Nepal doubles visa charges

KATHMANDU, Aug 26 Nepal announced Saturday its intention to double fees for standard tourist visas, effective

October 18, reports AFP. Single entry, 15-day visas will cost 20 Dollars, 15-day double-entry visas will cost 40 Dollars, and multiple-entry visas for the same period are to cost 80 Dollars.

Extensions will cost five Dollars for the first week and 10 Dollars for the second, and requirements remain that visitors spend a certain - though for large - amount of foreign currency per day.

The government said it hoped the new fees would result in an additional 40 million Rupecs (2.14 million Dollars) in revenues.

It was also announced that the airport tax would be increased by 50 per cent, to 450 Rupces (about 10.70 Dollars).

Pak foreign debt stands at \$16b

KARACHI, Aug 26: Pakistan's external debts total 16 billion Dollars - compared with 15.6 billion Dollars last year while debt servicing amounts to 3.2 billion Dollars annually, Finance Minister Sartaj Aziz said here Sunday, reports AFP.

Speaking at a bank commemorative ceremony, Aziz said debt servicing equalled half of Pakistan's total revenue. He said Pakistan's domestic debt was now 450 billion

Rupces (18 billion Dollars). Aziz said Pakistan's development was adversely affected by due to nationalisation in early 70s, especially its physical infrastructure and human

resource development. He said Pakistan would set up an export-import bank to generate export credits.

The Finance Minister said the government was dispensing with the system of administrative control and credit ceilings.

Under this policy direct government control on the banking and financial institutions will be removed, primary and secondary markets will be strengthened and stock ex changes will be encouraged to make them an important in strument of mobilising resources, he said.

New scandal against another Japanese bank

TOKYO, Aug 26: Sumitomo Trust and Banking Co. Ltd. Japan's second largest trust bank, compensated investment losses incurred by favoured clients, Kyodo news service said yesterday, reports AFP. Sumitomo allegedly reim-

bursed losses incurred mainly by corporate clients in fund trusts, a financial vehicle whose principals are not se cured, Kyodo said, citing ministry documents.

Sumitomo is suspected of having swapped securities in fund trust portfolios for those in other portfolios in January and February 1989, Kyodo said

The finance ministry cautioned Sumitomo for the apparent reimbursement as it violated securities rules that called for trust banks to man age trust fund portfolios sepa rately.

Assets in trusts offered by Sumitomo stood at 6.3 Trillion Yen (46.5 billion Dollars) at the time, Kyodo said, without giving further details including the total value of compensa

Trust and banking President Hiroshi Hayasaka reportedly denied the charge.

Alaska sends 9000 cans of salmon to USSR

ANCHORAGE ALEASKA, Aug 26: Alaska has loaded a gift of 9000 cans of pink salmon into an Aeroflot jet bound from anchorage to the Soviet Far East, reports Reuter.

The salmon destined for the cities of Magadan and Khanarovsk is a gift to celebrate democracy from the State of Alaskas to its Eastern neighbour Alaska's Governor

said on Sunday night. I think it's a great day for democracy had for freedom and for the young of the world Governor Wally Hickel said as

he stood on the tramac with the boxes of salmon awaiting loading. Eventually up to six million LBS (2-7 million KG) of do-

nated salmon will be sent across the Bering sea, Hickel The first shipment totalled

10,000 IB (4,500 KO), he said. Hickel said he came up with the idea of giving away excess salmon on Wednesday, when the rightwing coup against Soviet President Mikhail Gorbachev collapsed.

The donation helps Alaskeans to clear out Prince William Sound Bays that are choked with a tardy salmon re-

US concessions to help Soviet economy

WASHINGTON, Aug 26: President George Bush's decision to go ahead with U.S. economic concessions to the Soviet Union will provide many benefits seen as vital to help modernise the foundering Soviet economy, trade experts said on Friday, reports Reuter.

Bush had put the U.S. programmes on hold on Monday when a coup was launched against Soviet President Mikhail Gorbachev but ordered them to go forward again on Thursday, a day after the revolt

Chief among the efforts are Most-Favoured-Nation (MFN) tariff treatment for Soviet Exports to the United States and U.S. support for Soviet special associate status in the World Bank and International Monetary Fund.

MFN status would lead to U.S. duties of 10 to 15 per cent rather up to 100 per cent, making it far cheaper,

and easier, to put Soviet products on American store

The lower tartiffs- the same rates America gives nearly all its trading partners- had been prohibited under the Jackson-Vanik Amendment to U.S.

Union MFN status as well.

The coup put this off, but it is back on track now, with congressional approval expected this autumn, trade ex-

MFN treatment, along with an overall U.S.-Soviet Trade Agreement also expected to win congressional approval. This all, are viewed as essential ingredients for expanded bilateral trade and for U.S. investment in the Soviet Union.

Business executives tend not to want to open plants in the Soviet Union if their operations are not covered by basic commercial law and they will not sell intellectual property like computer software there if they are not protected from piracy.

Last year U.S. exports to the experts said.

also to Export-Import Bank loans, but two other laws are set to be waived also, giving export-import loans full force.

They are the Stevenson and Byrd amendments which limit total loan guarantees to the Soviet Union to 300 million Dollars, limit support for fossilfuel research or exploration to 40 million Dollars and bar loan guarantees for investment in fossil fuel processing.

Export earnings fell by \$41.6m last year

The total export earnings in Fiscal 1990-'91 fell short of million Dollar.

lion Dollar

The EPB figures showed that hostery products, garment and chemical export earnings exceeded the related targets for '90-'91.

The ready-made garment sector bagged 719 million Dollar, jute products 290 million Dollar, frozen food 142 million Dollar, leather 132

Star Economic Report million Dollar, raw jute 104 million Dollar, tca 43 million

The exports were to USA, Australia, EEC countries, Iran, Syria, Iraq, Mozambique, Egypt, Pakistan and some other countries. However, ex port sales to major markets like Syria, Iran, Iraq, Egypt and Mozambique were low because of their foreign currency constraints. These countries were also scriously affected by

the Gulf war.

Some African countries and Middle Eastern countries wanted to buy jute goods under deferred payment arrangement which ranged from 90 days to one year. But this arrangement could not be made available to all those countries by the public and private sector exporters, EPB sources

The USSR also procured lower quantum of jute goods during the period due to shortage of Foreign Currency. The EPB authorities also identified that the high price of jute goods was responsible for lower export performance. In spite of the subsidy to the sector, the price of jute goods was not competitive in the global market. EPB authorities

pointed out that mismanagement in buying raw fute, high tariff for electricity consumption, disorders in the mills by the trade unions and political elements, instabilities in purchase price of raw jute from the country-side were the main causes for the high price of jute goods. Some major buying countries also bought jute goods in a stzeable quanturn in the previous years and built buffer stock.

The causes for shortfall in the export earning of frozen food sector were largely rooted at home, the EPB authorities viewed. Although the sector registered five per cent fall than the target in '90-'91, it registered an increase of 11 per cent than the previous

The sector could reach the target in 1990-91 if it had not faced set-backs in procuring. processing and shipping shrimps during the second half of the year due to cyclone and political turmoil.

The raw jute export earning also faced a 26 per cent shortfall. The target was set at 141 million Dollar of which only 104 million Dollar was fulfilled.

One of the reasons for this shortfall was that the major consumers in the Western countries are giving preference in buying synthetic fibres and its finished goods because of cheap price. The quality of jute also went down. EPB sources said.

Jute export under barter deal to the East Europe and other destination also decline during the period. The Gull war and the political turmoil in Bangladesh also contributed to a lower volume of raw jute export. Principal buyers like Pakistan, China and India built up buffer stocks of raw jute which also led to low volume of export to those countries. Moreover, the world-wide recession indirectly contributed to the comparatively poor performance in this sector. Due to these reasons, the production of jute at home also de-

Price of oil may reach \$21 a barrel

TEHRAN, Aug 26 : Iran's Oil Minister voiced hope yesterday that the price of oil would reach 21 Dollars a Barrel before March, the official IRNA

news agency said, reports AFP. Cholamreze Aqazadeh said **Gulf Cooperation Council (GCC)** states had supported oil production quotas set by the Organization of Petroleum Exporting Countries (OPEC) and had backed the price of 21 Dollars per Barrel.

Agazadeh, who returned Saturday from a six-day visit to the Arab Gulf states that make up the GCC, said he hoped the price could be reached during the second half of the current Iranian year which ends on

March 20, 1992. Agreements were also reached on the holding of further negotiations with Saudi Oil Minister Hisham Ahcad of the next OPEC ministerial meeting in October, Aqazadeh

was quoted as saying. Aqazadeh said last June in Vienna, on the sidelines of an OPEC ministerial meeting, that if the price of crude oil reached 21 Dollars, it would be

casier to raise the ceiling. Agazadeh also said Iranian experts in Kuwait would con-

tinue trying to cap burning oil wells sabotaged by retreating Iraqi forces in February.

technical help

Japan to expand

to USSR TOKYO, Aug 26: Japan will expand technical assistance to the Soviet Union in the wake of a failed coup attempt, but will maintain a freeze on financial aid, Japanese press re-

ports said Monday, reports The Yomiuri and Asahi said Japan would dispatch Deputy Foreign Minister Koji Watanabe to a Group of Seven (G-7) "Sherpa" meeting-represented by close aides to Foreign Ministers - planned

in London on Thursday to discuss the fluid Soviet situation and assistance. The dailies, along with the Nihon Keizai Shimbun, said

Japan decided to map out concrete projects of technical assistance within the framework set by the London summit of G-7 countries in July. The decision was made at a

meeting of Prime Minister Toshiki Kaifu, Foreign Minist Taro Nakayama, Financie Minister Ryutaro Ilashimoto, International Trade and Industry Minister Etichi Nakao and Chief Cabinet Secretary Misoji Sakamoto on Sunday night, the reports said.

The government leaders, however, agreed to retain Japan's freeze on financial assistance to the Soviet Union as the Soviet economy remains unchanged despite drastic po-

Japan has refused to extend financial aid to Moscow due to a longstanding territorial dis-

Trade talks fruitful: China No progress achieved: US BEIJING, Aug 26: China yesthe tough US stance.

terday praised its progress in trade talks with the United States, in stark contrast to US officials who said lack of movement of opening China's markets could lead to sanc-

tions, reports Reuter. A senior US official told a news conference in Washington that no substantial progress was made during four

days of talks in the US capital. The official, who asked not to be identified, said deadlines were imposed on the Chinese for opening their home markets and to end piracy of intellectual properties such as computer software and pharmaceutical patents.

The Chinese made no commitments other than a general pledge towards more

open markets, he said. But China's official New China News Agency, in a dispatch from Washington, quoted Chinese Vice Minister of Economic Relations and Frade Tong Zhiguang, the del-

BOMBAY, Aug 26: Indian

stock markets have crossed a

historic barrier in a bull stam-

pede interrupted briefly by the

For the first time, the

psychological fallout of the

Bombay Stock Exchange (BSE)

sensitivity index, or Sensex,

scaled the 1,800-point mark

and finished Friday at 1802.81

- a gain of 75.7 points during

Friday after a three-day lull,

propelling the BSE's national

index to 869.9, a 44.2-point

worldwide, Indian markets did

not experience a price crash

Monday on news of the over-

throw of Soviet President

Mikhail Gorbachev by conser-

momentous days, the Sensex

But during the next three

Hundreds of scrips shot up

Unlike Stock Exchanges

the week's trading.

vative hardliners.

Kremlin crisis, reports AFP.

egation chief, as saying the trade talks were positive and

The Americans view the issue as far from settled.

The United States has given China until November 26 to take positive steps to protect intellectual properties, or else it could impose punitive tariffs of 100 per cent on some Chinese goods, the US officials said. Normal tariffs are 10 to 15 per cent.

The Chinese delegation was asked to submit by September 30 a list of immediate steps China would take to open its markets to US and other foreign goods.

It was also asked for a list of medium-to-long-term market opening steps.

Failure to comply satisfactortly could lead the United States to consider retaliatory measures, including tariffs of 100 per cent on some Chinese imports.

The official Chinese news agency made no mention of

lost 19.3 points in what mar-

ket analysts attributed to psy-

chological fallout from the de-

velopments in the Soviet

Union, which culminated in

the cuphoric restoration of

ligible impact on Indian stock

markets, largely because for-

eigners are not allowed to in-

vest them and the country's

foreign trade is valued only at

only 10 per cent of its Gross

in prices is an indication that

Indian stock markets are not

totally immune from world

events, market analysts said.

noting that after Gorbachev's

return the Sensex gained more

spurred along by Reserve Bank

of India (RBI) Governor S

Venkataramara, who said

The bull rampage was

Nevertheless the small fall

Domestic Product.

than 90 points.

External events have a neg-

Gorbachev.

China will continue to take (a) sincere and cooperative at titude in the dialogues with the United States, and is always convinced that trade disputes between the two countries can be resolved properly through joint efforts, negotiator Tong was quoted as saying.

Sino-US relations are at a low cbb, strained by China's bloody crackdown on student led protests for democracy and charges that China uses prison labour to make goods for the US market.

This tension surfaced in congressional approval of a one-year renewal of most favoured nation low tariff treatment for China's goods on the understanding it would not be renewed next year unless Beijing ended human rights

China's trade surplus with the United States is ballooning and is expected to reach 15 billion Dollars this year.

dollar loan which India badly

needs to overcome its cash

crists would be released by the

International Monetary Fund

been on a sustained high since

the government in July an-

nounced long-awaited reforms

to free much of the private

sector from administrative

the associated cement com-

panies' stock gained 75 ru-

pees. Century Textiles zoomed

490 rupees to a record 7,300

and Glaxo India jumped 22.5

Industries' stock posted a gain

of 10.5 rupees to 194, Tata

Steel's share was steady at 246

and Tata Engineering moved

up 72.75 rupees to 318.75.

Textile giant Reliance

In the week ending Friday,

Indian stock markets have

around mid-September.

controls stilling growth.

rupees to 162.5.



Grocery items like flattened rice, sugar and suji being sold in the open air in an unhygienic condition in the city. -Star photo

Indian stocks make history Egg boom in China Thursday that a four billion

BEIJING, Aug 26: Chinese chickens lay one in every four of the world eggs and have made China the world's lead ing egg producer, the China Daily said today, reports Reuter.

China produces 131 billion eggs per year nearly 120 for every person, the official english-language newspaper quoted a report in economic information as saying.

It added that Chinese pcople cat 20 more eggs per Year than the world average.

The country's egg output beat that of the second ranked Soviet Union, which stands at 16 per cent of world produc-

tion, the newspaper said. It attributed the high output to the development of the feed industry and better breeds of hens, but added that officials were not optimistic about production in the second half of the year because of a decrease in grain production.

Unemployment to stay 10 pc in Australia

SYDNEY, Aug 26 Unemployment in Australia will stay as high as 10 per cent for at least two years Treasurer John Kerin said

Sunday, reports AFP. Kerin said on television that t would be the end of 1993 before unemployment im-

around eight, nine or 10 per cent "for at least the next two years," Kerin said. "I have to tell how it is ... we are doing what any good labour govern ment will do but we are going to hold our nerve.

Last week's budget pre dieted unemployment would peak at 10.75 per cent, or more than 900,000 jobless.

Modernisation of Indian jute industry stressed CALCUTTA, Aug 26 : The hardly took place today. Mukherfee called for a

Deputy Chairman of the Planning Commission, Pranab Mukherjee, today criticised the jute industry for not fully utilising as yet the Rupees 100 crore jute modernisation fund sanctioned by the late Prime Minister, Rajiv Gandhi, reports

Speaking at a seminar on the "future of national fibrejute," organised by the Jute Corporation of India (JCI) officers forum, Mukherjee regretted that of the Rupees 100 crore fund allocated in 1986 only Rupees 30 crore had been used by the industry so far.

industry in respect of mod-

velopment. Calling for modernisation of the jute industry and diversification of the jute products, Mukherjee said, "If we continued to concentrate on traditional products from the jute we will not be able to go much

comprehensive and integrated

programme to help ensure a

bright future of the jute indus-

try in the interest of thousands

of growers and its overall de-

beyond a point." Stressing research and development, he said that efforts were needed to ensure a higher yield from a limited acreage.

There was also need for improvement of the quality of machines and inputs of the industry, he said.

Asian currencies stronger HONG KONG, Aug 26: Most

currencies ended the week stronger against the Dollar despite wild fluctuations resulting from events in the Soviet Union, reports AFP.

News of a coup attempt in the Soviet Union on Monday sent many Asian currencies like others throughout the world down against the Greenback as nervous investors sought a safe heaven in the US currency.

But as the crisis began to turn against the coup plotters and then ended in their total defeat, many investors started selling their Dollars and most Asian currencies recouped their earlier losses.

The Japanese Yen, the South Korean Won, the Thai Baht and the Australian, New Zealand, Singapore and Taiwan Dollars all closed stronger against the US Dollar Friday close Friday at 1.7235. It had compared with the previous finished at 1.7245 a week crisis in the Soviet Union.

Japanese Yen: The Japanese Yen gained moderately against the Dollar closing 0.20 Yen higher on the week at 136.70.

Indonesian Rupiah: The Indonesian Rupiah reached a new record low for the second straight week, closing at 1,963 to the Dollar Friday, down from the previous record low of 1,962 to the Dollar set one week earlier.

New Zealand Dollar: The New Zealand Dollar strengthened against the US unit to close Friday at 57.46, up 0.21 Cents from the preceding week. Dealers said they expected it to be sold down in coming days before bouncing back and breaking the 58 US

Cents level. Singapore Dollar: The Dollar gained Singapore against its US counterpart to

Demand for the US currency was reported relatively weaker than in the previous three weeks.

South Korean' Won: The South Korean Won moved up against the US Dollar, closing Friday at 731.90. A week earlier, it had closed at 733.90. Trading was slower than usual although the events in the Soviet Union did not have a great impact on the Won's value, as capital inflows and outflows are strictly controlled in South Korea.

Taiwan Dollar: The Taiwan Dollar slightly against the US Dollar over the week to close Friday at 26.702, up from 26.707 a week earlier. The Taiwan Dollar lost

steam early in the week amid

heavy buying of the US

currency prompted by the

proved. The jobless rate will remain

Criticising the role of the

ernisation, research and development, Mukherjee said that ploughing back of resources in the industry itself

US economic recovery uncertain

WASHINGTON, Aug 26: The US economic recovery is at an awkward stage, reports Reuter. Some economists worry the upturn is so weak that it will lose power, staggering back to a standstill, or, worse yet, into

recession.

subsided.

Others point to this week's unexpected jump in durable goods orders - a key ingredient of any upturn - believing the recovery may be firmly in

A "double dip," with the economy seeming to recover only to drop into recession again, are not in the cards, they say. The attempted coup in the Soviet Union briefly diverted

Wall Street's attention away

from fundamental economic

questions but that quickly

economic turn from recession or recovery is always a difficult Too much stimulus can feed future inflation. Too little can derail the upturn before it

achieves speed. The FED's policy-making Federal Open Market Committee (FMOC) met this week to decide the course of

monetary policy for the period

ahead and many analysts be-

lieve it agreed in its secret

For policy-makers at the

Federal Reserve Board, an

discussions that slightly more stimulus may be needed. "I think the FED was nervous and agreed to tilt (its policy) toward casing," said David Wyss of Dri/McGraw-Hill Inc. Philip Braverman at DKB Securities Corp agreed.

High wages lead eastern Germany to unemployment skill of the East German labour knew they would ultimately the authors suggest, then mi-The policy alternative rec-

migration from the former East German region by holding wages artificially high could backfire because of its depressing effect on jobs. This is indicated by a new US study of East German reform, according to a newsrelease by the United States Information

Service (USIS).

Because of a combination of high and rising wages and an absence of offsetting increases in labour productivity, most firms in the Eastern region have been caught in a severe pricecost squeeze, say authors George Akerlof, Andrew Rose, Janet Yellen and Helsa Hessenlus, all of the University of California at

Writing in a recent issue of the Brookings Papers on Economic Activity published by the Brookings Institution, a private Washington-based research organisation, they note the divergent movement of wages and prices since the union of East and West Germany currencies in mid-1990. Following that union, producer prices in the Eastern region fell by close to 50%, while wages, which had begun advancing early in the year, continued to rise.

As a result, the ratio of wages to producer prices nearly tripled during the course of 1990. "While the

force may justify such wages in the long run, they are simply too high for existing Eastern firms to operate profitably at present," the authors say.

How did such a situation arise? The authors say the primary reasons may have been strong pressure from Western labour unions, aimed at enhancing union solidarity and slowing migration to the West, and an absence of effective opposition to that pressure on the part of socialist managers. These managers had neither experience in collective bargaining nor the incentive to bargain for lower wages to make firms viable, since they

lose their own jobs, in the view of the authors.

On the likelihood of increased migration, 'seldom has an argument been so spacious, they say. "With massive unemployment in the East it is hard to believe that qualified job applicants will not be abundant." They also point to the results of a public opinion survey that they conducted to determine East German attitudes towards migration. They found that most Eastern workers prefer to live and work in their home region despite lower wages.

But if workers are confronted with a choice between no work at all or migration,

gration might rise. Thus, maintaining high wages could have the opposite of its intended effect if the resulting squeeze on firms in the region forces them to cut back on jobs. Akerlof and his colleagues project a substantial rise in unemployment and underemployment in the East as a result of the price-cost squeeze, unless counter-measures are taken.

They also say that besides the impact on jobs, high wages slow the privatising of Eastern firms because they cannot be sold as viable businesses under current wage and price condiommended by the authors is, in exchange for wage restraint, a wage subsidy to firms in the East that would be phased out

as productivity rises. Such a subsidy would be large - it would have to equal about 75% of hourly compensation to make viable the employment of 75% to 80% of workers in existing firms, they estimate while noting that the budgetary cost would be low because of offsetting taxes collected from the expanded

work force. They say the plan also would facilitate the privatisation effort by changing the value of enterprises in the East from negative to positive.

litical developments.

the target by 41.59 million US Dollar and others fetched 93 Soviet Union were 3.1 billion trade law, which denied MFN Dollar. The receipts were Dollars and imports 1.1 billion to Communist nations that 1,692.41 million Dollar while The figures showed that Dollars, but could be expected prevent free emigration of mithe target was 1,734 million raw jute export earnings fell to increase with a trade treaty Dollar, according to the latest short by the highest 26 per and MFN tariff treatment, the When a Soviet free-emigrafigures compiled by Export cent of the target, while tion law was approved this Promotion Bureau (EPB). leather was short by 22 per year Bush announced at a An end to Jackson-Vanik However, the earnings in Moscow summit with restrictions will open the way '90-'91 were about 168 million The jute goods sector wit Gorbachev in July he would ask Dollar higher than those in nessed a short-fall in export congress to grant the Soviet Fiscal '89-'90, at 1,523.70 milperformance by 13 per cent.