



MOSCOW: Two Muscovite butchers unpacking a meat shipment from EC at a central Moscow government store as customers lined up for purchase in the background. Meat went on sale for the first time Monday at this shop and buyers queued from early morning to take advantage of unusual low price. —AFP photo

Russians to face two more tough years

Gaidar defends reform

MOSCOW, Feb 4: Russian economic chief Yegor Gaidar on Monday defended his government's tough economic reform programme and said he would not quit despite fierce criticism, reports Reuters.

"I have no intention of resigning and I will fight to pursue the policies which we are adopting," Gaidar told a news conference. "To resign now would be a luxury."

But Gaidar, Deputy Prime Minister responsible for the economy, hinted the government might change some elements of its reform programme, possibly modifying a 28 per cent Value Added Tax (VAT) which has been accused of felling inflation.

The Russian parliamentary leadership, meeting in Moscow, later decided to cut the VAT rate on some key food products to 15 per cent, local reporters present at the meeting said.

This move would cut government revenues in 1992 by 20 or 30 billion rouble (180 to 270 million dollar at the Russian central bank's market rate).

On another occasion Gaidar said: Russians, reeling from a tripling of prices, a sinking currency and still empty store shelves, face another two years of tough times, according to AP.

Assessing the first month of Russia's market reforms, 36-year-old Deputy Prime Minister Yegor Gaidar told a news conference there were no signs of a new round of hyperinflation.

Reuter continues: One of Gaidar's fiercest critics has been parliamentary speaker Russian Khasbulatov, who on Monday said the Russian economy might have to be returned to state control.

Khasbulatov, quoted by Itar-Tass news agency, told a

Congress of Russian farmers that only one in 10 Russians were now living in satisfactory conditions.

But Gaidar said Russian President Boris Yeltsin supported his reform plan and he was not worried by criticism from parliament. We regard it as a natural division of powers (between executive and legislative), he said.

Gaidar said conditions might be suitable by the middle of next year for a convertible rouble.

He was still discussing plans for an international fund to stabilise the rouble, although he accepted such a fund would not be set up in the immediate future.

Another Reuter despatch adds: The Governor of the far eastern Russian region of Sakhalin protested about a vast new project to develop offshore energy reserves in the area, the Itar-Tass news agency said.

GCC Fund gets \$ 6.5b pledge

ABU DHABI, Feb 4: Saudi Arabia, Kuwait and the United Arab Emirates have pledged 6.5 billion dollar towards a fund set up by the Gulf Arab states to help less wealthy Arab nations, a senior Gulf official said, reports Reuters.

Abdallah al-Quwatiz, Associate Secretary-General of the Gulf Cooperation Council (GCC), said Saudi Arabia and Kuwait had each pledged 2.5 billion dollar and the UAE 1.5

billion dollar to a fund approved at a GCC summit in Kuwait last December.

A Board of Directors for the fund, made up of Finance Ministry Under-Secretaries from the six GCC states, would meet in Riyadh next month to start operating it, he added.

Kuwait, currently Chairman of the GCC, was trying to obtain pledges to make up the agreed 10 billion Dollar capital for the fund from the three

other GCC states, Bahrain, Oman and Qatar, Quwatiz said.

All Arab states were in principle eligible to apply for aid from the fund which aims primarily at encouraging the private sector and economic liberalisation in Arab countries, he said.

But Gulf diplomats say the cash would go to three Arab states that sent troops to help drive Iraqi forces out of Kuwait—Egypt, Syria and Morocco.

Ministers reach accord on Black Sea trade pact

ISTANBUL, Feb 4: Representatives of six former Soviet republics met Monday to form a trading organization with Turkey, Romania and Bulgaria, in a novel attempt to strengthen their struggling economies, reports AP.

The so-called Black Sea Economic Community aims to promote development and trade among its members, along the lines of the European Community. However, the new group is far less structured.

"We live around the same sea," Turkish President Turgut Ozal told the delegations gathered under the chandeliers of a peach-colored ballroom at the Istanbul Sheraton.

"It will be to our interest" to develop the infrastructure along the Black Sea coast, and to determine what can be done to meet the requirements of

our businessmen. This will also facilitate the integration of our countries with the European and world economy."

The delegations, most led by foreign ministers, were signing an accord to develop the union. In a few months, heads of state are expected to formally launch the group and tackle specific projects.

According to Turkish officials, the Black Sea accord aims at establishing free trade, developing infrastructure such as roads and airports, and supporting entrepreneurs in former Communist nations.

The latter goal is to be met with the help of a Black Sea investment bank. Turkish officials hope the bank will receive funds from oil-rich Gulf countries and Japan, as well as the group's members.

Vahan Papazyan, an adviser to the Armenian Pre-

sident, said that because of economic problems in member countries, "it's very difficult to say how cooperation will go."

But he added, "All the states taking part in the (Black Sea) commonwealth are very interested." In addition to Armenia, the former Soviet republics of Russia, Azerbaijan, Moldova, Georgia and Ukraine signed the accord. Not all actually border the Black Sea.

According to the agreement, foreign ministers of member countries will meet annually and working groups more frequently.

The accord is the brainchild of Ozal, who led Turkey from a state-directed economy to a vibrant free-market system. It was another demonstration of Turkey's growing influence.

EC urges new rules for competition

DAVOS (Switzerland), Feb 4: New international rules to control subsidies, cartels and mergers should be drawn up under the GATT world trade body, European Community (EC) Commissioner Sir Leon Brittan said on Monday, reports Reuters.

He told the annual World Economic Forum here that GATT (General Agreement on Tariffs and Trade) should be extended to cover competition policy and its enforcement.

"What we need is a coherent and clear set of rules agreed internationally with a proper enforcement system, to be accompanied by national laws following the same objectives," he said.

GATT Director-General Arthur Dunkel has set a mid-April deadline for reaching agreement.

Brittan, a former British government minister, said his long-term aim was that the rules of competition law should reduce reliance on international trade law.

Such an approach would pass on free trade benefits and give consumers genuine choice between suppliers, he added.

Brittan said the GATT treaty was originally meant to extend to competition policy, but this had never been implemented.

He said GATT already had powers to rule on state subsidies to industry but he wanted the enforcement system and dispute settlement procedures strengthened.

Clear definitions of cartels and restrictive practices needed to be drawn up and such cartels outlawed by the national laws of each GATT signatory, he added.

Brittan ruled out a supranational authority on mergers and called instead for a core of common rules to be enforced by member countries, with GATT as a forum for settling disputes.

Indonesia okays social security for workers

JAKARTA, Feb 4: Indonesian workers will have the right to social welfare benefits under a law ratified by parliament, Manpower Minister Cosmas Batubara said, reports Reuter.

Cosmas told reporters that under the social security act, passed on January 17, employers will be obliged to provide health, accident and death benefits.

Employers who violate the law will be liable to up to six months in jail and a maximum fine of 50 million rupiah, the minister said. The government is to give further details later.

Cosmas said he expected implementation of the law to start this year and be completed in 1993.

The law drew cautious approval from labour activists.

"We welcome government efforts to let workers get their right to social welfare, but the important thing is how that law is implemented," said HJC Princeen, a prominent human right activist.

US moves to send back Haitians

PORT-AU-PRINCE, (Haiti) Feb 4: The US government has embarked on a programme to repatriate thousands of Haitians deemed

economic, not political, refugees. They return to an impoverished and politically unstable nation, reports AP.

Officials at the US naval base at Guantanamo Bay, Cuba, where most of the Haitians are being held, said some of the 381 boat people returned Monday on two ships did so voluntarily, while others did not want to go back.

Soviet nuclear weapons in one piece

He said the weapons are numbered and Soviet security procedures appear to have remained in force.

Much more vulnerable to theft and smuggling are the roughly 15,000 weapons marked for destruction, which are to be dismantled into thousands of components.

The dismantling, which Russian scientists say will take 10 years, will leave behind 550 to 300 tons of highly enriched uranium and 130 tons of plutonium from the warheads, Norris said.

Aspiring nuclear powers usually try to build a basic bomb, which requires a relatively large amount of nuclear material and is clumsy to launch. Soviet technology offers the promise of the same nuclear "bang" with far less of the scarce uranium or plutonium.

Soviet scientists can miniaturize the trigger and detonator system and create little pellets of nuclear material that can be used in far smaller and more flexible weapon systems, Beaver said.

One team with the right components could shorten the nuclear programme one in an advanced country like Iran from years to months, he said.

Existing nuclear programmes like Pakistan's and India's also can be made far more threatening by Soviet technology.

India to make rupee convertible

DAVOS (Switzerland), Feb 4: India will continue to move towards convertibility of the rupee as part of its policy of deregulating the economy, Prime Minister P V Narasimha Rao told the World Economic Forum here, reports Reuter.

"It's our intention to do away with the inconvenience attached to exchange control," he said.

The current scheme, where an exporter can use up to 40 per cent of export revenues to pay for imports, will be extended in size and eligibility, Rao told the annual meeting of businessmen and political

leaders. India was now keen to attract foreign investment, he said.

The government would no longer determine which sectors would be eligible for the scheme or block projects which it did not believe were a priority for the country, Rao said.

But it was particularly keen to attract investments in sectors which would benefit India's entire 840 million population, such as infrastructure.

Industries previously limited to the state-sector would be opened to private and foreign investment.

"We do not produce everything that we need in the quantities that we need... we would like to add to the capacity. That's where privatisation and foreign investment come in," Rao said.

Asked whether telecommunications would be privatised, Rao said, "I think something on those lines is being planned."

He said foreign investments would not be nationalised.

"We're not going to do that. We have enough nationalised industries," he said.

Rao said he had met

Ukrainian President Leonid Kravchuk and leaders of other ex-Soviet in Davos.

India traditionally had close ties with the former Soviet Union and hoped to have even better relations with the new states, he said.

He also foresaw the development of business ties with South Africa, not that Pretoria is abandoning apartheid.

"I'm glad to say that we're in a position to establish contact with South Africa and it's only a question of time before it develops into relations in the economic field," he said. "The sooner, the better."

Pindi asked to improve law, order for greater Japanese investment

KARACHI (Pakistan), Feb 4: Pakistan's second biggest trading partner Japan said the country's poor law and order record remained the major bar to greater Japanese investment, reports Reuter.

To increase Japanese investment, it is vital for Pakistan to enhance law and order, to implement and adhere to its economic policies, and to further expand and improve infrastructure," Shunji Uyeda, Chairman of the Japan-Pakistan Business Cooperation

Committee, said.

Since coming to power 15 months ago, Prime Minister Nawaz Sharif has embarked on a sweeping programme of reforms to open up the Pakistani economy and attract foreign investment.

Although Japan is Pakistan's largest aid donor, its firms have been reluctant to follow, citing violent crime, bad infrastructure and poor education levels as the main reasons. Japanese Ambassador Kurio Muraoka told reporters on

Sunday the kidnapping of three Japanese students in Southern Sindh last year gave Pakistan a bad image although they were freed unharmed.

If Pakistan could solve its law and order problems it could become an attractive nation for investment, he said.

Direct Japanese investment in Pakistan amounted to 110 million dollar up to March 1991, Uyeda said.

Two way trade rose to 33.6 billion rupee (1.43 billion dollar) in fiscal 1990/91

(July/June), up from 28.59 billion in 1989/90. Trade with the United States was slightly higher.

The head of the Federation of Pakistan Chambers of Commerce and Industry, Mian Habib Ullah, said the government had taken action to remove problems and improve the investment climate.

Uyeda's Pakistani counterpart Yusuf Zia predicted solid results from the six-day visit by a 70-member delegation of Japanese business leaders and government officials.

Americans enraged as Miyazawa says they lack work ethic

WASHINGTON, Feb 4: The White House said Monday the latest unflattering Japanese comment about American workers could fan protectionist fires and stir American rage to compete harder, reports AP.

Presidential spokesman Martin Fitzwater seemed trying to be circumspect about Prime Minister Kiichi Miyazawa's statement in parliamentary debate about a deterioration in American in the work ethic and creativity "by the sweat of our brows."

The comments arose when Muto asked Miyazawa how the faltering US economy could recover.

Miyazawa said that in the United States, "producing things and creating value has 'loosened' too much in the past 10 years or so." Many American college graduates, he said, went into high-paying Wall Street jobs, while the number of engineers involved in productive sectors fell.

In summing up, Miyazawa told a parliamentary budget committee.

"I have long thought that they (Americans) lack a work ethic... to live by the sweat of their brow."

"The American people see all these kinds of comments and react accordingly," Fitzwater

said.

"I think that we have a strong, competitive, tough work force that will work even harder and will compete even harder," Fitzwater said at his news briefing. "And these kinds of comments are probably helpful in terms of stirring the rages in all of us that want to compete and show we're the best work force there is."

He noted that the Japanese embassy sent an apology to the White House "saying that the prime minister regrets any misunderstanding about his comments and that he had no intention whatsoever of criticizing American workers."

Fitzwater was asked about numerous such comments in recent weeks, "including statements that American workers are lazy and illiterate."

"You see comments on both sides," the press secretary replied. "There are a lot of comments by American officials about Japan and Japan officials about America. Neither are very helpful."

He said he doesn't think President Bush will call Miyazawa but rather "will continue to speak out about the high quality of the American work force."

At a meeting of US state governors at the White House

Monday, the President said, "Our people are up to the challenge of remaining number one in the world. I do not believe for a minute that this is a country in decline."

"I don't think it's appropriate for the prime minister of Japan to be America-bashing," said Colorado Gov Roy Romer. "I think it's an inappropriate thing to do. The response that we need to make is frankly to raise our skill levels and increase our productivity in this nation."

"I think we all benefit by free trade and civility... in the course of our discourse and our policy," said Connecticut Gov Lowell Wicker.

Fitzwater said it's possible the Japanese statements feed into the hand of protectionists, who want to keep out Japanese goods.

"The protectionist fires in this country are burning very hot," Fitzwater said, suggesting the comment could backfire on Japan, whose economy is dependent on an American market open to its products.

Lower house Democratic leader Richard Gephardt issued a statement calling Miyazawa's remarks an "ignominious expression of Japanese racism or worker-bashing."

A later despatch from Tokyo

adds: Prime Minister Kiichi Miyazawa sought to assuage American feelings Tuesday by saying he hadn't meant to disparage US workers when he said American was losing its work ethic.

"I did not intend to criticize US workers at all," Miyazawa told a nationally televised session of parliament.

On Monday he had told fellow legislators that he believed in "producing things and creating value has 'loosened' too much in the past 10 years or so" in the United States.

"If using the word 'ethic' produced a misunderstanding, it is not what I really meant," Miyazawa said when an opposition lawmaker queried him about the uproar his remarks created in the United States.

Miyazawa said Monday that too many American college graduates went to work in Wall Street jobs rather than becoming engineers. But on Tuesday he said he had merely been drawing a comparison to excesses in Japan's economy of the late 1980s. When the values of stocks, land and other assets were inflated.

President Bush late Monday said Miyazawa had "gone out of his way to make clear he is not denouncing all American workers."

US, Mexico hold meet on free trade agreement

MEXICO CITY, Feb 4: US Trade Representative Carla Hills has concluded talks with President Salinas de Gortari on "difficult and complex" negotiations under way to draft a North American Free Trade Agreement, reports AP.

Hills, who arrived Saturday with a delegation of 43 US Congress members and business leaders, said the trip was a "very good 30 hours" in which they exchanged views with Mexican officials on key issues in the trade talks.

At a news conference with reporters, Hills refused to discuss details of the meetings, including talks Monday with Salinas. However, she described it as a "sharing of information and not a negotiating visit."

The delegation met with Mexican Commerce Secretary Jaime Serra Puche and the ministers of finance, labor and ecology.

The trilateral free trade accord would create a market of 360 million consumers estimated at dollar 5.6 trillion.

The delegation returned to the US on Monday night.

Business briefs

**Baker to visit C Asian nations:** Secretary of State James A Baker will travel next week to three Central Asian republics of the former Soviet Union that he has not yet visited —Uzbekistan, Turkmenistan and Tajikistan, reports AP from Washington.

Spokeswoman Margaret Tutwiler said that Baker's trip will start next Monday in Germany, where he will meet with Foreign Minister Hans Dietrich-Genscher and also will observe departures of the early flights in the airlift of humanitarian assistance to several former Soviet republics.

**Zambian budget hailed:** The New Zambian government's first budget was welcomed by local and foreign economists as a good start on the road to economic recovery for the indebted nation, reports Reuter from Lusaka.

Presenting the budget on Friday, Finance Minister Emmanuel Kasond announced the liberalisation of exchange controls and a 25 per cent devaluation of the kwacha as well as moves to cut inflation and government spending.

**CIS needs \$ 500m oil investment:** The Commonwealth of Independent States (CIS) needs an immediate investment of 500 million US dollar to avoid a massive fall in oil production this year, British Petroleum Chief Robert Horton said Monday, reports AFP from Davos (Switzerland).

Horton told reporters at the World Economic Forum in Davos that the investment must be made over the next four months, before bad weather makes working conditions impossible.

**Cuban-Kazakh barter pact:** Cuba will swap its sugar for oil from Kazakhstan as part of its efforts to replace lost trade links with the former Soviet Union, the Tass news agency reported, says AP from Moscow.

Kazakhstan will receive 200,000 tons of raw sugar from Cuba in exchange for an unspecified "large consignment of petroleum" under a trade agreement signed in December, Tass reported Sunday.

**German aid to CIS will rise:** Germany announced on Monday that it would match a US airlift of emergency aid for the former Soviet Union and urged its European Community partners to commit more funds to help its people through the winter, reports Reuter from Brussels.

Foreign Minister Hans-Dietrich Genscher told a meeting of EC foreign ministers the German airlift of food and medicine would start at Frankfurt about February 10, the same time and place as the US effort is due to begin.

**Russia to maintain oil flow to Bonn:** Russia will continue to send oil and gas to Germany beyond March 1, even though negotiators have yet to agree on the price of the shipments, Germany's Economics Minister said Monday, report AP from Moscow.

Hardship may lead Soviet N-experts to sell secrets

LONDON, Feb 4: Economic hardship in the former Soviet Union virtually assures that nuclear mercenaries will sell expertise or hard-to-track components to nations trying to build a bomb, Western defence experts say, reports AP.

"Everything is up for grabs," said Dr Martin Navias, a lecturer in the Department of War Studies at Kings College, University of London.

The rapidity of the collapse makes it an area where people with money can get what they want. The ability of the republics to control what they've got inside is very weak. That is the essence of the problem.

Unconfirmed reports say Iran and Libya have hired Soviet nuclear scientists and bought technology, and that other would-be nuclear states are shopping for talent and weapons.

Gary Milhollin, Director of the Wisconsin Project on Nuclear Arms Control in Washington, said "the greatest risk is that the Soviet nuclear and missile infrastructure will be sold component by component, and that Soviet experts in nuclear and missile production will find their way to dangerous programmes in the developing world."

Those experts are the key to proliferation because components or weapons cannot be sold, stolen, or smuggled without their collusion.

As Navias put it: "The problem is not one of proliferating warheads, but one of unemployed

experts."

Paul Beaver, publisher of Jane's Defence Weekly, said the pool of Soviets with first-hand knowledge of building nuclear weapons is so large — about 30,000 to 50,000 — that some inevitably will be lured away.

"There are going to be, at least a dozen, if not a few hundred, who will see the potential of putting themselves on the market to Syria, India, Pakistan, China, Vietnam, Libya, North Korea, South American countries — you name it," he said in an interview.

Vyacheslav Rozanov of the Kurchatov Institute of Atomic Energy said in Moscow last month that two Soviet scientists turned down salaries of 2,000 dollar a month from Libya, but might say yes if offered more.

"If the choice is between starving or getting work in your field, then you must take the job," said Yuri Rogozhin, spokesman for the Russian nuclear safety agency, Gosatomnadzor.

A weapon and the technicians to launch it would be the biggest prize.

Beaver said the basics of a bomb factory — a small electronic laboratory, furnaces, centrifuge system, lead shielding and enriched uranium or plutonium — could be loaded into three or four trucks and driven out of the country.

Stan Norris, senior staff analyst with the Natural Resources Defense Council in Washington, said it would take "a lot of collusion" to export one of the estimated 30,000

Soviet nuclear weapons in one piece.

He said the weapons are numbered and Soviet security procedures appear to have remained in force.

Much more vulnerable to theft and smuggling are the roughly 15,000 weapons marked for destruction, which are to be dismantled into thousands of components.

The dismantling, which Russian scientists say will take 10 years, will leave behind 550 to 300 tons of highly enriched uranium and 130 tons of plutonium from the warheads, Norris said.

Aspiring nuclear powers usually try to build a basic bomb, which requires a relatively large amount of nuclear material and is clumsy to launch. Soviet technology offers the promise of the same nuclear "bang" with far less of the scarce uranium or plutonium.