

# Business Briefs

## **Agriculture**

### **FmHA to write off billions in debt**

The Farmers Home Administration (FmHA) will write off up to \$7 billion in farm debt, officials of the agency have announced.

Under the Agricultural Credit Act, which President Reagan signed in January, the FmHA will have to write off the debts of the tens of thousands of farmers who are delinquent on their payments. That could total \$7 billion, \$4.5 billion in principal, and another \$2.5 billion in interest.

"I think there are at least \$4 billion in loans out there that are uncollectible," said Vance Clark, FmHA administrator. "The majority . . . are three to four years overdue."

There is a total of \$7.8 billion in delinquent debt owed by more than 80,000 borrowers, he said.

## **The Trust**

### **British, Soviets exchange delegations**

The British-Soviet Chamber of Commerce is planning to expand its operations in the Soviet market, TASS news agency was told by Grant Sutherland, representative of the group in Moscow.

Sutherland noted that nine delegations of British businessmen have visited the U.S.S.R. recently, and that the Chamber of Commerce hopes for the visits of at least 14 such delegation in 1988. He said that "fact-finding trips" have been made to Leningrad, the Soviet Baltic republics, Georgia, and Armenia. New visits are planned.

The group's activity brings together businessmen facing depression in the West with Soviet government officials anxious for Western supplies of goods and technology. Under arrangements with Western financial interests stemming from the Lenin era, called "The Trust," the Soviets have always depended on massive Western economic inputs for the margin of their economic and

military expansion.

In the future, the British-Soviet Chamber of Commerce is planning to assist British firms in holding exhibitions in the Soviet Union, including in the provinces. It will also assist two Soviet organizations in exhibitions to be held in Britain.

The important trends in the work of the chamber are as before, said its representatives in Moscow: assistance to small and medium-sized firms to establish themselves in the Soviet market, attracting new corporate members, and advertising-publication activities.

## **The Recovery**

### **Single-family home sales down sharply**

New single-family home sales have hit a five-year low, according to Commerce Department figures released March 2.

The Commerce Department announced that the sale of new single-family homes had dropped 9% in January, and that sales were 26% below where they were this time last year.

"It is especially disconcerting to see home sales sag so appreciably in the face of declining mortgage interest rates," said Stephen S. Roach, senior economist and a principal at Morgan Stanley & Company. He was quoted in the *New York Times*.

"We had expected that sales would be sluggish in the aftermath of the [Oct. 19 stock market] crash, but this goes beyond what we had anticipated."

## **Development**

### **South Korea aiming for more scientists**

South Korea is aiming to have 30 high-caliber scientists and technicians per 10,000 population by the year 2001, by which time it is also planned to increase the country's investment in science and technology to 5%

of GNP, according to the Feb. 13 issue of *Korea News Review*.

In 1987, about 3% of GNP went into research and development—approximately 51% of such expenditures were made by the government, and 49% by the private sector. In December 1986, the government established an award for outstanding achievements in the fields of mathematics, physics, chemistry, and genetics.

The number of scientific research institutes in Korea has risen steadily. Research institutes operated by private firms numbered 152 in 1984, 183 in 1985, 290 in 1986, and 436 in November 1987.

A high-tech industrial complex, covering computer, semiconductor, and aircraft parts industries is planned for construction at the Taedok Science Town in Taejon, Chungchongnam-do. The government also plans to relocate the Korea Advanced Institute of Science and Technology there.

## **Southeast Asia**

### **Thailand, Vietnam sign trade deals**

A Thai company has agreed to a purchase of logs from Vietnam which, should the deal go through, will constitute the largest trade transaction ever between the two countries. The agreement was reached in mid-February between Saigon Vientiane Import and Export Co. and a Thai representative.

At the same time, a representative of Sirichai Fishing Co. visited Ho Chi Minh City (Saigon) to complete negotiations with Vietnamese authorities over fishing rights. Their agreement will allow more Thai trawlers to fish in Vietnamese waters.

In mid-February, the company had signed an agreement with Vietnam's Sea Produce Export Corp. allowing seven Thai trawlers to fish legally inside Vietnam waters for the first time.

Meanwhile, a major dam project inside Thailand has come under intense political pressure from environmentalists. More than 100 non-governmental agencies and member countries of the International Union for Conservation of Natural Resources and Na-

# Briefly

ture resolved to withhold support for the Nam Choan Dam project. The resolution was reached at the IUCN's meeting Feb. 1-10 in San Jose, Costa Rica (see page 18).

On Feb. 22, M.R. Kukrit Pramoj, a former prime minister, warned that Prime Minister Prem Tinsulanonda's government runs the risk of collapse if it insists on building the dam. In an interview with the *Bangkok Post*, he said that if the government continues to be "stubborn," it may face an incident as serious as the uprising of Oct. 14, 1973.

Pramoj said that he opposes the project because it is "against the will of the majority of the people. It is not worth going against the will of the people." He said that the country is not in grave need of electricity from the proposed dam. Electricity could be generated from other fuels," he said.

## Usury

### Pakistan holds talks with IMF

Pakistan began talks with the International Monetary Fund toward the end of February. The country is seeking special loans of up to \$900 million to help offset balance of payments problems. The IMF, typically, is demanding that the government find ways of curbing government spending.

The Pakistani government is having difficulty finding funds to finance its five-year plan for 1988-93. Expenditure in the plan has already been cut from \$41.2 billion to roughly \$37 billion because of a shortage of funds.

Pakistan's payments deficit last year rose to 8.8% of gross domestic product. The 1987 current account deficit dropped by 39% to \$752 million, but is rising again to an estimated \$1 billion in 1988. Exports grew by 27% in dollar terms in the first seven months of 1988, but imports are up by 16% compared with the budget forecast of only 9-10%.

Remittances from Pakistanis working abroad are now dropping by about 10% annually. The country's debt service ratio has risen to 28%, which the IMF says too high.

In the current five-year plan, the govern-

ment has included politically unpopular fundraising measures, including a sales tax on educational, medical, and other services, and a tax on rural land holdings. IMF pressure for further austerity could bring social unrest.

## Monetary Affairs

### Soviets moving toward IMF membership?

The Soviet Union and Czechoslovakia have agreed to a limited convertibility of their currencies in commercial relations—the first members of the Warsaw Pact to take this step. A report by the Czech party paper *Rude Pravo* seemed to indicate that the move was not only a prelude to broader ruble convertibility in the Comecon, but full international convertibility of the Soviet currency.

A forthcoming meeting of Comecon ministers in Prague is expected to recommend the establishment of exchange rates and eventually, multilateral convertibility between the currencies of the Soviet Union and her satellites, says London's *Financial Times*.

A report in the Feb. 11 *Rude Pravo* stressed the Soviets' "intention to achieve full free international convertibility of the ruble by 1995," saying that this "generated exceptional interest at the recent world economic forum" in Davos, Switzerland. "This subject has been addressed often of late by Soviet economists, but it was officially proclaimed for the first time in Davos to be one of the objectives of the new Soviet economic policy.

The Czech paper continued: "Also connected with this is the changed attitude toward the International Monetary Fund and World Bank, and the U.S.S.R.'s conditional interest in possibly joining these organizations. . . . The IMF is . . . one of the most important world economic institutions and has great influence on international economic events. In the spirit of its new economic policy, the Soviet Union wants—and rightly so—to exert influence on these events."

● **ITALY** is the first nation to begin industrial production of superconducting magnets, and an Italian company, Ansaldo Componenti of Genoa, has delivered 242 of the magnets, worth 100 million deutschemarks, for the construction of an accelerator-ring at the Deutsche Elektro-Synchrotron facility in Hamburg, West Germany.

● **COLOMBIA** is planning to import some 20,000 tons of rice to prevent a rise in the domestic price. But domestic rice growers are up in arms over the measure, which they say threatens to bankrupt them. They charge that the threatened price rise stemming from shortages is due to hoarders and speculators, not any real shortfalls in domestic production. One local mayor declared that 10,000 tons are being hoarded at local mills in his area alone.

● **KARL OTTO POEHL**, president of the Bundesbank, has stated that he has long favored the establishment of a European Central Bank and a unified European currency. He made his remarks in a March 2 interview with the *Süddeutsche Zeitung*. Poehl said, however, that he doubted that governments were willing to give up the sovereignty necessary for the bank's creation.

● **HANS PETER STIHL** will replace long-time president Otto Wolff von Amerongen as the head of the West German Industry and Trade Association. Stihl, who represented the metal industry in labor negotiations, "has a good way with the labor unions," said one source.

● **ENVIRONMENTALISTS** and population-reduction goals define all World Bank lending policies, reported the *Daily Telegraph* March 4. As a result, 800 development projects being financed by the bank are under review and may be cancelled. The bank is, however, financing the provision of condoms, birth-control pills, and diaphragms in East Africa.