### Pakistan's first private cargo airline to begin trial in October

ISLAMABAD, Aug 30 Pakistan's first private cargo airline will begin trial operations to five destinations fr Europe from October, its chief said Thursday, reports AFP.

Airlines Shaheen International (SAI), sponsored by the Pakistan Air Force Welfare Trust, has recently obtained permission to run on a self-help basis.

The airline will "supplement" the national flag carrier, Pakistan International Airlines (PIA), in its cargo handling services, Air Marshall Farooq Umar, SAI's Managing Director, told the official AFP news agency.

Initially, Shaheen Airlines will be allowed to start cargo operations to Belgium. Switzerland, Romania, Czechoslavakia and Germany.

The cargo handling service will be gradually expanded and more sectors will be included in the network, he said.

informed sources said the organisation may later begin domestic passenger services.

#### Japanese aid for Mongolian economic reform

TOKYO, Aug 30 : The government intends to extend seven to eight billion Yen in loans to Mongolia to support its democratisation and economic reforms, governments sources said Thursday, reports

The government is planning to announce it at a multinational meeting on aid to Mongolia, which will be jointly hosted by Japan and the World Bank in Tokyo next week, the sources said.

\* The loan will be an additional aid to a two billion-Yen grant which Prime Minister Toshiki Kaifu promised to offer to Mongolia when he visited that country earlier this month.

The sources said the planned Yen loan will be used to purchase daily necessities such as food and medicines.

Mongolia has been steadily moving toward democratization after a general election was held for the first time in July last year, they said.

Next Thursday and Friday, officials from Japan, the United States, Germany, South Korea, Australia, New Zealand Singapore, and Mongolia wil meet in Tokyo to study economic reports on Mongolia compiled by the International Monetary Fund (IMF) and the World Bank.

### USSR asks European Parliament for direct aid

BRUSSELS, Aug 30 : The Soviet Union, through its Ambassador to the European Community, asked the European Parliament on Thursday for direct financial

aid, reports AFP. Ambassador Lev Voronin told the Parliament's Political Commission that the Soviet Union needs loans from the European Investment Bank as well as those extended by the London-based European Bank for Reconstruction and Development (EBRD).

# UK to consider compensation claims

of Baltic states LONDON, Aug 30 : The British government is willing to consider compensation claims from the Baltic states for gold sold in the late 1960s to meet pre-1939 debts, and now worth about 160 million Dollars, the Foreign Office said

The Baltic states of Lithuania, Latvia and Estonia, recognised as independent by **European Community nations** on Tuesday, deposited 460,220 Ounces of gold with Britain before they were incorporated into the Soviet

on Wednesday, reports Reuter.

Union in 1940.

"We have an established position going right back to 1968 that it would be open to the governments of independent Baltic states to submit claims (on the gold), " the

spokesman said. The British government has Libyan leader Muammar

received any formal claims for compensation, but the

spokesman said if claims arrived they would be discussed. The gold was sold by the British in 1967 under an intergovernment agreement with

the Soviet Union. The proceeds of the gold sale were used to settle a longrunning wrangle over compensation for British holders of pre-world war two bonds is and repayment rights were seized by the Soviet Union.

# Bush, Major not to ignore Soviet economic distress

KENNEBUNKPORT (Maine). Aug 30: President Bush and British Prime Minister John Major promise not to ignore the Soviet Union's economic distress, but they say they first need better information on the troubled superpower's needs, reports AP.

"We can't dictate the ending of what is happening in the Soviet Union, but neither are we mere spectators," Major said at a news conference with Bush on Thursday.

The British leader and his family were returning to London on Friday after a threeday visit at the President's summer home following a ceremonial exchange of gifts: a cricket bat for Bush and a baseball bat for Major.

Bush feted Major at a clambake Thursday night with the political elite of Congress and New England, including House Speaker Thomas Foley, Senate Majority Leader George Mitchell, and the governors of Maine, New Hampshire and Vermont.

Major on Sunday will fly to Moscow, where he plans talks with Soviet President Mikhail

Gorbachev, Russian Federation President Boris Yeltsin and leaders of the three Baltic republics.

Bush urged the Soviet leaders "not to stand against ..... the winds of this inevitable change" and to grant the Baltics their freedom.

Major said there was 'a win' dow of opportunity at present for the speeding up of the economic reform process, and that is absolutely vital for

#### Priorities of needs identified

MOSCOW, Aug 30: The Soviet Union's new economic committee held its first meeting on Thursday and concentrated on measures to stabilise the country's shaky finances and improve food supplies, reports Reuter.

The interim committee, headed by Russian Prime Minister Ivan Stlayev, was given the task of running the economy by President Mikhail Gorbachev after last week's failed coup led to the sacking of the Soviet government.

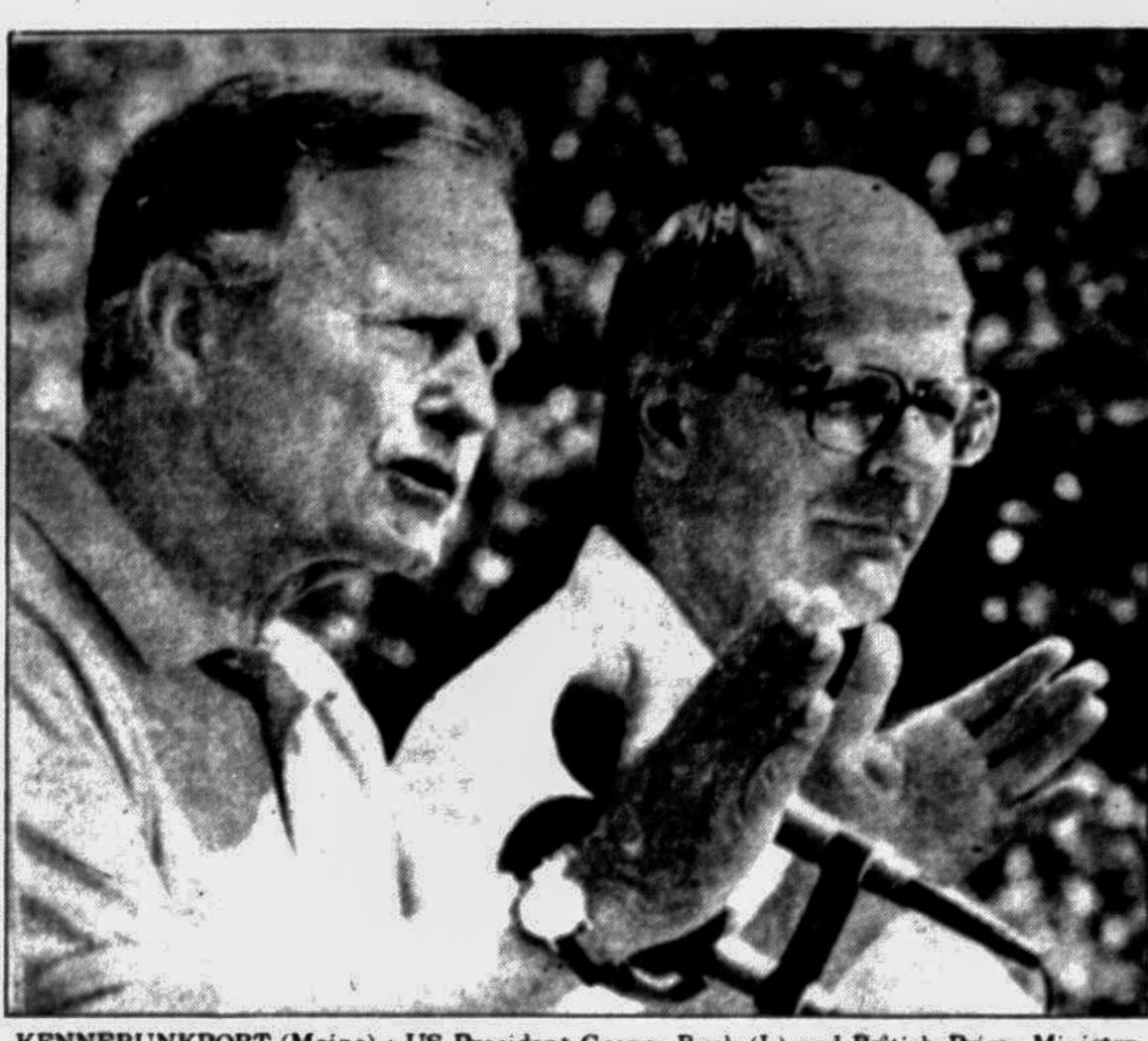
the Soviet Union." He outlined a six-point ac-

tion programme for helping Moscow and the republics , including sending "lifeline teams" to help the Soviets with their food production and distribution systems.

Major also said the Soviet Union's entry into the World Bank and International Monetary Fund as an associate member should be moved up so experts from those organisations can help the Soviets 'work out practical structural reform plans." And he said the Group of

Seven major industrialized democracies will share information by the end of September on what they judge to be the Soviets' needs for food and medicine as winter approaches.

Bush said it was "way too premature" to propose shifting one billion Dollar shift from defense spending to humanitarian aid to the Soviets, as Representative Les Aspin has suggested. But he said he will have "a strong recommenda- . tion" by mid-September on the



KENNEBUNKPORT (Maine): US President George Bush (L) and British Prime Minister John Major addresses reporters August 29 at Bush's vacation home in Maine. The two leaders discussed food aid to Soviets and the independence of Baltic states. - AFP photo

# USSR in desperate need of food

WASHINGTON, Aug 30: The Soviet Union, has desperate food and medical needs. Some problems will take years to solve, but experts say emergency aid from the West can make a difference this winter, reports AP.

President Bush and British Prime Minister John Major announced plans Thursday to assess the need for food and medical aid and to send Western experts to help the dismal Soviet food distribution system work better.

"The starting point must be finding out what the Soviet Union wants," said a State Department official, speaking on condition of anonymity.

John Riddle, a spokesman for US Agency for International Development, said the agency's foreign disaster experts didn't have plans ready but were rushing to follow up on Bush's announce-

LONDON, Aug 30: Rein-

corporating Iraq and Kuwait

into an OPEC output

agreement may take another

year, OPEC President Celestino

Armas told an industry

Minister, said in an interview

with the London-based Energy

Compass published on

Wednesday: "For the time be-

ing we are leaving out Iraq and

Geneva on September 24

might end with an 11-member

agreement although Kuwait

had begun producing small

quantities again and Iraq was

waiting for United Nations

permission to start exporting

with agreement by the 11

other members to peg their

output at 22.3 million Barrels

per Day until the end of

WASHINGTON, Aug 30:

Americans' incomes fell in July

for the first time in six months

and new home sales slumped

said Thursday in reports un-

derscoring the economy's

down 0.1 per cent, to a sea-

sonally adjusted annual rate of

4.81 trillion Dollar. That broke

vances, the Commerce

was small and accompanied by

a 0.4 per cent increase in con-

sumer spending, raised con-

cern about whether the econ-

omy would successfully pull it-

self out of the first recession in

don't have enough forward

momentum, you fall off," said

economist Robert G. Dederick

of Northern Trust Co. in

"It's like a bicycle. If you

The drop, even though it

a string of five monthly ad-

Personal incomes edged

fragility, reports AP.

Department said.

eight years.

8.5 per cent, the government

OPEC's last meeting ended

limited amounts of oil.

Armas said OPEC talks in

Kuwait — may be for one year.

Armas, the Venezuelan Oil

newsletter, reports Reuter.

Soviet experts said Western donors would find plenty of needs waiting to be filled.

"They're probably going to need some food during the winter. The harvest has not gone well," said a spokesman of the Institute for Advanced Russian Studies in Washington.

The other problem is getting the food to where it needs to be, because the infrastructure has really collapsed." The US Agriculture

Department has published steadily decreasing estimates of this year's Soviet grain harvest, most recently setting the forecast at 190 million metric tons, down from 235 million metric tons last year. It predicted grain imports of 37 million tons, up from 27 million tons in the year ended

Agriculture Secretary Edward Madigan's office said Thursday

OPEC leaving out Iraq, Kuwait

lle said: "We understand

that Kuwait is going to start

the Ahmadi refinery at around

110,000 BPD, mainly for do-

mestic consumption, thereby

Indian Rupee

devalued

British currency has become

costlier by another ten paise

following a further downward

revision of the Rupee by 0.23

per cent in relation to the

Pound Sterling, as announced

by the Reserve Bank of India

(RBI) here today, reports PTI.

works out to Rs. 43.70 per

Sterling as against Rs. 43.60

rates for spot delivery are

2.2940 and 2.2826 Sterling

previously.

per Rs. 100.

nomic revival.

The new middle rate now

The new buying and selling

Consumer spending, repre-

"Consumers are not going to

senting two-thirds of the gross

national product, is considered

the key to any sustained eco-

give the recovery the jump

start it needs anytime soon,

said economist John M

Albertine, a Washington-based

consultant. "In past recoveries,

consumers have led the way

have grown conservative."

Separately,

to 4 per cent.

but today, it appears that they

Departments of Commerce and

of Housing and Urban

Development said new home

sales slumped 8.5 per cent in

July. An earlier estimate show-

ing a 7.4 per cent gain in June

was revised sharply downward

a 6.7 per cent decrease in

sales of existing homes re-

ported earlier this week by the

National Association of

The July decline, along with

BOMBAY, Aug 30: The

that the timetable for extend ing agricultural credits to the Soviet Union is under review. The administration announced Monday that it would make 315 million Dollars credits available immediately that were to have been held until October.

The United States agreed in June to guarantee 1.5 billion Dollars in Soviet loans from US banks for the purchase of US grain. The pact called for the first 600 million Dollars in June, 500 million Dollars Oct and 400 million Dollars Feb

Roger Runningen, Madigan's Press Secretary, said it had not been decided whether the re maining 585 million Dollars in credit should be disbursed.

The Soviet Union is the world's biggest grain producer, but a huge proportion is lost to spoilage and theft, leaving shortages in the stores.

reducing its export availabili-

how long it will take to im-

plement the UN decision on

Iraq. So the situation will be

around the same for the fourth

provide room to accommo-

date some additional supplies

reckoned demand for its oil

during the remainder of the

year would be 23.7 to 23.8

million BPD, while the

International Energy Agency

own contingencies for the

peak winter demand period

producing above its OPEC

quota allocation and pushing

70,000 BPD into tanks in the

Caribbean, where its storage

was about 30 per cent full

Realtors, suggested the hous-

economy as a whole," said

economist Thomas Holloway of

the Mortgage Bankers

Association of America. "We're

in the middle of a very fragile

recovery and this economy

needs all the help it can get

Housing is usually one of the

first sectors to respond to

lower interest rates resulting

from a recession, and often

leads the economy out of

The July increase in con-

sumer spending to a seasonally

adjusted annual rate of dirs

3.84 trillion followed strong

gains of 0.7 per cent in June

A Key component of income

wages and salaries — fell 0.3

per cent in July, even more

and 0.8 per cent in May.

than income generally.

"This is distressing for the

ing rebound may be fizzling.

Venezuela was making its

put the figure at 24.2 million.

But the demand outlook did

He pointed out that OPEC

quarter.

if necessary."

Armas said.

from housing."

downturns.

incomes decline

He added: "We do not know

### First solar battery-powered air conditioner

TOKYO, Aug 30 : Japan's Sanyo Electric Co. has succeeded in developing the World's first solar battery-powered air conditioner for home use the company announced Thursday, reports Xinhua.

The newly developed air conditioner named 'solar aircon' is powered by a five square meter solar battery with a maximum output of 500

The solar-battery will supply 50 to 60 per cent of the air conditioner's total power con-

The company said the new air conditioners will be on sale for general consumers in May

The Japanese Ministry of International Trade and Industry plans to help push forward the development of the solar conditioner.

## Singaporean co buys 2 NZ hotels

WELLINGTON, Aug 30 : A Singapore-based company has bought two popular New Zealand tourist hotels for undisclosed prices, the New Zealand Herald reported

Thursday, says AFP The Wairakei Hotel near Taupo and the Chateau at Mount Ruapehu, north of here, were sold by US based Southern Pacific Hotel Corporation.

The Herald said the buyer was Kah New Zealand Limited, a subsidiary of Kah Motor Company of Singapore whose parent is Oriental Holdings Berhad of Malaysia.

The newspaper said Southern Pacific had previously said it wanted around 4.5 million New Zealand Dollars The Herald said the sales were subject to government approval.

#### Dollar sluggish, Gold loses NEW YORK, Aug 30: The

Dollar closed slightly higher Thursday thanks to a technical correction late in the session, despite the currency's overall downward tendency prompted by weakness in the US econ omy, reports AFP. The Greenback edged up to

1.7445 German Marks from Wednesday's close of 1.7393, and to 137.15 Yen from 136.60. The Dollar increased to

5.9180 French Francs from 5.9025, 0.5940 Pounds Sterling (0.5919) and 1.5240 Swiss Francs (1.5180). Gold lost three Dollars to

close at 350.90 Dollars an Ounce. The Dollar's late climb after several hours on the decline

was caused by a large number of buy orders coming mainly from Europe, a Citibank trader said, adding that the Dollar remained essentially weak.

# UK recession likely to be over: OECD

LONDON. Aug 30: The worst of Britains deep economic recession may be over, the Organisation for Economic Cooperation and Development (OECD) said on Thursday, reports Reuter.

A modest export and consumer-led recovery should come in the second half of 1991, the Paris-based think tank said in its annual review of the British economy.

"Consumer confidence has continued to recover, helped by the quick end to the Gulf conflict, the fall in oil prices and the rise in bond and equity prices," it said.

The report will be welcomed by Prime Minister John Major's Conservative government which trails the Labour Party opposition in the opinion polls and must call an election by next July.

Major pins electoral hopes on just such a rebound in the second half of this year as the OECD now predicts. But the OECD also noted that

unemployment, which is particularly damaging electorally is likely to keep rising right through to the election dead Some 2.4 million people are

jobless now, the highest num ber in three years. The OECD said the toll would continue to rise and perhaps stabilise at around 2.6 to 2.7 million roughly 10 per cent of the labour force — by mid — 1992.

It said real output would start growing modestly in the second half of 1991 on the basis of a progressive recovery in consumer confidence and spending.

#### Consumer prices rise by 3.5 pc in Japan TOKYO, Aug 30: Consumer were down 12.7 per cent,

prices in Japan rose 3.5 per cent in July from a year earlier, but were down 0.1 percentage from the previous month, the management and coordination agency said Friday, reports AFP. The July consumer price in-

dex, the components of which have been revised as of August, stood at 103.0 compared with the new base figure of 100 for 1990, the agency said. Agency officials said the rise

stemmed from a 15.6 per cent surge from a year earlier in fresh vegetable, prices, coupled with an 11 per cent jump for fresh fruit, due to unfavourable whether. Clothing prices were also up 5.5 per

However, on a month-onmonth basis, fresh fruit prices while elothing prices fell 2.5 per cent from June. This was the first time the

consumer price index has been released using the new revisions To reflect the changes in

consumer trends, 37 items including electric carpets and video rental fees - have been added, while 18 items such as brooms and records have been excluded. Consumer prices in the

Tokyo metropolitan area rose 3.6 per cent in August from a year ago and 0.4 per cent from July, largely because of sharp rises in the price of fresh vegetables, the agency said. Agency officials said fresh

vegetable prices in the capital surged 14.2, while the price of fresh fruit rose 10.6 per cent

#### 2 lakh farmers getting pensions in China BEIJING, Aug 30: More fare models in the experimen-

than 200,000 farmers aged over 60 in 19 provinces and municipalities were receiving pensions by the end of 1989, China Daily reported today, reports Xinhua. The newspaper quoted offi-

cials with the Ministry of Civil Affairs as saying that since the Ministry has launched trial social welfare programmes in cooperation with some domestic institutes and higher learning institutions in 190 counties. The aim of the programme

is to find ways for farmers to provide for themselves in their old age, said the officials. According to them farmers

in different areas are making their welfare plans on their own depending on local conditions. There are four social wel-

tal counties so far. The welfare package which

covers pension, medical care, natural disasters and education has been on trial in the village of Hangyuan in Linxiang county, Hunan province. The social welfare plan on

the outskirts of Shanghai began with pension insurance. Under the system, farmers retire at the age of 60 like urban workers and live on pensions. In other rural areas such as

the townships of Jinhuahu in Hunan province and Mulin in Beijing's Shunyi county farmers have accepted a combination of pension insurance and comprehensive welfare. The officials suggested the

Ministry of Civil Affairs establish social welfare credit cooperatives in countries to manage the welfare funds.

#### Peace needed to overcome underdevelopment: Gaddafi SLOUK (Libya), Aug 29: where it had lain for thousands Mediterranean coast. lar pipeline is the basis for an project has drawn deeply on

Gaddafi has turned on the taps of a huge artificial river project which he said was a gift to the Third World that would bring renewed threats from the United States, reports Reuter.

"After this achievement, American threats against Libya will double," Gaddafi told thousands of chanting spectators at late-night ceremony on

Wednesday "The United States will sued by the Baltic states, and | make excuses (but) the real other assets whose property reason is to stop this achievement, to keep the people of Libya oppressed," he told the cheering crowds. He said construction of the "Great Man-made River" showed Libya was not the military adventurist it was made

out to be. "Peace is what small countries like Libya need to overcome underdevelopment," he said. "Libyans want peace because with peace they can use their military capabilities for

civilian needs. The pipeline, which Gaddafi has called the eighth wonder of the world, will bring water 2,000 km (1,200 miles) from aquifers beneath the Sahara desert to cities on the

A reservoir at this desolate site north of the Port of Benghazi became a flood-lit arena for the opening ceremony, attended by dignitaries from around 30 countries.

Flanked by fellow Arab leaders, Gaddaff turned a tap to send fresh water cascading into a reservoir below. Libyan spectators embraced

and hundreds clambered down to get the first taste. "It's good, slightly sweet," said one man, who gave his name as Ahmed. The water had made a nineday journey from an aquifer

under the Southern Sahara

Gaddasi hosted a state ban-

quet for his guests as Libyan music blared from loudspeakers and fireworks in palm tree formations burst overhead. A laser show cast green images of camels and pipe trans-

porters against the night sky. The subterranean pipeline is one of the world's biggest civil engineering projects and the most ambitious of the

many development schemes

Gaddafi has promoted. Planned and built with help from British and South Korean companies, the 14-billion-dol-

"agricultural revolution" aiming to turn Libya's desert into farmland and create new homes for millions of Arabs. Its immediate benefit will

be abundant drinking water for the coastal cities of Sirte and Benghazi, where desalination plants are struggling to meet demand.

scape. Since its launch at the

beginning of the 1980s, the

"With the Great Man-made River, Libya will defeat the desert", proclaimed a banner on the road into the complex, lit up like a fairy ground Chairman Yasser Arafat. against a stark, barren land-

Libya's oil revenues and had to be partly funded by consumer taxes and donations from individual Libyans. Western analysts have ques-

tioned whether the pipeline is not as much to do with prestige for Gaddafi as forward planning for his people.

The occasion drew heads of state from Egypt, Sudan, Morocco, Tunisia, Algeria and Mauritania as well as Palestine Liberation Organisation

An unspecified number of Western leaders were invited but sent diplomats instead.

MANILA, Aug 30: President Corazon Aquino said on Thursday the Philippines has sent proposals to case its for-President George Bush, as Washington urged Manila to do more to reform its economy. reports Reuter. "I have already sent certain

Cory urges

US to ease

debt burden

proposals to President Bush on debt relief and as promised, he will be discussing these with Secretary (Nicholas) Brady, Philippine President Corazon Aquino said in a statement.

Bush told Aquino in a letter on Tuesday that Washington supported Philippine efforts to reduce its 29 billion Dollar foreign debt and offered to convince other western donors to help Manila with its debt relief programmes.

US Ambassador to Mantla. Frank Wisner, warned businessmen in a speech on Thursday that democracy in the Philippines would remain in danger unless more was done to reform the economy to

foster sustained development. "Economic reforms must be dedicated to more fully integrating the Philippines in the world economy through polices that free exchange rates, encourage exports, and reduce tariffs and other protections for inefficient domestic indus-/ tries," Wisner said.

Aquino did not give detail of the debt relief propos sent to President Bush. The country's debt nege

tors led by Finance Secret

Jesus Estanislao are nov New York. The package is now ur preparation and could inch new money and a variety of debt reduction options in accordance with the Bady plan,

Foreign Secretary Raul Manglapus said. But foreign bankers say banks will not grant fresh capital and debt relief unless the country's economic stabilisa-

tion programme is on track. Wisner warned that if the government did not get the budget deficit under control, inflation, which is already running at a year-on-year level of 18 per cent, would worsen.

The Philippines wants to embark on the second stage of a debt buy-back programme it launched last year, but is still firming up commitments from donors.

Under the first debt reduction programme, 1.3 billion Dollars of commercial debt was retired after Manila bought back the amount from creditors at a 50 per cent discount. The Philippine economy

has been battered by the sharp rise in oil prices due to the Gulf war and by a series of nat ural disasters, including the eruption of Mount Pinatubo volcano in June.

Gross National Product grew by 1.3 per cent in the first half of 1991, against 5.8 per cent in the same period in

The International Monetary Fund has delayed payment to Manila of part of a 900 million Dollars loan because it was concerned about slippage in meeting agreed targets limiting the budget deficit for the year to 26.6 billion Pesos (one billion US Dollars).

The government expects the economy will grow by only 2.0 per cent this year, against an average of 6.0 per cent in 1987-89.

# GNP grows by 4.8 pc in West Germany

WIDESBADEN (Germany), Aug 30 : The Gross National Product (GNP) in former West Germany grew 4.8 per cent in the second quarter compared to the same period last year, the Federal government reported Friday, says AFP.

During the first quarter. GNP in the territory rose 4.2 per cent in real terms, the federal statistics Office said. Gross Domestic Product

(GDP) grew an even stronger 5.1 per cent during the second quarter, largely due to the earnings residents of former East Germany who work in the west while continuing to live in the east and to a fall in overseas investment earnings by West Germans. The government report indicated that strong domestic

demand continued to fuel the economic growth during the quarter-increasing 4.5 per cent compared to the same period a year earlier - along with a strong 8.8 per cent increase in investments in capital goods. During the second quarter, the number of unemployed workers in West Germany fell

13 per cent, or by 244,000 people, while the overall size of the workforce rose three per cent, or by 859,000 peo-Productivity during the

quarter was up two per cent, the Statistics Office said, while household consumption rose 3.4 per cent. Government spending, however, fell 0.4 per cent during the same period.