

Iran urges Bonn to complete unfinished project

NICOSIA, July 27: Iran has urged Germany to complete unfinished projects including a nuclear power plant abandoned following the 1979 Islamic revolution, reports Reuter.

Tehran radio said the call was made by Foreign Minister Ali Akbar Velayati who ended a visit to Germany on Friday.

The radio, monitored by the British Broadcasting Corporation (BBC), said the completion of the projects would remove obstacles to the expansion of bilateral ties.

"During his two-day visit to Germany, Velayati stressed the issue of the completion of the German contractors' unfinished projects in Iran," the radio said.

"In consideration of the fact that Iran has constantly shown goodwill towards promotion of Tehran-Bonn relations, and has devoted considerable efforts towards the release of the German hostages in Lebanon, expectations of a response from the German government appears to be something natural and logical."

Germany has said it will not help complete the Bushehr power plant bombed during the 1980-88 Iran-Iraq war. The German firm Kraftwerk Union worked on the project before the revolution, which denounced the Shah's policy of building nuclear projects.

Velayati, urged Bonn to redress a trade imbalance with Iran.

Share prices fall sharply in Tokyo

TOKYO, July 27: Share prices declined sharply on the Tokyo Stock Exchange in early afternoon trading after soaring Monday morning on a discount rate cut, while the US dollar rose against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average, after gaining 2.5 per cent to finish the morning session at 15,887.70 points, plunged to 15,363.31 points nearly an hour into the afternoon session, down 0.9 per cent on the day.

On Friday, it lost 542.15 points, or 3.38 per cent, to finish the week at 15,497.79 points.

"It became clear that a discount rate didn't mean much" when the Nikkei failed to top 16,000 points, said Kunihiko Hitomi, an analyst at Wako Securities. "People sold out of desperation."

The dollar was trading at 127.70 yen late morning, up 0.80 yen from its close Friday at 126.90 yen but below its close in New York at 128.10 yen. After opening at 127.63 yen, it ranged in the morning from 127.35 yen to 127.80 yen.

The benchmark No 129 10-year Japanese government bonds rose to 107.86 points as of 11:05 am (0205 GMT) from Friday's 107.65-point close. Their yield fell to 4.975 per cent from 5.010 per cent.

Poor harvest in Haiti's barren northwest

BOMBARDOPOLIS (Haiti), July 27: It will be a sorry harvest in Haiti's barren northwest. Patches of pea, bean and sorghum plants are as skeletal and weak as the starving children of the poor, reports AP.

Blighted by drought and deforestation, squeezed by a US-backed trade embargo, the area is turning more and more to foreign charity. Aid officials say they have doubled the number of people fed in the northwest to 274,000, about one-third of its population, since the embargo began last fall.

Not everyone is hungry. Markets have food and some apparently well-fed people can be seen in the streets of Bombardopolis at the tip of the island's northwest peninsula.

In a trip through the area, however, a reporter and photographer who visited feeding stations saw hundreds of children with the bloated stomachs and orange-tinted hair of severe malnutrition.

People started dying at the end of March, Marie France Racette of the aid organization CARE said in Gonaives, trading hub of the northwest.

"The children will go first because they cannot fend for themselves," she said, then raised her hands three feet (90 centimeters) apart: "Every time I travel, I see coffins that size."

Racette blamed the food crisis on "a combination of things" including three years of drought, but said the embargo "precipitated the situation."

The Organization of American States ordered trade cut off after the army overthrew President Jean-Bertrand Aristide.

Russians desperate for relief from reforms

On the streets of St Petersburg, there is little sign of the improvements that President Boris Yeltsin promised for the Russian economy when he launched his programme of economic reform last December.

Picturesque Nevsky Avenue, the main street of Russia's second-largest city, has been transformed into a chaotic market — a den for swindlers and pickpockets and a haven for beggars.

People here peddle everything, from goods bought in ever-empty state shops to stolen or hoarded wares. A growing number of these new traders are selling their personal possessions to supplement shrinking family incomes.

"Just two years ago," he says, "We Russians could contemplate the future with at least some amount of hope. We could dream of a room in a communal flat, affordable clothes and shoes, and even a car. We never bothered about what to eat the next day."

For most of the 150 million Russians, dreams disappeared the day Yeltsin introduced the 'shock therapy' — economic reforms recommended and supported by the International Monetary Fund and the West.

The programme is supposed to eventually improve the standard of living for Russians. It is designed to correct the yawning budget deficit, reduce the inflation rate and restructure the state-led economy into one that is 'market-friendly,' guiding Russia's transition to Western-type laissez-faire economic relations.

But even the most ardent reformers concede that the path to faster and sustainable growth will be a difficult one, with the benefits for most people slow to emerge.

Yeltsin's programme of privatisation was supposed to rope in 92 billion roubles to help heal the effects of cuts, but right now most Russians do not have the money to buy property and even those who do are reluctant.

"Mass consciousness is stiffened against it," says an economics lecturer at St. Petersburg University. "Even if they do have money to buy, it will take sometime and a great

deal of persuasion for them to overcome the stupor... the ingrained fear of private property."

So far only 300 million of the expected 92 billion roubles has been raised by private property sales. More sceptical observers are beginning to question whether the social implications of Yeltsin's economic reform programme have been sufficiently taken into ac-

count. Revenue from exports continues to fall, while economic forecasts see the Gross National Product falling by 20 per cent.

Pavel Pavlovich, a lecturer at St. Petersburg University, says the situation is "absolutely incredible."

"My only fear," he says, "is that Russia should not degenerate into the state of Brazil, where prices keep fluctuating every minute — where the price you paid in the morning is different from the one you'll pay in the evening."

ordered his priorities and considerably cut his expenditures, Nagev's monthly salary of 1,500 roubles barely lasts the first week of the month.

Deputy Premier Yegor Gaidar, who was dismissed by Yeltsin as Finance Minister in order to placate anti-reform groups, insists the current difficulties are only temporary.

He and his supporters say their unpopular methods are necessary to sanitise a system whose hallmark was fiscal discipline and financial splurge. They assert that some social disorder is inevitable for

long-term gains.

Political instability, the looming social explosion, caused by workers' strikes, and threats of a break-up of the Russian republic as one ethnic minority after another asserts its independence, have not only made implementation of the reforms difficult, but have slackened the flow of much-needed Western capital.

Although the International Monetary Fund has reaffirmed its support for Yeltsin's reforms and Russia seems likely to receive a \$24 billion international support package, foreign investors remain largely deterred by the hostile domestic climate.

Fearing mass anger from their electorate, people's deputies have said they support Yeltsin's reforms but have demanded Gaidar broaden his social programme to alleviate the impact of higher prices, job losses and higher social security costs to the poor.

The period between now and autumn — when Yeltsin's promised improvements are supposed to be felt — is sure to be the most challenging for the democrats, who continue to struggle to contain a communist backlash and the anger and despair of a growing section of the Russian citizenry. — Gemini News

During his trip to Washington, President Boris Yeltsin requested massive US aid to bail his country out of its economic troubles. Last December, he undertook an ambitious programme of economic reform. But as Gemini News Service reports, life on the streets of Russian cities does not reflect the optimism of the President's words.

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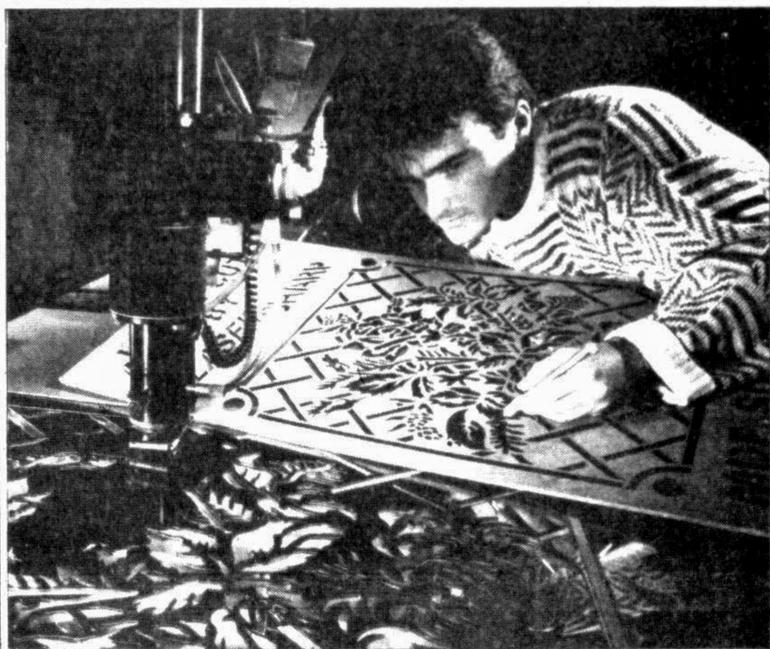
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WHERE ART AND TECHNOLOGY MEET: In Britain, an industrial Coz laser is cutting an ornate floral, design on a sheet of mirror acrylic plastic. The technique is applied by Lasersharp, of Enfield, north east London, to produce complex graphics from a variety of rigid materials, including mild steel, titanium, rubber, plywood, plastics and glass. —LPS photo

Eurocrats insist regulations for effective single market

BRUSSELS: In pursuing their goal of a single, borderless market, European Community bureaucrats churn out regulations on everything from fruit juice to animal rights, touching nearly every aspect of life, reports AP.

They insist the regulations are necessary if the single market is to take effect in January, as scheduled.

Critics warn that, in their zeal, the bureaucrats may create a bland, standardized Europe, the rich regional diversity of its 338 million citizens sacrificed on the altar of harmony.

Thousands of directives try to describe such simple objects as jam, fruit juice and cotton thread precisely. Among them is a 52-word definition of the "food stuff which is produced by the honey bee."

"Sometimes these Eurocrats may be a little too quick

to regulate," said Finn Laurse, a professor at the European Institute of Public Administration in Maastricht, Netherlands.

European Community officials scoff at the criticisms. "That's a lot of rubbish," said Etienne Reter, an adviser to Jean Dondelinger, the commissioner of cultural affairs. "One of our goals is to preserve the wealth of diversity in Europe."

The EC has doubled its membership since its founding in 1952 as a tariff-free coal and steel zone for six West European countries. Its ambitions have grown even faster, and the Eurocrats now issue regulations on many health and social issues.

At a meeting in Maastricht in December, EC leaders signed a treaty on European Union that commits members to a shared monetary policy and single currency by 1999.

The agreement also envisions a joint foreign and security policy, and eventually, a common defense.

For now, the significant date is January 1, when borders between all 12 member states will disappear, allowing people and products to move freely within the community with no customs controls. The members are Belgium, Britain, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain.

To accomplish the single market, the EC has been harmonizing standards for myriad products — making it possible for consumers in Portugal, for example, to know the quality of the Greek chocolate bar they are eating.

Supporters say such attention to detail may improve quality and health standards.

Nepal forms council to promote carpet export

KATHIMANDU, July 27: A council has been constituted by the Nepalese government for the development of the quality carpet and export promotion, Radio Nepal reported Monday, reports Xinhua.

The council, headed by the Assistant Minister for commerce and Supplies, represents the government as well as the non-governmental sector.

It will undertake the task of controlling the quality of raw materials, regularising their supplies, preserving the interests of the manufacturer and exporters exploring new markets for Nepalese carpet and checking environmental pollution to reach its goal.

Carpet is the principal item of the Nepalese exporters in terms of value. In fiscal 1991-92 ending July 15, a total of 6,470 million rupee (151.88 million US dollar) was earned from the export of 2.168 millions square meters of carpet as against 3,700 million rupee (151.88 million US dollar) was earned from the export in 1990-91.

Miyazawa confirms plan to raise public spending

TOKYO, July 27: Japanese Prime Minister Kiichi Miyazawa confirmed Monday that a new plan to support the economy to be adopted in September would include a supplementary budget to increase public spending, says reports AP.

In the upcoming measures to be adopted, we will introduce a supplementary budget, Miyazawa said at a press conference given after a good showing by his ruling Liberal Democratic Party (LDP) in upper house polls Sunday.

This budgetary extension would be approved by parliament in extraordinary session, he said. The 1992 budget covers the fiscal year beginning in April and ending March 1993.

Miyazawa, his top ministers and leaders of the conservative LDP held an urgent meeting

Market, not mystery, lures foreigners to Far East

HONG KONG, July 27: The Far East has long lured foreigners with its exotism and hint of danger, but investors these days say the attraction is less mystery and more market analysis, writes Reuter.

Largely untrammelled and untamed by western regulatory standards, Asia's small merging markets can be risky. But despite the danger — and partly because of it — they're still hot among those who make investment their business.

This is a much looser, regulatory environment, that acts as a deterrent, but at the same time you're attracted by the dynamism that it brings, said Miron Mushkat, chief regional economist at Baring Securities in Hong Kong.

Sophisticated markets in the West and Japan see dubious practices from India to Indonesia — illegal shares sales, companies exaggerating earnings and insider trade proved to be an everyday event in many markets and not even illegal in some. "Investors are quite keen to have exposure to this region, said Mushkat, but added: "from a risk and reward perspective, that exposure has to remain limited."

Mushkat and other analysts and economists polled by Reuters say although investors are often frustrated by inadequate guidelines and protection, they can't resist the profits.

Its an expected part of the market risk of an emerging nation, said Adam le Mesurier, Pacific region economist for Barclays de Zoete Wedd in Hong Kong.

In perhaps the biggest scandal to hit any Asian market this year, police in India arrested 26 people, including top brokers and banker, for alleged involvement in a billion-dollar scam to illegally divert shares from the government securities market to the Bombay stock exchange.

India's onion export hits record

NEW DELHI, July 27: India exported a record number of onions over the past year earning one 1,832 billion rupees. An eye-watering 416,000 tons of onions were exported, the Hindustan Times reported, reports Xinhua.

Slow, unsteady progress responsible for hunger

ROME, July 27: Slow and unsteady progress is being made in easing world hunger, said a UN report released Sunday, reports AP.

Africa remains the hardest-hit area, but hunger is also a serious problem in parts of the Middle East, Latin America and Asia.

Overall, 780 million people in developing nations are malnourished, said the UN Food and Agriculture Organisation (FAO). That means one-fifth of the people in those countries do not eat enough to carry out even "light activity," it said.

Only in the Far East has the number of undernourished people dropped steadily over the last 20 years, the report said.

Its conclusions are based on figures from 1988-89, compared with statistics from the end of the 1960s and 1970s.

While the world total of hungry people continues to drop, Latin America and the Middle East reversed the progress made in the 1970s.

In Latin America and the Middle East, 19 million more people have been added to the ranks of the hungry, because

food production cannot keep up with skyrocketing birth rates, APO said.

Over the last 20 years, the number of Africans suffering from hunger rose from 101 million to 168 million, the FAO report said.

One-third of Africans suffer from malnutrition.

World totals appear more optimistic in the latest report, because one billion relatively well-fed Chinese were included for the first time. In past years, estimates were used for Communist Asian countries.

The narrowing gap between rich and poor is due to slowing gains in the industrialised world rather than faster progress in the developing world, the report said.

If the world's food supply were evenly distributed, there would be a surplus, the UN report said.

The report did not count the number of hungry in industrialised nations. However, it did note over-rich diets in the North have led to a rise in heart disease and obesity.

Revenue stagnancy makes US states budget precarious

CINCINNATI, July 27: In a gloomy snapshot of the US economy, state government reported Saturday that their revenues are stagnant and their budgets precarious, says Reuter.

The fiscal health of the states is not good and the outlook for immediate improvement is not promising," said the study from the national conference of state legislatures released at the group's annual meeting here.

The rising unemployment rate indicates a strong national economic recovery may still be many months away," it added. "State fund balances have been driven far below a recommended level of five per cent to only 1.5 per cent of general funds at the end of fiscal year 1992."

"Sluggish revenue collections are in part to blame for the drop in fund balances but higher than expected costs in kindergarten through 12th grade education, aid to families with dependent children and Medicaid are also culprits," the report said.

"State revenues will grow by only 7.1 per cent in fiscal year 1993. But only due to tax law changes and inflation," it said. "Economic recovery is not being counted on by state revenue forecasters to fuel funding requirements."

The recession hit state budgets hard during the past two years as layoffs and cutbacks in consumer spending trimmed revenue from sales and income taxes while at the same time burdening welfare rolls.

Most Asian currencies weaken against the Greenback

HONG KONG, July 27: Asian currencies closed generally weaker against the US dollar in the past week with the yen taking a sharp tumble ahead of an expected Bank of Japan discount rate cut, reports AP.

Currencies in South Korea, Singapore, Taiwan, Hong Kong, Malaysia, Indonesia and Thailand were down slightly, some in response to the strong US dollar on the Tokyo foreign exchange market and others to central bank intervention.

The Australian and New Zealand dollar and the Philippine peso remained stable against the greenback.

Japanese yen: The yen lost ground sharply to close at 126.90 yen to the dollar on the Tokyo foreign exchange market Friday, down 1.62 yen to the dollar on the Tokyo foreign exchange market Friday.

After opening at 124.25 yen Monday, the yen lost ground steadily over the rest of the week.

The Bank of Japan plans to cut its official discount rate by half a percentage point to 3.25 per cent next week, central

bank sources were quoted as saying Saturday.

South Korean won: The won weakened over the week closing Saturday at 787.40 won to the dollar, against 786.40 won a week earlier.

Dealers said that the won-dollar exchange rate is stabilising due to signs of improvement in the trade balance.

Australian dollar: The Australian dollar firmed marginally during the week in the absence of major economic news, dealers said here Friday. It finished in local trade worth 74.70 US cent, compared to 74.32 the previous week.

On the Reserve Bank's trade weighted index, which measures the dollar against a basket of major trading currencies, the currency finished at 54.8, up from 54.4 the previous week.

Analysts are looking ahead to the release of quarterly inflation data, balance of payments information and building approvals next week which are expected to clarify the scope of policy measures in

the August 18 budget.

Singapore dollar: The Singapore dollar finished weaker Friday at 1.6155 against the US dollar from 1.6110 last week, ending four consecutive weeks of gains.

Dealers said the marginal recovery of the Greenback here was due to the Tokyo money market where the US currency was stronger.

The Singapore dollar was firmer against the British pound at an exchanger rate of 3.0888 over last week's 3.1261. The dollar was stronger against the yen at 1.2695, compared to 1.2893 a week earlier.

The OCBC bank's trade weighted index for the Singapore dollar stood at 135.87 up from 135.53 last week. The index is calculated against the currencies of Singapore's top 12 trade partners.

Taiwan dollar: The Taiwan currency lost ground to close Friday at 24.942 to the US dollar, down from the previous week's finish at 24.77.

After opening Monday at 24.799, the Taiwan dollar

steadily lost momentum amid worry over an economic slowdown as local importers rushed to buy the Greenback, currency dealers said.

New Zealand dollar: The New Zealand dollar continued a stable run closing Friday worth 54.76 US cent, over last week's 54.68 cent.

It has been speculated that the currency could reach the 55 US cent level though some dealers remain skeptical, saying it has had many chances to do so without any result.

Hong Kong dollar: The Hong Kong dollar closed Friday at 7.7335-7.7345 to the Greenback, down from last week's 7.7290-7.7300, and an opening rate of 7.7360-7.7370.

The effective exchange rate index was 109.8, up from the previous week's 109.6.

The Hong Kong dollar has been officially pegged at around 7.80 to the US dollar since 1983.

Malaysian ringgit: The ringgit finished slightly lower against the US dollar at 2.5000, down from 2.4960 the

precious week, as Malaysia's central bank continued intervention measures to stem the rise.

Dealers said fears that the central bank might raise the statutory reserve requirements of financial institutions kept investors on the sidelines.

The increase, they said, was necessary to deal with the excess liquidity in the financial system.

Indonesian rupiah: The rupiah weakened against the Greenback to close trading Friday at 2,034 rupiah, a point lower than the previous week's 2,033 finish. It started the week trading Monday at 2,032 rupiah.

Thai baht: The Thai foreign currency market closed Friday at a mid-rate of 25.30 baht to the US dollar, down from last week's mid-rate of 25.25 baht.

The baht weakened because of intervention by US and European central banks, and turmoil in Iraq, and official at Thai farmers' bank said.

Philippine peso: The peso closed at 25.141 to the greenback Friday, up slightly from

Rouble marks sharp fall against dollar

MOSCOW, July 27: The rouble fell sharply against the dollar on the Moscow inter-bank currency exchange and Inter-Tass news agency blamed the fall on the change in the chairmanship of the Russian central bank, reports Reuter.

The currency fell to 151.1 to the dollar from 135.4 rouble the previous week, Tass said. At the same time, the volume of rouble traded was sharply higher.

Tass said the fall was due to the naming of Viktor Gerashchenko, former head of the defunct Soviet Gosbank, as Russia's central bank head. Gerashchenko has said money spent defending the rouble could have been better used elsewhere.

Gerashchenko told Interfax news agency last weekend the Russian central bank had spent 500 million US dollar to defend the rouble this year. But the money could have been better spent servicing the foreign debts of the former Soviet Union.