

Algerian Dinar loses half of buying power in a year

ALGIERS, Sept 20 : The Algerian Dinar lost half of its value in the 12 months to June, Commerce Minister Fodil Bey said, quoted by the El Moudjahid Daily yesterday, reports AFP.

The Dinar was quoted at 0.33 French Francs at its last September official pricing compared with 0.74 Francs in January 1990. It had fallen sharply during the second half of 1989.

Inflation totalled 25 per cent during the first half of the year, the Minister said. Independent sources say that inflation in the 12 months to August represented an annual rate of 41.1 per cent.

Former Prime Minister Kasdi Merbah has said the inflation is running at 60 per cent and would be at more than 100 per cent at the end of the year if nothing were done to balance the economy, and boost output by improving supplies of materials.

The currency was to have undergone a further devaluation under an April adjustment agreement with the International Monetary Fund (IMF), but the fund has reportedly agreed to ease the rate of devaluations to avoid causing a sudden slump of the Dinar's buying power.

Japan's money supply declines record low

TOKYO, Sept 20 : Japan's money supply in August expanded 2.8 per cent from a year earlier for the slowest growth on record, the Bank of Japan said yesterday, reports AFP.

The previous record was 3.4 per cent year-on-year growth registered in July.

Banks remained cautious about lending while some funds were shifted into vehicles such as postal savings that are not categorized in money supply central bank officials said.

The August money supply, measured by M2 (cash plus demand and time deposits) and certificates of deposit, totalled an average 502.2 trillion Yen (3.7 trillion Dollars), the bank said.

The growth of money supply has been on the decline since peaking at 13.2 per cent in April and May last year.

Ghana-Aussie gold project to start soon

PERTH (Australia), Sept 20: Work will start early next month on a big gold mining project in Ghana bringing together Ghanaian and Australian interests, reports AFP.

The Western Australian-based company, Minproc Engineers Ltd, which will be in charge of the construction phase of the project, said here that work would start in about three weeks and mining was expected to begin in less than a year.

The development, in the village of Idupriem, 13 kilometres (eight miles) north of the town of Tarkwa, in south-western Ghana, is being undertaken by a Ghanaian-Australian joint venture, in which Golden Shamrock Mines, registered in Melbourne, Australia, has a 70 per cent interest.

The other joint partners are the International Finance Corporation (IFC), the private sector investment arm of the World Bank, with 20 per cent and the Ghanaian government with 10 per cent.

Golden Shamrock says annual production of refined gold from the project is expected to be about 110,000 ounces, worth about 38 million US Dollars on current values, and will boost Ghana's gold exports by an estimated 10 per cent.

Golden Shamrock announced to the Australian Stock Exchange this week that the joint venture had negotiated a 55.4 million US Dollars loan with a consortium of lenders, including the IFC.

Other lenders are the Swiss Bank Corporation and two bilateral agencies, DEG of Germany and FMO of the Netherlands.

Kenyan coffee market plummets

NAIROBI, Sept 20 : A total of 36,780 bags of Kenyan coffee were offered for sale to markets at Nairobi's weekly auction and 36,621 were sold at an average price of 2,511.99 Kenyan pounds (1,756.63 dollars) per tonne, reports AFP.

There was a sharp reversal in the market, with prices falling by some eight dollars. Only a grade attracted prices close to the previous levels.

To date 98,000 tonnes (1,633,333 bags) have been sold to all markets at an average price of 2438 Kenya pounds (1,704.9 Dollars) per tonne.

Kuwait lost only 3 pc of oil reserve

KUWAIT, Sept 20 : Oil Minister Hamoud Abdulla Al Raqba was quoted on Thursday as saying Kuwait's oil reserves had sustained little permanent damage as a result of hundreds of burning and gushing wells, reports Reuters.

And he predicted that all the 732 wells set alight or damaged by retreating Iraqi troops would be capped before March.

Raqba said Kuwait had lost about three per cent of its estimated 100 billion barrels of recoverable oil reserves.

Oil experts had speculated that Kuwait's reserves have been permanently damaged as a result of Iraq's destruction of the wells.

We now have 200 billion barrels and what we will be able to exploit is 100 billion barrels I think what we have lost from the 100 billion barrels is three per cent Raqba said.

The Minister was talking to local journalists on Wednesday while touring the Emirate's oilfields. Raqba said firefighters had so far capped 450 wells.

He added the oil sector in Kuwait had lost 75 billion Dollars because of the burning wells and seven months of Iraqi occupation.

This figure which we have sent to the United Nations, includes 43 billion Dollars worth of wasted oil.

He said Kuwait started to drill new wells on September 15 to replace those declared unproductive, work is currently going on the Maqwa field declared unproductive, work is currently going on the Maqwa field on two wells. Each well needs three weeks to start producing.

The Minister did not say how many wells had been declared unproductive. He said last month that 30 wells had been filled with cement and

expected Kuwait to drill up to 100 new wells by next July.

Raqba said Kuwait reserved the right to produce 1.5 million Barrels of crude Per Day (BPD), its OPEC quota before the Iraqi invasion in August 1990.

Raqba said in August Kuwait would be able to produce 400,000 BPD by the end of the year and 800,000 BPD by next July domestic consumption is around 100,000 BPD.

Raqba expected oil prices to go up by the end of the year, but said it would be difficult to achieve the 21-Dollar a Barrel target price set by the Organisation of Petroleum Exporting Countries.

He said the return of Kuwait and Iraq to the oil market would not affect prices this year because "of the decrease of production in the Soviet Union and the increase of demand in the market."



KUWAIT: Camels covered with oil, lie dead in minefield attached to the Al Burgan Oilfield 14 September. Greenpeace's monitoring team in Kuwait reports severe damage to the country's fragile desert ecology. It is estimated that between 50 and 75 per cent of Kuwait's land surface is covered in thick oily soot. Scientists from the Kuwaiti Institute for Scientific Research told Greenpeace that they were appalled at the lack of action on the part of the government. — AFP/UNB photo

Shortage linked to influx of immigrants

Nepal to import food from India

KATHMANDU, Sept. 20: Nepal is to import 60,000 metric tons of wheat and 25,000 metric tons of rice from India before October 1, a state-run Nepal Food Corporation (NFC) official said yesterday, reports AFP.

This will be the first time the mountainous kingdom has imported food grains from India to which it used to export between 150,000 and 200,000 metric tons of food grains annually, the official said.

During fiscal 1990, ending mid-July, Nepal produced about 5.7 million metric tons of food grains, an amount barely sufficient to meet domestic requirements.

Despite the shortage, however, an easing of restriction on border trade had led many

Nepalese businessmen to export food grains to India where they could realise increased profits of up to 30 per cent.

Due to the visible shortage of food grains in the run up to the annual festival of Durgapuja in October, the Nepalese government has banned the export of food grains to India and Tibet.

At the same time, raids aimed at exposing those hoarding food grains to keep prices high uncovered about 100,000 metric tons, the official said.

While not taking any legal action against the hoarders, the government has ordered them to sell at least 25 per cent of their stockpiles to state-run food corporations, according to a ministry of food and agriculture official.

Demography experts here say the recent food shortages are partly the result of an influx of Indian migrants which has seen the population rise by 2.1 per cent in the past decade.

In a bid to alleviate the shortages, the government is to import some 40,000 metric tons of chemical fertiliser from India during fiscal 1991, the NFC said.

The chemical fertilisers were sold at subsidised prices, but the devaluation of the Indian and Nepalese currencies against the US Dollar in July meant they were still expensive.

To discourage black marketers, the government has opened 55 shops in Kathmandu and elsewhere.

EC meet on EMU transition

BRUSSELS, Sept 20 : Finance Ministers from the 12 EC countries will seek a transitional link between members with strong and weak economies when they meet here to discuss a compromise for creating a single currency, reports AFP.

The widely differing performances of the strong economies, mainly in the North of Europe, and weak economies mainly in the South, remain the key obstacle to the scheduled adoption of a draft treaty on Economic and Monetary Union (EMU) at the next EC summit in Maastricht in December.

The Ministers, meeting in Apeldoorn in the centre of the Netherlands, under the Chairmanship of Dutch Finance Minister Wim Kok, would discuss the issues informally, diplomats said.

At dinner on Friday they would also discuss a Soviet request for food aid of six billion Dollars this winter.

But officials here said discussion of aid would concern mainly an exchange of information since decisions had wider implications involving the Group of Seven (G-7) most-industrialised nations.

In recent weeks the Netherlands has suggested that EC members suffering from a high level of inflation and state borrowing should not participate in EMU initially.

This provoked opposition from countries in Southern Europe, sometimes referred to by bankers disparagingly as the "Club Med Group." It has since been shelved.

Belgium has proposed a compromise, under which members unable to meet EMU qualifications concerning inflation, interest rates, budget deficits, borrowing and trade balance would participate in the decision to create EMU but would join only at the end of a transitional period.

"The history of the EC has been woven transitional periods", a senior Belgian official said.

The debate also reflects difference between those with a monetarist points of view and those with a political approach.

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Asia has greater access to capital markets, say IFC

TOKYO, Sept 20 : The International Finance Corp. (IFC) sharply boosted its capital market activities in Asia last year while relying less on equity investments to promote regional private-sector development, reports AFP.

"Domestic capital market development is really the key to development," said Judhvir Parmar, Vice President for Investment at the World Bank affiliate.

Parmar, speaking at a recent news conference in Tokyo coinciding with the release of the corporation's annual report, noted that Asia "has greater access to capital markets than most of the other regions of the world."

But, he added, many companies in the region still relied on agencies such as the IFC to act as a catalyst in mobilising financial resources directly.

In the year to June, Asia

surpassed Latin America and the Caribbean to become the biggest absorber of funds approved by the Washington-based agency.

Financing to Asia on the IFC's own account grew 11 per cent from a year earlier to 534 million Dollars, more than a third of the total approvals worldwide of 1.54 billion Dollars which were up by only 2.3 per cent.

But while loans and guarantees in Asia jumped 18 per cent to 439 Dollars, equity investments fell 13 per cent to 95 million Dollars — despite the record volume of 317 million Dollars of equity investment approved worldwide.

The upshot was that in addition to the funds provided by the IFC itself, direct financing to Asian projects through syndicated loans and underwriting facilities soared almost three-

fold to 644 million Dollars. The increase in what the IFC calls "direct resource mobilisation" was faster than any other region.

The unusually high figure exceeded the IFC's own approvals to Asia and mainly reflected 634 million Dollars in syndicated loans — almost half the record 1.3 billion Dollars arranged worldwide last year.

Gross approvals to Asia — financing from the IFC plus that from syndications and underwriting — came to 1.8 billion Dollars of which 257 million Dollars specifically went to capital markets and the financial sector.

Income from dividends and profit participations and more than two-thirds its total net income for the year.

Parmar estimated that sales of equity in Asian companies had risen from about 10 per cent of the total to more than

IMF talks with Moscow marks progress

WASHINGTON, Sept 20: The International Monetary Fund (IMF) said yesterday that its talks with the Soviet Union on the economic situation there and Moscow's request to become an IMF member were proceeding satisfactorily, reports AFP.

In a statement released here, Massimo Russo, Director of the IMF's European Department, said: "for the second time since the beginning of August, an IMF team is in Moscow discussing the current economic situation, the programme for reforms as it now stands and the terms of association of the Soviet Union with the Fund."

The discussions are proceeding satisfactorily, Russo added. Moscow requested access to the IMF and the World Bank in July.

\$ 5.9b US trade deficit in July

WASHINGTON, Sept 20 : The United States posted a larger than expected 5.9 billion Dollar trade deficit in July as imports of autos, clothing and other consumer goods shot up, the Commerce Department said Thursday, reports AFP.

The July trade deficit was the largest since January and far outstripped the June deficit of 3.8 billion Dollars which the Commerce Department revised down from its earlier estimate of 4.0 billion Dollars.

Experts expected that the July deficit would fall between five and 5.5 billion Dollars.

Imports surged by 6.2 per cent to 41.6 billion Dollars in July while exports rose only 0.8 per cent to 35.7 billion Dollars, the Commerce Department said.

Foreign firms in China likely to set new export record

BEIJING, Sept 20 : Total exports from Foreign capitalised business in China are on the way this year to a new record of 10 billion Dollars, the Xinhua news agency has reported, says AFP.

During the first half of the year, exports of the 34,000 foreign backed firms in the country reached 4.73 billion Dollars, Xinhua said in a report overnight yesterday.

Mostly joint ventures formed with Chinese partners, the companies exported 7.81 billion Dollars-worth of products last year, an increase of 58.9 per cent over 1989 and a 12.6 per cent share — up from nine per cent — of China's overall exports.

Most of the businesses, built following the liberalisation of China's economic policies starting in the early 1980's, are found in the country's five special economic zones and its largest cities.

Executives of WB, IMF to get copters if Bangkok flooded

BANGKOK, Sept 20 : Top executives from the World Bank and the International Monetary Fund will be provided with helicopters during the organisations October 15-17 meetings here if there is flooding, a Thai official said here, reports AFP.

A brand new fleet of Swedish-built Volvo Limousines and luxury coaches will be provided for other banking representatives from around the world, the official said.

The meetings are taking place during the area's rainy season.

Soviets seek \$14.7 b food aid, credit

BRUSSELS, Sept 20 : The Soviet Union wants 14.7 billion Dollars in food aid and credits from the International Community to cover its entire food import needs in the coming year, a European Commission spokesman said on Thursday after talks with a visiting Soviet delegation, reports Reuters.

The spokesman said Deputy Soviet Premier Yuri Luzhkov told the Commission, the European Community's executive authority, that seven billion Dollars of the total should come from the 12-nation EC.

Luzhkov told Commissioners that Moscow wanted 1.8 billion ECU's (2.18 billion Dollars) of the EC contribution in the form of food gifts.

The remaining 4.2 billion

ECU's (5.1 billion Dollars) should take the form of two credits of equal amounts, on fully guaranteed, for three years and another for five to 10 years.

Luzhkov is flying to London later on Thursday for talks with British Prime Minister John Major, current Chairman of the Group of Seven (G-7) Western industrialised economies, to discuss Moscow's needs.

Last week a Commission spokesman said he assumed that a Soviet plea for five to six billion ECU's (six to 7.2 billion Dollars) in food and credits delivered to the Commission's office in Moscow on September 11 was addressed to the International Community as a whole rather than just the EC.

Chinese economy begins to overheat

BEIJING, Sept 20: China's unwieldy economy is beginning to overheat, posing a serious dilemma for policy-makers and causing some to call for slower industrial production, reports Reuters.

Daily average output value grew 3.1 per cent in August over July, the second-highest growth rate since 1979. The highest was in 1988, officials data in the Economic Information Daily said on Wednesday.

Urban inflation continued an upward spiral, rising 10.7 per cent in August over August 1990, according to official media quoting the State Statistical Bureau. Prices of services jumped 23.3 per cent.

The State Statistical Bureau urged a slowdown. "The overall economic situation has continued to improve. However, we are still facing quite a few contradictions, most obviously financial difficulties and low economic efficiency of enterprises," the Economic daily quoted it as saying.

Industrial production continues to steam ahead, growing year-on-year 14.6 per cent in August, far outstripping the 13.5 per cent average for the first seven months of 1991.

But much of that production continued to be of unwanted televisions, refrigerators and other goods that have piled up in warehouses. Information Daily said, "Sales and production do not dovetail, and the contradictions this creates are still quite prominent."

Retail sales grew 12.9 per cent in August over the year before. Economists said there was still a tremendous overhang of unsold savings that could fuel a burst of inflation.

Vice Premier Zhu Rongji, charged with solving the problem, again ordered enterprises to prepare funds to clear the circle of debt by September 20, the People's Daily said.

Zhu said production of unwanted goods must be slowed or stopped in order to save some money to clear debts.

Land prices in Tokyo, Osaka peak

TOKYO, Sept 20 : Land prices in Japan's two biggest Metropolitan areas, Tokyo and Osaka, have peaked after years of runaway advances buoyed by speculative real estate deals, the National Land Agency said Thursday, reports AFP.

But a survey on some 25,000 sample lots across Japan showed an average 2.7 per cent rise in land prices — with more than 10 per cent gains registered in areas surrounding Tokyo, Osaka and Nagoya as well as other big cities.

According to the survey, average residential land prices in greater Tokyo in the year to July 1 dropped 1.9 per cent to 504,300 Yen (3,735 Dollars) per square metre (square yard), the agency said.

Average residential land prices in greater Osaka also plunged 19.4 per cent to 447,300 Yen (3,310 Dollars) per square metre.

They represented the first annual drops since the agency started such surveys 16 years ago.

In particular, average residential land prices in Tokyo proper's 23 wards dipped 2.5 per cent to 832,000 Yen (6,160 Dollars), the agency said.

Curbs on lending to finance real estate transactions have "finally put the breaks on land price spirals," said an agency official.

He was referring to a directive imposed by the Finance Ministry in April last year to prevent speculative land deals.

World Bank group evaluates future role in S. Africa

HARARE, Sept 20 : The International Finance Corporation (IFC), the private-sector investment arm of the World Bank, has been evaluating its possible future role in the new South Africa, a senior IFC official said yesterday, reports Reuters.

"But we are some way away yet from making any investments in South Africa," Tom Milton, the IFC Representative for Southern Africa, told a news conference to present the IFC's annual report.

He said the World Bank group has been discussing and evaluating with South African authorities in Washington and with academics and anti-apartheid groups in South Africa its future there.

Milton told Reuters later in an interview the IFC had considerable experience over the years in working with South African companies which had already invested in other countries in the region.

"We have also noticed a mushrooming of interest by South African companies that so far have had little interest outside South Africa in making investments in neighbouring states," he added.

This could possibly be explained by a growing feeling that South Africa was part of Africa and that its future lay with the rest of the region.

"Perhaps these companies are in the vanguard of the new South Africa," he added.

Swedish ferry operator Stena to close English Channel route

LONDON, Sept 20: Swedish ferry operator Stena Line announced on Wednesday that its British subsidiary Sealink Stena Line, is to cut 1,500 jobs and close the Folkestone-Boulogne line across the English channel, reports AFP.

The Dover-Calais freight ferry route is also to be closed and a pay-freeze imposed on the remaining workforce until January 1993.

The drastic job-cuts, which represent a quarter of Sealink's current workforce of 6,000 were greeted with dismay by unions.

Questioning the competence of Sealink's management, Merchant Marine Officers Union NUMAST described the news as "appalling."

"Cost-cutting, crisis management, job losses and frozen investment are not the way ahead and do not inspire confidence in the way the company is being operated," a spokesman added.

In a letter to employees, Sealink Managing Director Gareth Cooper said the company's survival was dependent on the cuts.

On Tuesday, Stena Line, the world's largest ferry operator, warned it was facing pre-tax losses of around 300 million Swedish Kroner (49 million Dollars) this year, almost all of which are attributable to Sealink losses.

Sealink-Stena operates three Britain-Ireland lines, four between England and France and one between England and Holland. This last service has recently been upgraded with an 81-million-Pound investment.

The closure of the loss-making Folkestone-Boulogne line, which had been a long-term plan of the company but is now being brought forward to the end of this year, will cost 568 jobs. The remaining redundancies will be spread through the company's British and Irish operations.

Moscow Mayor calls for sweeping reforms

MOSCOW, Sept 20: Moscow Mayor Gavril Popov said Wednesday that the victory of reformers in defeating the August coup might be meaningless unless sweeping reforms are introduced immediately, reports AFP.

He complained of a slow pace of reforms and the lack of a basic plan for political and economic changes. "Blocking the reactionaries is one thing. Creating a normal life which will make a coup impossible is another," Popov said.

Popov called for reorganisation of the army and the interior security apparatus and legalisation of a multi-party system. The Communist Party can remain legal but "the material base of its monopoly must be liquidated," he said.

Most important, Popov said, is the introduction of a competitive market economy and to privatise land and production means.

"We have not moved an inch here," he said. "We don't have a right to be optimistic. The success of democratic forces might turn into nothing."

Popov also unveiled his reform plan for the Soviet capital, promising privatisation of real estate and a "half-market" system of trading deficit goods.

Popov addressed several thousand members of the Democratic Russia Movement, a loose coalition of radicals that brought him to power as City Council head last year.

The meeting was held at the former Skyscraper of Comcon, the now-defunct Communist trading block. Popov's office seized the building after the coup.

The Mayor faced his electorate as criticism against him was growing in this mammoth, rundown and starved city of 9 million. Popov scored a landslide victory in the July city elections, but a TV report said Wednesday that his popularity was dropping.

And food has become a major concern with the approach of winter. Popov said Moscow will apparently have enough carrots, cabbage and beets but will have to cover up to 40 per cent of the demand for potatoes, a crucial food item, by purchases abroad.

Also Wednesday, the radical Democratic Union group blasted Popov for "dictatorship" and called for a city-wide strike to remove him.

Opponents accuse Popov, a 55-year-old economist, of abusing power and law, especially after Russian President Boris Yeltsin signed a decree granting him special powers to run Moscow.

They cite his seizure of buildings like the Comcon, lack of contact with elected neighbourhood councils and a decision to appoint a close aide, physicist Arkady Murashov, as Moscow's police chief.