apportioned among any population - including women and poor people, it adds.

For women who cannot participate because they lack skills or cannot participate in the wage market because of social restrictions, literacy promotion and training are necessary so they can benefit from microcredit. In addition, other targeted programmes, such as Bangladesh's Food-for-Work programme, and broad-based economic growth are required for those who cannot make productive use of microcredit to escape poverty.

The study, however, notes that many Bangladesh programmes are subsidised by government and international lenders. For microcredit programmes to attain full self-sustainability, the report recommends that subsidy dependency be reduced over time using a combination of policies - raising interest rates, reducing administrative costs and improving staff productivity. This will help make microcredit programmes less vulnerable to shocks such as last year's floods, it adds.

The Bank is supporting Bangladesh's microcredit movement through a \$105 million credit for a Poverty Alleviation Microfinance Project.

The project channels funds to Palli Karima Sahayak Foundation (PKSF), a quasi-government agency which lends to more than 160 promising NGOs of all sizes to expand their microcredit programmes, covering about 1.2 million borrowers.

"As a flood rehabilitation measure PKSF has already disbursed \$26 million to meet the demand for fresh loans from PKSF partner organisations. As a result, PKSF will have disbursed all the microfinance project funds from the World Bank by the end of 1999," it says.

The microcredit movement was initiated in the early 1980s by the Grameen Bank, one of Bangladesh's best known providers of microcredit. In late 1980s, institutional credit providers mushroomed when many non-profit NGOs, recognising the importance of stable income and capital accumulation on poverty alleviation, started targeted savings and credit programmes for income generating self-employment. These programmes have grown rapidly during the past five years.

The Grameen Bank disbursed about \$2.4 billion to nearly 2.3 million borrowers while more than 150 NGOs provided microcredit have disbursed about \$260 million to more than three million borrowers.

— India Abroad News Service