

### Soviet central bank chief backs emergency committee

MOSCOW, Aug 21: The Chairman of the Soviet Union's Central Bank, Viktor Gerashchenko, on Tuesday instructed all banks in the country to obey the instructions of the State-of-Emergency Committee which ousted Mikhail Gorbachev, reports AFP.

Gerashchenko warned that bank directors who refused would be fired.

Moscow Mayor Gavril Popov immediately called on Moscow banks to refuse to finance bodies supporting the State-of-Emergency Committee.

The President of the Association of Russian Banks, Sergei Yegorov, told the unofficial Soviet news agency Interfax that Moscow bankers had responded favourably to the Mayor's appeal.

His association issued a statement saying it hoped the new Kremlin rulers would avoid a return to the "old economic system."

### Soviet bank halts import payments

TOKYO, Aug 21: The Soviet Union's leading foreign trade bank has suspended import payments and will adopt new measures to meet priority payments within the next two weeks, a Japanese newspaper reported Wednesday, reports AFP.

The Nihon Keizai Shimbun quoted a major Japanese trading company in Moscow as saying it had been advised of the move Tuesday by the Bank of Foreign Economic Affairs of the U.S.S.R. (Vnesheconbank).

The measure signals a virtual halt in trade between the Soviet Union and Japan as Japanese banks have already stopped accepting letters of credit for exports to the Soviet Union, the report said.

It was not immediately clear if the suspension of import payments affects trade between the Soviet Union and other countries or not.

The news came a day after Kenichi, Suematsu, Chairman of the Federation of Bankers Associations of Japan, said there was no need to fear a default on Soviet debt as the new regime in Moscow had promised to honour its commitments.

### Japan likely to revise securities exchange law

TOKYO, Aug 21: Brokers and their clients who defy planned tighter curbs on improper compensation for investment losses could go to jail under new legislation being prepared by Japan's Finance Ministry, national dailies said on Sunday, reports Reuters.

The reports said the Ministry, struggling to clean house after a string of revelations of scandalous misdeeds in the Japanese securities and banking industries, would make the act of paying loss compensation and the act of receiving it criminal offences.

A Finance Ministry official declined comment on the reports.

### Brazil likely to resume Iraqi oil import

RIO DE JANEIRO, Aug 21: An Iraqi mission is to visit Brazil next month to discuss resuming oil sales here through the state Petrobras Oil Company, an official said yesterday, reports AFP.

Petrobras Trade Manager Hamilton Albertazzi said Iraq initiated contact with Petrobras after the United Nations Security Council last week authorized Baghdad to export 1.6 billion Dollars worth of crude oil to buy food, medicine and other basic products.

Albertazzi said Petrobras could resume buying Iraqi oil after October, when Iraq is slated to begin exports.

"Before then, the Iraqis will not negotiate sales of the product because it is not the most appropriate moment," he said, referring to the shake-up in the oil market following Monday's coup in the Soviet Union.

Brazil imported 140,000 barrels of Iraqi oil daily before the Gulf War.

Under the UN resolution passed last week, Iraq will not have access to its oil revenues. Rather, they will be deposited into an account controlled by UN Secretary General Javier Perez de Cuellar.

## Changes may not affect grain export to USSR

PARIS, Aug 21: The overthrow of Mikhail Gorbachev by hardliners may delay grain exports to the Soviet Union, but industry analysts are confident that trade with the world's biggest grain buyer will not be seriously disrupted, reports Reuters.

It may cause some delay in trade while exporters reassess their position on export credits. But the outlook may not be as pessimistic as some people seem to imply, said William De Maria, Chief Economist at the International Wheat Council in London.

The Soviets are as desperate to import grain as Western exporters are to export it, he said in a telephone interview.

The Soviet Union and the West will be anxious to normalise their trade relations as soon as possible, De Maria said calling the quick suspension of Western food credits a knee-jerk reaction.

Most world grain exporters, including the European Community which is the biggest provider of aid to the Soviet Union, have announced the suspension of their food credits, on which Moscow is now heavily dependent for its imports.

Some analysts are extremely nervous fearing civil

war and a consequent upset in the world grain market.

The market is paralysed for the moment because the biggest grain buyer in the world is not operational. If there are demonstrations in the Soviet Union, with bloody repression, this could last for months, a Paris trader said.

Since Monday traders have been scrambling to get the Soviet grain purchasing body Exportkhleb to sign letters of credit due for its recent purchases of US grain.

In June, Moscow was granted a US 1.5 billion Dollar credit by the United States to buy grain. Of this US 600 million Dollar has been used, mostly to buy livestock feed. Another US 500 million Dollar was scheduled for October and US 400 million Dollar for February.

Despite current worries most traders believe trade will return to normal shortly. Analysts said they did not expect a major change in the Soviet Union's grain import needs for the current season.

Due to drought and serious procurement problems, the Soviet Union is expected to harvest a small crop this year.

It is expected to produce 195 million Tonnes of grain, down from 29 million to meet its needs.

## \$ 2,35,000 for artificial rain in Indonesia

JAKARTA, Aug 21: Indonesia has earmarked 400 million Rupiah (235,000 Dollars) to create artificial rain and provide water for drought-stricken dams in West Java, the Antara news agency said here Tuesday, reports AFP.

Some 160 million Rupiah (81,000 Dollars) would come from the Ministry of Public Works and the rest from the State Electricity Firm PLN, Antara quoted Muhammad Ulama, the Director of the Jatiluhur Dam Authority, as saying.

The fund would cover the necessary studies and the actual rain making process over

the Jatiluhur Dam some 60 kilometres (37 miles) south-east of here and two other nearby dams, and on 60 hectares (148 acres) of rice fields south of Jatiluhur in October and November, Ulama said.

Indonesia has been hit by a severe drought this year with weather experts saying it may last longer than the usual six months. The rainy season usually begins in October.

The drought has already ruined more than 30,000 hectares (74,000 acres) of rice-field in West Java, officials said.

## Cuba asks UN vote to lift US economic ban

UNITED NATIONS, Aug 21: Cuban Ambassador Ricardo Alarcon announced Tuesday that his government hopes to have the UN General Assembly vote this fall on the legality of the US economic blockade of Cuba, reports AFP.

"This blockade is unjust and illegal, it hurts the Cuban people and the General Assembly should denounce it," Alarcon told a news conference.

Cuba has put the issue of the nearly 30-year-old blockade on the provisional agenda of the General Assembly: a decision on the final agenda is expected to be made next month by an assembly committee.

Most nations oppose the

boycott, Alarcon said. The US boycott was imposed in 1961, after the Communist takeover in Cuba led by Fidel Castro.

"We are not asking for normalization of relations with the United States," he said, "but we are asking for the end of this cruel and unfair policy against us."

The boycott has caused severe damage to the Cuban economy and hardship to Cubans, Alarcon said.

"The United States can trade with Cuba or not that's not the issue," Alarcon said. "But the United States has not the right to tell others how to trade."

## Japan likely to freeze technical aid

TOKYO, Aug 21: Japan's Prime Minister Toshiki Kaifu said that his government was ready to suspend technical assistance to the Soviet Union in the wake of similar moves by the United States and Britain overnight, reports AFP.

"Japan wants to consult with other summit members and is ready to suspend it," he told Parliament, referring to the Group of Seven nations whose leaders met Soviet President Mikhail Gorbachev at their summit in London last month.

International Trade and Industry Minister Eiichi Nakao, whose ministry is co-ordinating technical aid to the Soviet Union, was less clear earlier in the day when asked by reporters about the future prospects of Japanese assistance.

"We are not sure which way Soviet policies are headed," he said. "So many points are unclear. That's why we can't say we will suspend aid."

Japan has long refused to provide economic aid to the Soviet Union because of a territorial dispute between the two countries although it has reluctantly agreed to offer technical and humanitarian assistance.

Technical aid being prepared by the International Trade and Industry Ministry includes helping convert military plants to industrial use, developing nuclear safety procedures and reforming the Soviet distribution system.

The Ministry was also considering resuming trade insurance for Japanese companies.



Heaps of earthen pots being unloaded from a boat before being transported to different marketplaces of the city where curd is produced. Curd has multipurpose uses, from cooking to straight consumption, and is contained in these cheap, disposable pots. — Star photo

### Indian stock markets sober

BOMBAY, Aug 21: India's stock markets insulated from international developments sobered Tuesday a day after prices soared despite the ouster of Soviet President Mikhail Gorbachev, reports AFP.

The Reserve Bank of India (RBI), India's central bank also revised the value of the Rupee against the Dollar and the Pound Sterling to keep its foreign exchange stable as the two currencies soared worldwide.

Heavy selling was reported until closing on the Bombay Stock Exchange (BSE) of prominent shares, reversing the bullish trend that had stretched into Monday.

### World market awaits USSR moves

NEW YORK, Aug 21: Share prices rose and the Dollar dropped Wednesday in Tokyo and Europe amid speculation that the coup d'etat in the Soviet Union would eventually fail, reports AP.

On Tuesday, stock prices rose, oil prices slipped and the value of the Dollar and gold sank amid a reassessment of the damage from the Soviet coup.

The Dow Jones average of 30 industrial stocks gained 15.66 points Tuesday to close at 2,913.69 on the New York Stock Exchange (NYSE).

Earlier Tuesday, the key index was up as much as 28 points but reports of tanks rolling toward the Russian Parliament building dampened

buying enthusiasm.

On Monday, the Dow plunged 69.99 points on news of the ouster of Soviet President Mikhail Gorbachev.

European markets opened higher Wednesday but dealers said prices were vulnerable to another drop as traders watched Soviet developments.

"We can live with the political uncertainty, but if fighting starts the market would have trouble with that," said Chris Stallard, a director at Panmure Gordon Ltd in London.

The Financial Times-Stock Exchange 100-share index rose 29 points, or 1.1 per cent, to 2,583.5.

The value of the Dollar and Gold — considered safe investments in times of turmoil

declined in foreign and domestic trading after posting gains Monday in a panicky market.

The Dollar fell to 1.7886 German marks, from 1.8040 Marks late Tuesday. The pound rose to 1.6485 Dollars from 1.6380 Dollars.

Gold opened in London at a bid price of 356.10 Dollars a Troy Ounce, up from 355.60 Dollars late Tuesday. In Zurich, gold opened at 355.90 Dollars, up from 354.50 Dollars late Tuesday.

Market-watchers said much of Monday's plunge in stock prices and hoarding of gold and the Dollar could be attributed to the psychological impact of the Soviet coup. But the move by Soviet hardliners could have an actual impact.

### Asian markets continue recovery

Monday's six per cent plunge, with the Nikkei Stock average closing 230.30 Yen higher at 21,687.06 Yen, up 1.1 per cent.

Turnover shrunk from Monday's 383.01 million shares to an estimated 330 million in trading marked by sharp swings in prices.

The US Dollar, after flying high on Monday, eased against currencies in the region. Against the Yen it closed at 137.78, down 0.62 Yen from the previous finish of 138.40 Yen.

Shares staged a strong recovery of the Stock Exchange of Singapore after plunging 6.1 per cent Monday. The Straits Times Industrial index surged 36.85 points or 2.8 per cent to 1,346.08.

Among the minor Asian markets, the South Korean and

Malaysian Bourses were the only ones to recover.

The Korea stock exchange's broad-based composite price index rose 16.5 points or 2.46 per cent to close at 686.13, partially recouping the 4.19 per cent plunge of the day before in heavy turnover.

The index soared in the afternoon on news that shares rose on the Tokyo market, to which the South Korean market is increasingly tuned.

Share prices closed higher across the board at the Kuala Lumpur Stock Exchange, whose composite index gained 4.46 per cent to finish 22.56 higher at 528.03. The index had slumped 6.7 per cent Monday in near panic selling.

Dealers said bargain hunters dominated trading for most of the day with gains outnumbering losses by a wide margin.

It had begun to retreat Monday, with the Bourse about to close as Gorbachev's removal was announced.

Share markets in Taiwan and Thailand were also still reeling from the news.

Panic selling dragged share prices on the Taiwan Stock Exchange down 5.2 per cent to a six-month low following its four per cent slump Monday.

The 235-issue weighted price index plunged another 240.26 points to wind up at 4,410.09 points, the lowest level since February 8, in huge turnover.

The Stock Exchange of Thailand (SET) plunged 42.89 points or 6.4 per cent on top of Monday's 4.6 per cent drop as panic selling continued, with the market closing at 622.81 points.

### UNDATED, Aug 21: The major stock markets of the Asia-Pacific Region appeared on the road to recovery from their dramatic plunges following news of the Soviet coup, while most of the smaller markets remained shaken, reports AFP.

Bargain hunting prompted a sharp rebound on Hong Kong's Bourse, which had suffered an 8.4 per cent plunge Monday, the region's worst.

The Hang Seng Index gained 125.69 points or 3.4 per cent to close the day's trading at 3,848.44.

Turnover also rose sharply to 3.3 billion Hong Kong Dollars (426 million US Dollars) from Monday's 2.7 billion Dollars (346 million US Dollars).

Dealers said investors had over-reached to the news of Gorbachev's ouster.

Japanese share prices partly recovered from

### Concern haunts German markets

FRANKFURT, Aug 21: Events in the Soviet Union overshadowed German financial markets again on Tuesday but share and bond prices recovered slightly in cautious trading, reports Reuters.

Dealers said fears that Soviet developments could spark widespread civil unrest after Monday's overthrow of Mikhail Gorbachev continued to haunt markets.

But shares and bonds inched up in what dealers described as a technical recovery. The mark remained weak trading just above its 1991 lows against the US currency at 1.81 to the Dollar.

There are no new factors on the mark, but it is much too early to give the all-clear, said one foreign exchange trader. I would still advise investors to steer clear of the Mark.

German markets were hit harder than other European markets on Monday as the first news of Gorbachev's fall emerged. The DAYX share index fell a steep 9.4 per cent, with stocks closely linked to the Soviet Union suffering the most.

But the 30 share index opened 16.97 points higher at 1,514.90 on Tuesday, recovering some ground after Monday's slump. The index had plunged 1.55.40 points on Monday.

German bonds were quoted up to 25 Pfenning higher. The 8-3/4 per cent 10-year-unity fund bond was quoted at 100.89 Marks after Monday's fixing at 100.65 Marks when it shed almost 140 Pfenning.

Dealers said uncertainty about the Soviet Union continued to frighten the market. People do not know where things are going.

Anything, civil war included, could happen in the Soviet Union, said a bond trader.

### Romania's Finance Minister in Japan

TOKYO, Aug 21: Romanian Deputy Prime Minister Eugen Dijmarescu arrived in Tokyo yesterday for an eight-day visit, Romanian Embassy officials said, reports AFP.

Dijmarescu, who is also Minister for Economy and Finance, is scheduled to meet Japanese Trade Minister Eiichi Nakao and business leaders, the officials said, adding that he would seek more investment in his country by Japanese firms.

### Oil market nervous: prices up

SINGAPORE, Aug 21: Crude oil prices rose sharply on the Far East spot market on Wednesday as nervous traders reacted to news of clashes between Soviet tanks and demonstrators in Moscow, reports Reuters.

Oil traders said they expected a very volatile and choppy market. "It's going to be headline trading," said the Singapore broker.

Wti-type crude surged to 22.90 Dollars a barrel for October delivery, from its Tuesday close of 22.40 Dollars, then eased back to 22.70 Dollars.

"The demonstrators are getting more carried away and people are getting killed," said one Singapore-based broker. "The market is very nervous and now watching what happens during the rest of the curfew."

Hardline communists who overthrew President Mikhail Gorbachev on Monday have imposed a curfew on the Soviet capital.

An hour after the start of the curfew, clashes broke out and eyewitnesses said Soviet tanks killed three supporters of Russian leader Boris Yeltsin outside the barricaded Parliament building.

Reuters adds from Jakarta: Soviet unrest after the ousting of President Mikhail Gorbachev could make oil supplies fall short of global demand in the fourth quarter of the year, Indonesian Mines and Energy Minister Binarjar Kartasasmita said today.

Binarjar told reporters after opening an international conference on gas that the Organisation of Petroleum Exporting Countries (OPEC) was already facing difficulty coping with increased demand predicted for the quarter starting in September.

"OPEC cannot do much if the problems in the Soviet Union continue. It may turn into a shortage," Ginarjar said.

The 13-member organisation has forecast demand in the fourth quarter to be around 24 million Barrels Per Day (BPD) and present OPEC output is around 23 million BPD, he said.

### Soviet crisis to complicate trade ties with India

NEW DELHI, Aug 21: The crisis in the Soviet Union could complicate efforts to revive economic ties with one of India's biggest trade partners and its most important ally, Deputy Commerce Minister Salman Khurshid said, reports Reuters.

"We consider trade with Russia of enormous significance," Khurshid said.

But a leading business group said India could benefit if the Soviet Union, denied aid and investment from the west, looked to an old friend for support.

"If the Russians look for economic support and it doesn't come from the West, then they might look east," BP Gunaji, Secretary-General of the Associated Chambers of Commerce and Industry, one of India's major business groups, said.

"Basic needs will have to be met immediately, food and that sort of thing," Gunaji said. "If they are not able to deal in Dollars they might deal in goods (under the Rupee-Rouble counter-trade agreement)."

Indo-Soviet trade came close to collapse over the last year as both countries looked for hard-currency market to sell goods to pay mounting foreign debts, economists said.

### Nordic donors to press poor states to cut arms spending

SKAGEN (Denmark), Aug 21: The Nordic countries, among the world's most generous aid donors, said on Tuesday they would press developing countries to spend less on arms and more on social and economic needs, reports Reuters.

The military spending of poor countries this year is expected to reach a total of 200 billion Dollars — four times as much as all the aid they received last year, Development Aid Ministers of the Nordic Council said in a statement.

"After decades of arms buildups, military spending in many developing nations has reached a level where it risks seriously hampering the development these countries need so badly," the statement said.

The five ministers, meeting in this fishing village at the northern tip of Jutland, said developing countries typically spend around 15 per cent of their annual budget on the military, more than many of them spend on health and education.

# 'Perestroika's failure drifts Soviet economy'

PARIS, Aug 21: The Soviet economy is drifting following Monday's ouster of President Mikhail Gorbachev, as the centralized system has collapsed but reforms aimed at introducing market mechanisms have failed, reports AFP.

The Soviet economic crisis has intensified since the start of the year, and a confidential document prepared by the European Bank for Reconstruction and Development (EBRD) noted in mid-July that the economy was in a "critical" situation.

The new London-based bank is to help Eastern European countries shift to market economies. Gerard Wild, of the Center for Studies of the Future and International Information

(CEPII), commented that "the Soviet economy has been utterly drifting for a year now, as output falls and we can see the development of local forms of autarchy. The major economic balances are no longer under control."

All the signs of a wide-ranging recession and disorganization of the economy are present: a spectacular plunge of industrial output and imports, galloping inflation, a shortage of foreign currencies, an increase of the budget deficit, lower productivity, and ration coupons.

The new Conservative Soviet leadership immediately invoked the specter of "famine and greater poverty" to justify its Monday coup against Gorbachev.

During the first quarter of the year, Soviet industrial production was down by 10 per cent, according to the EBRD, while the budget deficit for the quarter was equivalent to the one planned for the whole year.

As to trade with the former satellites, it has fallen to half the previous level. The average monthly exports are down from 2.6 billion Rubles in 1989 to 1.2 billion a month in the same quarter this year, while imports declined from 2.7 billion to 1.5 billion Rubles.

The Soviet Union suffering from an acute shortage of foreign currency suddenly cut its imports in half in the first half of the year, to be able to make payments on its foreign debt-estimated at more than 60 bil-

lion Dollars. But the EBRD experts say that the lower level of imports has unfavourably affected Soviet industrial output, while productivity plunged by 11 per cent during the first half of the year, according to official figures.

A loss of purchasing power is partly responsible for Soviet workers' low motivation, and the EBRD estimates that inflation may run 100 to 200 per cent this year. Consumer prices jumped by a factor of 2.5 between April 1990 and the same month this year, while income rose by a factor of only 1.4.

Exports have been affected by the 10 to 11 per cent first-half decline of Soviet crude oil production, the country's lead-

ing source of foreign exchange. As is the case in numerous other sectors the marked obsolescence of operating equipment explains a large part of the decline in the output of the world's leading crude oil producer.

The government's ability to implement consistent economic reforms in six years of perestroika and uncertainty about the division of powers between the Central Government and the Republics played a major role in the economic crisis, analysts say.

Wild says that fact makes it urgent to conclude a Union treaty laying down clear rules of the game as between Moscow and the Republics but the treaty is now in limbo with the leadership change.

Soviet officials have tried to get back to exercising the traditional kind of control over businesses, which have proven unable to cope with supply, distribution and market problems in the face of lack of clear instructions.

President Gorbachev asked for financial support from the Group of Seven (major industrial powers), but they offered him only cautious and conditional backing.

Now, even these promises have been brought into doubt because of Monday's coup. Japanese Finance Minister Ryutaro Hashimoto said on Monday that it would be necessary to await developments to see whether the aid agreement reached at the last G-7 meeting would be maintained.