'Price of economic reform must be paid'

Russian govt's days are numbered?

MOSCOW, Jan 12: Russian **Economy and Finance Minister** Egor Gaydar said on Friday that he expected the government of Russia to be short lived, reports AFP

He told the Moscow News weekly publication that the "first post-communist government always leaves office. It is

a medical fact." He said: "It must pay the political price of economic liber-

If the government did leave office after the first period of price liberalisation, the country would need a "hard and

competent' government, he

But if the current government remained in office until the stabilisation of the financial situation, "after the surgical operation, it will be necessary to treat the patient."

He said: "We will need a government with the gentle touch, which will reduce taxation and create the conditions

of economic growth to attract foreign capital."

The alternative to be current economic reform programme argued by Russian Vice President Alexander Rutskoy was a "politically profitable" fairy tale, he said.

This alternative is based on privatisation followed by quick removal of monopolies in the economy and the liberation of

In fact, "the government has not controlled prices since the summer and inflation was running at 15 per cent per month," Gaydar said

Russia officially lifted price controls on January 2.

Gaydar, who is 36, said that his relations with Russian President Boris Yeltsin were both easy and difficult. His "deep aversion" to tough economic measures "might become a threat to him and to us all, Gaydar said.

Another despatch adds: The Vneshekonombank, or foreign

trade bank which was the only financial organisation of the former Soviet Union entitled to trade abroad, has closed its doors indefinitely and no-one is answering the phone.

Direct telephone lines to the heads of departments have also gone/dead since the long yearend holidays ended on

A hand-written sign on the doors of the main building read: "Closed until further notice. Operations transferred to the Bank of Russia. Contact... there followed a telephone number which had been scored until illegible.

A policeman stood guard, declining to answer questions. Foreign organisations and individuals were able to open accounts only at this bank. But they are now unable to withdraw funds, make deposits or establish the state of their ac-

At the Bank of Russia and ofsaid that the ficial

Shoppers furious about higher

prices are forcing some stores

across the Russian Federation

to scale back the increases

that were allowed this month.

Russian media said Saturday,

of Ulyanovsk, southeast of

Moscow, said Saturday they

would reduce the regulated

prices on bread, some dairy

products and other necessities

in the next three days, the

Yeltsin, who toured Ulyanovsk

and other cities this week to

check on his Jan. 2 price re-

form decree, was enraged

when he found unaffordable

Ulyanovsk and Nizhni-

Novgorod, and demanded the

goods be made affordable.

Price controls on most goods,

but not staple foods and neces-

sities, were lifted by the de-

cree to move toward a market

The conservative newspa-

He fired officials in

Russian President Boris

Tass news agency said.

prices for many goods.

economy.

Officials in the Russian city

Jan 12

MOSCOW.

reports AP.

Vneshckonombank had not transferred anything. Their advice that operations have been transferred is merely disinformation," he said.

For several week the bank had supplied hard currency to clients only with reluctance, even when accounts had strong deposits. It tried to make customers accept travellers' cheques in dollar against its name.

Meanwhile, Reuter says, Russia is seeking a deferral of interest payments on its forcign debt from official and commercial bank creditors. Russian central bank Chairman Georgy Matyukhin said yester-

We are asking foreign banks to wait a little bit until we solve our internal problems." he told Reuter in an interview.

The request will be delivered at a meeting of a steering committee of western banks in Frankfurt next week, he said Asked if a formal request for

per Sovietskaya Rossiya re

ported Saturday that food

prices in the city of Belgorod,

562 kilometers (350) miles

south of Moscow, were nearly

halved because shoppers re-

Petrozavodsk, 275 kilometers

(172 miles) northeast of St

Petersburg, were cut by a third

after food spotled because no-

body could afford it, according

to the farm daily Selskaya

desperation over prices, the

Komsomolete reported

Saturday that an abandoned

infant apparently in good

health was found near a rail-

way station in Moscow this

said: "I cannot feed this child

because of the prices," the

store in Moscow, Mikhail

Zlatníkov, told central televi-

sion Saturday that fledgling

private businesses in the city

must hold down their prices to

newspaper reported.

A note pinned to its blanket

The owner of a private food

In an extreme example of

Moskovsky

Prices in stores in

fused to pay them.

Zhizn.

a deferral of official and commercial debt interest payments would be made, he said.

yes, I suppose."

Matyukhin said there had already been delays in repaying debt interest but he gave no fle said he believed the

problems could be resolved if

creditors understood the situa-

tion they do not understand, then we have no other way than to declare our Vneshekonombank bankrupt,"

he said. The republics inherited Soviet foreign debt totalling between 60 and 70 billion dollar. Official and commercial bank creditors have agreed in the past two months to defer principal repayments on part

of this debt. Matyukhin blamed other republics for failing to meet their responsibilities in repaying debt interest. We are trying to convince our republics to participate in those payments," he

avoid driving away customers.

structures not to accept exces-

sively high prices set by pro-

spiraling inflation," Zlatnikov

said in an interview shown on

the nightly nationwide news-

interior of Zaltnikov's store,

called "Khoroshy" or "Good,"

showing abundant supplies of

hard-to-find sausages and bot-

gone at McDonald's Restaurant

in Moscow after it hiked the

price of most items with the

Jan, 2 reform, the daily

Moskovskaya Pravda reported

Rusian Khasbulatov, who has

spoken out forcefully in favour

of the price reform, conceded

Saturday that initial results

were "absolutely unconsoling."

officials in the eastern city of

Ryazan that local store direc-

tors complained of prices still

being controlled by Moscow.

Khasbulatov told regional

Russian parliament speaker

The usual long lines were

tles of wine.

Tass reported.

Friday.

The television panned the

"I call on all commercial

Essentials prices being reduced

ducers in order to curb the

"We have talked much about politics, now is the time for the economic development of the country," Sharif said at a

The project has been designed to boost the country's economy and augment its communication network, official sources said

The project's first phase, the 340-kilometer (212-mile) uld cost one billion dollar, the

Carla Hills shows other successes'

WASHINGTON, Jan 12: Critics of President George Bush's trade mission to Japan have focused too much on market access for the US auto industry, ignoring progress made in other sectors, the US trade representative said Saturday, reports AFP.

But she said "too much focus" had been placed on problems with market access for carmakers, while overlooking vital agreements reached with Japan to increase trade in other areas, such as computers and paper products.

Wheat acreage

Farmers sowed winter the department said.

western farmers were plansoyabeans, rather than wheat.

new harvest begins. Grain traders had anticipated wheat seeding would rise by about three million acres from 1991's 51 million acres due to a recovery in wheat prices and the smaller sctaside required to qualify for

Pak step to set up banks in Central Asian republics

ISLAMABAD, Jan 12: Pak istan has decided to send a bankers' delegation to the central Asian republics of the former Soviet Union to explore the possibility of setting up branches there, official sources said here Saturday, reports

The delegation will also have talks on the establishment of joint ventures in the banking sector with those states, they said.

The decision to open branches of Pakistani banks in the central Asian states was taken at a meeting chaired by Minister of State for Economic Affairs Sardar Ahmed Alt. Representatives of the Pakistan Banking Council, the Central Bank of Pakistan and private sector banks participated.

All, who led a high-powered Pakistani delegation to the six former Soviet republics in November, told the meeting that leaders of the republics want relations with Pakistan in trade and other fields.

Pakistan starts billion-dollar highway work

ISLAMABAD, Jan 12: Prime Minister Nawaz Sharif launched Saturday the one-billiondollar first phase of a trans-Pakistan motorway project to be constructed by a South Korean firm, reports AFP.

ground-breaking ceremony near Lahore marking the start of work on the motorway.

Lahore-Islamabad section, wosources said.

of Bush trip

"I think it was a constructive trip that the president took," Carla Hills said in an interview with Cable News Network (CNN). "He highlighted concerns that we have with opening markets, and there are measurable successes".

in US drops

WASHINGTON, Jan 12: US farmers will likely pinch already tight stockpiles of winter wheat after sowing on two per cent fewer acres, the US Agriculture Department said on Friday, reports Reuter.

wheat on 50.2 million acres, Analysts said the drop in

acreage could indicated midning to use land for corn and

level in two decades before the

federal crop subsidies.

No more to do for US: Miyazawa

WASHINGTON, Jan 12: Japanese Prime Minister Kiichi Miyazawa, after completing a series of trade agreements with US president George Bush, has said that he sees little else that could be done to even out the trade gap between the United States and Japan, reports Reuter.

in a taped television interview that was broadcast on Saturday, Miyazawa acknowledged that trade was the biggest source of friction be-

tween Tokyo and Washington. But he said there is little more that Japan can do to improve the trading relationship between the two countries - a relationship in which the United States currently has a 41 billion dollar annual shortfall with Japan.

The United States and Japan have been discussing this trade problem for over 10 years in the past, and we have made a great headway, Miyazawa said on the Cable News Network.

"So I really don't think after this very lengthy, almost exhaustive study there is much we can do or they want to ask us to do, he said, speaking in English.

Miyazawa also said that Japan's markets have not been as restricted as most Americans believe, despite complaints by company executives and politicians of trade barriers.

"Japanese markets are not as closed as most Americans like to think, but not as open as most Japanese people like to believe," he said, the truth

is probably in between. Certainly, Bush and myself discussed the economic problems between our two countries over the past three days, and we have been able to come up with a mutually satisfactory answer which represents some of the criticism against Japanese markets not being

Bush returned to Washington on Friday having to defend his trade mission to Japan and other Asian coun-

level playing, he added.

did little to revive the flagging

tries against criticism that it

US economy. Among the concessions Bush won from Japan was an agreement to more than double its imports of US car parts to 19 billion dollar a year. But car company executives who accompanied Bush on the trip were less than satisfied with

the deal Miyazawa also said he believes Bush will win re-election in November despite his low approval showing of less than 50 per cent in a recent poll and widespread dissatisfaction with his handling of the econ-

Commenting on Japan bashing by US politicians and corporate executives Miyazawa said that the end of the cold war and the disintegration of the Soviet Union may have left Japan as a new national adversary in the minds of some

Americans. I think in the absence of an adversary out of this Russians falling down, that perhaps somebody has got to play the role as the kind of mental adversary in the thinking of some American people, he said. That is not fair... nobody should really compare Japan with USSR that they are America's adver-

AFP from Tokyo adds: Japan's economy has turned the corner and is improving after several months of poor performance, Prime Minister Kitchi Miyazawa told a meeting

of businessmen yesterday. "The dark days are over," Miyazawa said, adding that the economy had "started moving towards the bright direction."

He said the improvements 'came in the last month or The Bank of Japan cut the

discount rate from 5.5 per cent to five per_cent in mid-November and to 4.5 per cent on December 30. The government has also

announced a draft budget for the next fiscal year that is aimed at boosting domestic

Trade steps apply to other nations too'

LONDON, Jan 12 : Japan's International Trade and Industry Minister Kozo Watanabe assured Britain on Friday that Tokyo's importpromotion measures would apply not only to the United States but also to Europe and

other regions, reports Reuter. "What I want to stress is that the measures will no doubt apply to Japan's trade with the rest of the world including Europe," Watanabe was quoted by a Japanese

policy as well as all receipts

and expenditures," Yaacoy

Frenkel told The Daily Yediot

"No item in the (40-billion-

Israel requested the loan

dollar) budget will be spared

guarantees in the fall, but US

President George Bush in-

sisted the issue not be debated

in Congress until the Middle

East peace conference got un-

The US leader has also re-

from cuts," he warned.

Aharonot.

Japanese Prime Minister Kiichi Miyazawa and President George Bush announced an agreement on Thursday that Tokyo would boost imports of US made car parts, cars and other products.

Sainsbury was quoted by the Japanese official as saying Britain wanted the Japanese agreement with the US to expand trade 'opportunities'

official as telling British trade said on Saturday, reports Reuter.

for other countries as well.

BEIJING Jan 12: China's three years under an economic austerity programme have paved the way for reforms to be speeded up, Primer Li Peng

economy and save the environment as well.

He spoke at a conference on economic restructuring on Friday, the official New China

News Agency said. The economic rectification drive has created a better environment for economic reform and accelerated the reform process, Li was quoted as

China clamped an austerity programme in September,

1988 when dramatic economic reforms and opening to the outside world begun in the early 1980s ushered in double digit inflation.

Austerity to speed up reform: Li Peng

WASTELAND: Trash-dumped shallow land behind Bangabandhu Hawkers' Market posing

serious hazard to environment. A small move to develop the land will add to the national

The government had since the middle of last year begun to gradually move ahead with reforms, including the removal of government subsidies on key consumer commodities such as grain and cooking oil.

Inflation was among the issues which fuelled anti-government protests in in May 1989.

One of the key reforms will be the gradual withdrawal of government economic plan-

In future, the country's mandatory plans will be reduced while guidance plans and market regulations will be expanded further, Li was quoted as saying.

ning, he said.

China one of the world's "last socialist states is wrestling with a mix of planned and market economy systems.

But Li was cautious about the scale of reforms he envisioned. Reform should first be piloted to get experience before it is extended on a wider range, he was quoted as saying. "We should be hold in making experiments and prudent in extending them."



BRTC workers - employees demonstrating in front of Shrama Bhaban in Dhaka Saturday demanding deferral of their CBA election. - Star photo

Sick Industries Assoc demands halt to

Bangladesh Sick Industries Association (BSIA) Sunday urged the government to stop filing certificate cases as authorities are yet to complete recommendations about sick industries, reports UNB.

BSIA President Tajul Islam told a press conference in Dhaka in the afternoon that the Finance Ministry was lodging cases against sick industries contrary to a government directive not to file cases till completion of the list of such industries.

This is a contradiction to the government policy due to which the shrinking industries are facing financial disaster". "We are not looters, we are

the industry building generation and we do not belong to the groups of defaulters", Islam said referring to laundering of crores of taka by the defaulting industrialists.

The government has undertaken measures to look into the problems of 1800 listed sick industries, he said citing examples of administrative measures regarding sick industries in USA, Korea, India and other countries.

Sick Industries Rehabilitation Cell under the were present.

Industries Ministry has identified various causes of how an industry becomes sick and has constituted ten selection committees to recommend measures, he added

He also placed an 11-point charter of demands for rehabilitation of the sick industries which include recognition of sick industries under the Industrial Policy of 1991, rescheduling interest and penal interest and measures for Balancing, Modernisation, Rehabilitation and Expansion (BMRE).

The BSIA also demands low rate of interest for the industrial projects, subsidy for the private units, fixation of tariff and import duties for protection of indigenous industries. withdrawal of "black" laws in the banking sector including amendments of Loan Court Act. 1990 and Banking Company Act of 1991.

Alauddin Ahmed, a member of the association, read out a written statement at the press conference held at Jatiya Press Club. Vice President Mir Mohammad Yar, General Sccretary Mohammad Ishaq and Treasurer Kazi Tajul Islam

HK workers move to resist guest labour

Kong's labour unions threatened Saturday to take industrial action against a government scheme to import foreign labourers to ease a current shortage, reports AFP.

At a press conference, union leaders agreed to meet Thursday to discuss possible moves against the colonial government's decision to bring in an additional 12,000 foreign labourers.

The scheme, to take effect

HONG KONG, Jan 12: Hong number of foreign manual workers in Hong Kong to

> The government announced the decision at a legislative council (LEGCO) meeting Thursday in which some legislators staged an unprecedented walk-out in protest against the move.

> They accused the government of ignoring local workers' welfare and argued that the measure would do little to curb inflation as claimed by the

Business briefs

Riyal deposit rates up : Saudi riyal interbank deposit rates rose in typically quiet trade, dealers said, reports Reuter from Nicosia.

Spot-next and one-week funds were steady at 4-1/8, 3-7/8 per cent one, three and six-month deposits rose 1/16 point to 4-1/8, four per cent while one-year maturities climbed 1/16 point to 4-1/4, 1/8 per cent. The spot riyal was quoted at 3.7494/97 to the dollar.

SAS to modify planes: SAS airlines will modify 53 planes to reduce the risk of dangerous ice layers forming on the wings, an official of the Scandinavian Airline System said Saturday, AP reports from Stockholm.

The move comes a month after a McDonnell Douglas MD-80 jetliner shortly after takeoff from Stockholm's international airport after both engines failed. No one was killed. Hellstadius said it would cost SAS about 100 million kro-

nor (18 million dollar) to modify 53 MD-80 planes. Tokyo keen to attend meet on CIS: Japan is keen to take part in a multilateral conference to address urgent humanitarian needs of the Commonwealth of Independent States (CIS), officials said Saturday, reports AFP

from Tokyo. "We're thinking positively about participating in the conference," foreign ministry spokesman Taizo Watanabe told reporters. The CIS replaced the Soviet Union last month.

Watanabe said Tokyo was willing to co-chair an experts' meeting on medical and technical cooperation, but was uncertain who would attend. Rice issue up to Agri Ministry: Japanese

Finance Minister Tsutomu Hata told a news conference on Saturday a decision on whether to open up the country's rice market should be made by the hardline ministry of agriculture, reports Reuter from Tokyo. "The agriculture ministry should be the one to make a political decision. Japanese farmers and consumers can safety

leave the matter (to the ministry)," Kyodo news service quoted Hata as telling reporters in Nagano City north-west of Tokyo. He warned against any quick and easy political deciston. Beijing lures experts : A Chinese state

enterprise has set up the nation's first industrial centre for

experts who have returned after living overseas, in a bid to lure home specialists, reports Reuter from Beijing. The centre set up on Saturday by Capital Iron and Steel Company, Beijing's largest state-owned firm, offers returning experts housing, high pay, good facilities for scientific research and other amenities, the official New China News Agency said.

Israel's economic prospect bleak without US loan JERUSALEM, Jan 12: The jected the use of US aid to He told Israeli radio a sucd a report on the housing Two billion dollar in US ments in the occupied West israeli economy will be construct Jewish settlements freeze on Israel's policy of investments in the territories loans were already factored severely disrupted for immigrants in the occupied

Washington does not provide a territories, home to 1.7 mil-10-billion dollar loan guaranlion Palestinians, and contee to help settle immigrants, demned the building of new the Bank of Israel's governor settlements as key obstacle to warned Saturday, reports AFP. peace efforts. "Under these circum-"Without these guarantees stances, the Israeli economy we'd be forced to review all runs the risk of having its back our economic and budgetary to the wall," Frenkel said about

> "Besides the costs of immigration (accounting for 14.3 per cent of outlays), nothing will be sacred," he said referring to expected cutbacks in defence, which devours 15.7 per cent of expenditures.

the possibility of not securing

the guarantees.

On Thursday, US Senator Phil Gramm said if Israel wanted to secure the loan guarantees, it must commit itself not to use the funds in the occupied territories.

building settlements in the territories would also help win the guarantees.

Frenkel however suggested that compromise would be reached with the United States. It's not a matter of all or nothing. These guarantees can be stretched out over time or disbursed in smaller amounts.

The Israeli press, citing officials here, said the Jewish state would in 1992 settle for a bank guarantee of two billion dollar from which the sum of between 500 million and one billion dollar would be deducted for investments in the occupied territories.

A diplomat at the US consulate in Jerusalem has been charged with monitoring the settlements. The Daily Haaretz said the United States had iswith the United States.

from satellite photographs. Cabinet spokesman Ehud

Gol on Friday reiterated to AFP his country's position. "We shouldn't link the American loan guarantees for Israel, which is a humanitarian gesture, with the Israeli government's political options,"

In September, Bush asked

Congress to delay by 120 days debate over the Israeli request. Haaretz said the govern-

ment had decided against sending scores of economic experts and Jewish and Ethiopian immigrants to Washington to influence US public opinion. It said the government in-

loan guarantees to Israel's settlement policy would be like stead opted for a low-profile holding Jewish immigrants policy to avoid further poison-"hostage." ing the already strained ties

into this year's budget, approved by parliament in early Without the guarantees, Israel's budget deficit would

increase and its foreign currency reserves of six billion dollar would be exhausted or the country could face an inflationary spiral. Some 400,000 immigrants, mostly form the former Soviet Union, have arrived in Israel

since September 1989, and 200,000 others are expected this year. Al' adds : Housing Minister Ariel Sharon said Saturday any attempts by Washington to link

Sharon, who spearheads construction of Jewish settleBank and Gaza Strip, urged the government to take steps to ensure Israel can continue to absorb immigrants without the loan guarantees. The settlements are not an

obstacle to peace and the attempt to use the threat of the guarantees to pressure Israel into political concessions in an act... against spirit of humanity," he said on Israel army ra-"What do they want, to hold the Jews in the (former)

we will make concessions against our vital security needs?" Sharon said. About 340,000 Soviet Jews have immigrated to Israel since mid-1989 and officials

Soviet Union as hostage... so

predict one million will arrive by the end of 1995. Many of territories.

the immigrants have moved to settlements in the occupied

The US wheat stockpile was forecast to drop to its lowest

in June, will bring the total