

BRIEFS

Average monthly wage in Russia \$27

MOSCOW, Aug 31: Russian President Boris Yeltsin said Saturday that the average monthly wage in Russia was presently 5,600 rubles (27 dollar), the ITAR-Tass news agency said. Yeltsin released the figure during a meeting of architects and construction workers in Moscow whom the Russian leader said earned on average 8,000 to 10,000 rubles a month (39 to 42 dollar). "Muscovites told me the other day that prices were rising but salaries had increased too," Yeltsin said. "Before the average (monthly) salary was 300 rubles, now it's 5,600 rubles," the Russian President was quoted as saying by ITAR-Tass, reports AFP.

Inflation rate in Egypt on decline

CAIRO, Aug 31: Egypt's inflation rate has continued to decline, dropping to an eight-year low of 9.5 per cent in July, government figures showed. Urban inflation which was running at a rate of 26.1 per cent earlier this year dipped to 9.7 per cent in June and to 9.5 per cent in July, according to statistics compiled by the government statistical body Capmas. Egypt is in the midst of an ambitious economic reform programme endorsed by the International Monetary Fund which has included removing subsidies of many basic goods, reports Reuters.

India opens output of helicopter

BANGALORE (India), Aug 31: India on Sunday inaugurated a multi-purpose Advanced Light Helicopter (ALH) and its makers said it would go into mass production by 1995-96. The maiden flight of the 14-seater helicopter, built by the state-owned Hindustan Aeronautics Limited (HAL), was watched by Defence Minister Sharad Pawar and senior defence officials. HAL Chairman R N Sharma said he was looking for a foreign collaborator to mass produce the helicopter. "Mass production will begin in 1995-96," Sharma said. He said the decision on the collaborator would be taken after the firm's proposal is taken into account, reports Reuters.

Europe's biggest forest fire

WARSAW, Aug 31: Europe's biggest forest fire is raging out of control in Southern Poland, state television said on Sunday. Some 8,000 fire-fighters, police and soldiers were battling blazes over 10,000 hectares (25,000 acres) of woodlands in the southern Katowice province, the television said. "The outcome is far from clear. A shift of wind could change the entire picture," it quoted one of the fire-fighters as saying. Smoke from the blaze, said to be the biggest in Polish history, was visible in nearly every part of the province, the centre of Poland's coal and steel industry, PAP news agency said, reports Reuters.

Aid, arms flowing to Bosnia

ZAGREB, Aug 31: Moved by the plight of fellow Muslims, Abdul Mohsin flew in from Saudi Arabia last week and handed over 20,000 dollars to buy food and medicine for Bosnian refugees.

"A lot of my friends are doing this," the 27-year-old businessman said as he prepared to return home Wednesday. "I am willing to give even more." Charitable organizations with names like the Al-Ibrahim Foundation and Alouakf Islamic Community have rented hotel suites, warehouses and trucks in Zagreb to move aid to Muslim Bosnian refugees in Croatia and western Bosnia, reports AP.

Thousands may starve in Sudan

KAMPALA, Aug 31: Heavy fighting raged around the southern Sudanese capital of Juba on Saturday and the UN said thousands of people faced starvation following the suspension of relief flights to the besieged city. Rebels have apparently moved to within a few KM of the town's southern edge to bombard the outskirts with artillery, aid officials in contact with the area told Reuters. "They have moved closer to the city. The city is within attacking range and not even planes are safe," said one aid official who declined to be named, reports Reuters.

With most ambitious recovery package, Japanese govt asserts control over economy

TOKYO, Aug 31: The Japanese government has delivered an unequivocal rebuff to those who believed unbridled market forces had finally wrested control of the national economy from the administration, reports AFP.

As they have done many times since the end of World War II, the financial bureaucrats came to the rescue of the country's beleaguered entrepreneurs, unveiling their most ambitious economic recovery package to date.

And as they explained to the press Friday how they had once again saved the national economy, the top official from the Ministry of Finance may have mixed their brief flashes of pride with smiles of sweet revenge.

Revenge on those who presumed economic control was slipping away from a weakened financial administration, and on those speculators, brokers,

bankers and financial gurus who rode high on the back of the 1980s "casino economy."

Born of government policies to aid an industrial sector hampered by the yen's climb against the Greenback, the comeback staged by the bureaucrats has been remarkable: one year after bailing out brokers, the Ministry of Finance sees the bankers on their knees and the backs of the speculators broken.

In recent weeks as the Tokyo Stock Market was ebbing, in leaders from industry, finance and employers organisations bowed and scraped in the Ministry of Finance's corridors imploring its arrogant and mocking officials to act quickly.

And the unanimous applause heard Friday evening when the government announced a larger than expected spending spree must

have warmed the hearts of the civil servants.

The government rescue package pledges to inject some 10.7 trillion yen (86 billion dollar) into the economy, to boost growth and shore up the financial sector reeling from the plunging stock market and diving land prices. The fiscal stimulus is on top of numerous interest rate cuts by the central bank.

And little did it matter than their minister Ryutaro Hashimoto is gone, a victim of last year's stock market scandal, because in Tokyo bureaucrats are more important than politicians.

Recent measures to aid financial sectors show how bureaucratic decisions save market players.

Last summer, the Ministry of Finance had allowed Japan's securities houses — the world's largest — to renege on

promises of major compensation payments to clients for market losses.

The ministry now supervises the affairs of Japan's and the world's largest banks, which are struggling with bad debts and a financial situation weakened by the property and stock market collapses.

As in 1965 with stockbroker Yamachi, officials are preventing the inevitable collapse of certain banks by extending tax benefits, encouraging lower dividends and allowing bank mechanisms to improve their results.

"Not in 10 years have bureaucrats had the control that they have over the economy today," said Kenneth Courtis, chief economist at the Deutsche Bank.

It marks the return of "gyosei shido," or administrative guidance, the symbol of a system that is more centralised and bureaucratic than

other major industrialised powers.

In Japan some sectors are protected from competition, others aided and those in strategic fields encouraged.

But not everyone welcomes this bureaucratic power.

The progressive Asahi newspaper was partially accepting of government meddling saying "we must accept this as an inevitable process in the reconstructing of the economy."

But it added that "banking and securities industries will be forced to wean themselves from government protection."

Asahi also called on financial institutions to disclose their financial health as soon as possible.

While the conservative Yomiuri welcomed the extra spending, which it believed would be more effective than tax cuts, the free-market ori-

ented Wall Street journal said the government was just undoing its own mess.

"Japan's financial and land markets have been badly warped by state-imposed or state-supported dictates," it said. "What is needed is a lot less state meddling."

"The more reliable approach would be for Japan's government to place more trust in its own people. Let them decide (and not the bureaucracy) how to shape their markets and spend their money."

Akio Mikuni, president of a Japanese credit-rating agency, said in an article in the Wall Street journal that "the remedies should come in the form of liberalisation and market access, not a better-tuned Japan Inc."

"Japan must move toward creating a market-driven peacetime economy," he said.

Arabs may align own currencies, delink from declining dollar

ABU DHABI, Aug 31: A sharp decline in US dollar over the past few months may prompt Gulf Arab states to hasten plans to align their own currencies and delink them from the American currency, experts say, reports AFP.

Except for the Kuwaiti dinar, which is pegged to a basket of currencies, all currencies in the six-nation Gulf Cooperation Council (GCC) are tied to the US dollar, which has dipped to a dangerous level against the German mark.

"A decline in the dollar means a higher GCC import bill because a large part of the region's purchases comes from non-dollar countries," said Sami al-Yafi, general manager of the United Arab Emirates (UAE) first Gulf Bank.

"The latest decline underscores the instability in the dollar. This could accelerate their plans for a new currency tie."

The GCC states of Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the UAE have sought to align their currencies since they signed an economic

agreement in 1982 to merge their markets and create a single economic bloc.

They have dropped plans for a single currency as unrealistic. Among the proposals for alignment is linking their currencies to a basket of currencies but the plan has been delayed because of reservations by some members, according to economists in the region.

"There were differences on the basket and the percentage of each world currency in it," one expert said. "Other members, like Oman, believed delinking the national currencies from the dollar could be interpreted as a political decision against the US. It has asked for more consultation among members."

GCC central bank governors are due to discuss the alignment plan again when they meet in Abu Dhabi this week. Bankers said the proposed basket was expected to include the currencies of the United States, France, Japan, Germany and Britain, the Gulf group's main economic partners.

"They have met several times without reaching any agreement," said Mohammed Abu Qalbain, a UAE stockbroker and economic expert. "But this time they meet against the backdrop of a steep fall in the dollar and this might spur action by the governors on such plans."

Several Gulf officials and businessmen have called for delinking regional currencies from the US dollar to avoid losses caused by its drop.

"It is time that we consider linking our currency to a basket of currencies. This will benefit our economy," former UAE central bank governor Abdul Malik al-Hamar said recently.

Most of the GCC's exports are oil and gas, which are priced in dollar, while they depend heavily on imports from the United States, Japan and the European Community.

Alignment of GCC currencies is essential for plans to create a common Gulf market, which will also see the unification of customs tariffs and trade laws, free movement of

goods and a joint stock market.

"The sharp decline in the dollar and some European currencies like the British pound and a large increase in the German mark is negatively affecting us in the GCC," the UAE Daily Al-Khaleej said on Saturday.

"As we see, this is depressing the value of our national currencies because they are tied to the dollar. It is also creating confusion in our trade and money transfers and causing losses in several sectors."

It repeated calls for delinking GCC currencies from the dollar and criticised authorities in member countries over the alignment plans.

"We in the GCC, except Kuwait, are still insisting on tying our currencies to the dollar and postponing any idea about changing such a link to a joint peg of currencies even if the dollar has the lion's share in such a basket," it said.

"This adherence means we accept that the dollar continue to drag our currencies to the abyss whenever it rolls down

Somalia — a land of plenty where two million people face starvation

MOGADISHU, Somalia, Aug 31: For those with money, there is plenty to buy in this starving, desperate land, reports AP.

Want a 110-pound (50-kilogram) bag of rice looted from the Red Cross? That will be 15 dollars, please. Looking for a forged passport to leave Somalia? Fifty bucks.

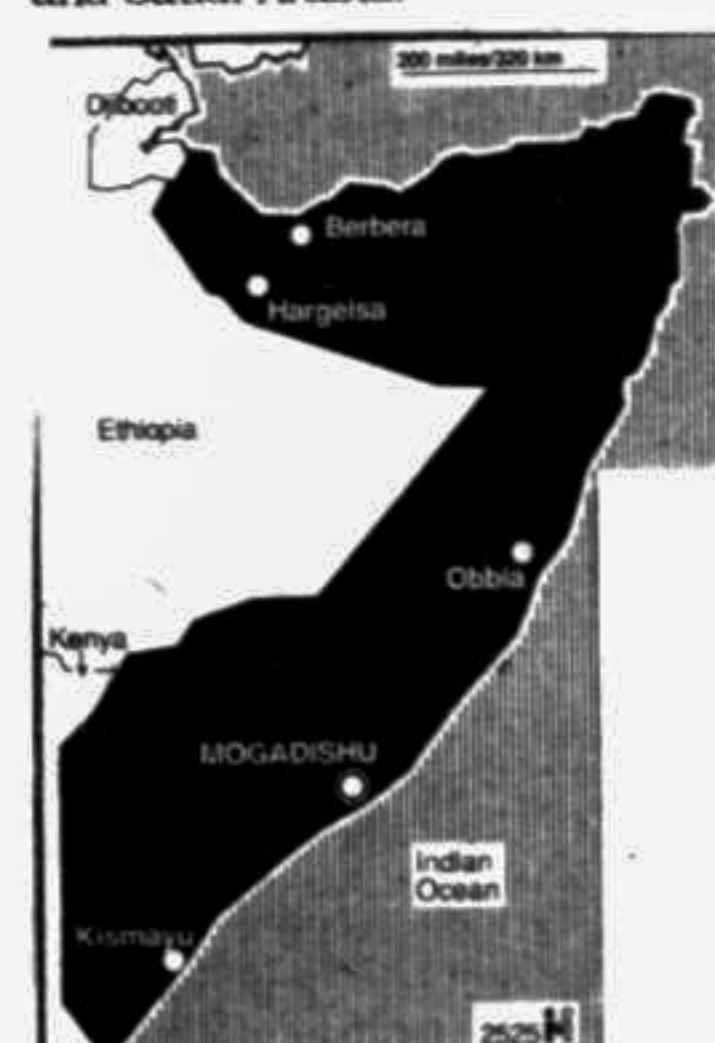
War, anarchy and famine have obliterated the formal economy, but informal markets thrive in the slums of Mogadishu, with much of the commerce conducted in dollar and stolen goods.

Between 1.5 and two million Somalis are in danger of starving to death, including thousands in the capital, but you'd never know it by walking through Bakaaraha market, the city's largest.

There are bananas, grapefruit, watermelons, pasta, nuts, tea and candy. Thick slabs of fly-covered beef hang from outdoor stalls in the crowded, dirty market.

There is an abundance of rice and beans, most of it looted from foreign aid deliveries. Merchants sell

straight from bags marked "Emergency Relief Aid" from the United States, Germany and Saudi Arabia.



from 80 dollar to 15 dollar.

The cruel fact in Somalia is that people with money can buy almost anything, including food intended for the starving.

"Just tell me what you want to buy and I can find it for you," said Dirye Jama Barre, a Somali interpreter who guided a reporter and a photographer through the narrow, maze-like market.

Somalia was already a very poor land before dictator Mohammed Siad Barre was ousted last year. Subsequent battles between rival clans have flattened much of the capital, including the commercial district. What survived the battles was looted whenever there was a lull in the shooting.

Only a few formal businesses operate. The electricity and telephone systems have been down since early last year. There is no government, police force or mail service.

Mohamed the money-changer whips out his pocket calculator and, in return for 20 dollar, hands over 146,000 Somali shillings. The stack of bills is the size of two bricks.

For 130 dollar, Mohamed will make you a Somali millionaire, but you would need a wheelbarrow to carry the cash.

Hassan Abdulkarim Abdulle, who operates a tidy, well-stocked pharmacy in a large tin shed, takes pains to point out that his supplies were acquired properly.

"I have never bought any stolen goods," said Hassan. "It is too dangerous. I don't want to deal with the men who carry the guns."

He showed a visitor his supply of penicillin, a highly prized item often stolen from foreign aid groups. His vials are two years old and came from Zagreb when the Croatian capital was still part of Yugoslavia.

At a nearby stall, men offered Somali passports for 50 dollar, for a diplomatic passport, you pay a premium.

The famine has done little to interrupt the supply of khat, a leafy stimulant many Somali men chew constantly. It tends to make their behavior more aggressive and unpredictable as the day wears on.



A Maldivian woman walks past the Sri Lanka-gifted clock tower, in the capital last Tuesday after its Buddhist symbols were replaced with a dome. Colombo has failed to dispel suspicions that it may have been trying to impose a Buddhist culture on the 56,000 inhabitants in Malé. —AFP/UNB photo

China allows 9 foreign banks to open branches

BEIJING, Aug 31: China has decided to open its doors wider to foreign banks to help finance its ambitious economic development projects, a central bank official was quoted Sunday as saying, reports AFP.

Nine more foreign banks will soon be authorised to open branches in China. Di Weiping, head of the People's Bank of China's Supervision Division, was quoted by the China Daily as saying.

The quickening pace of economic growth — estimated officially at 10 per cent in the first six months of this year — the left Chinese banks unable to satisfy investors' needs, Di said.

To cope with burgeoning demands for loans and the proliferation of joint ventures, the government recently decided to allow foreign banks to operate seven cities, the English-language paper said.

Foreign banks have so far been allowed to open branches only in China's five special economic zones and in Shanghai.

France's Banque Nationale de Paris and Britain's Standard Charter will open in the northeastern city of Tianjin, near Beijing, while the Japanese bank Yamaguchi and the Hong Kong and Shanghai Banking Corp are looking to the eastern city of Qingdao.

Another French Bank, Societe Generale, and another Japanese Bank, Sumitomo, as well as two other Hong Kong banks, the Nan Yang Commercial Bank and the Bank of East Asia, will operate in the southern boom city of Guangzhou.

The Xiamen International Bank, a joint venture, will set up shop in Fuzhou, in the southeast.

Early this month, two Japanese banks, the Bank of Tokyo and the Industrial Bank of Japan, opened branches in the northeastern city of Dalian.

About 50 foreign banks have representative offices in China.

Most Asia-Pacific currencies advance against US dollar

HONG KONG, Aug 31: Asia-Pacific currencies generally strengthened as the US dollar lost ground in world currency markets, reports AFP.

Currencies in South Korea, Taiwan, New Zealand, Hong Kong, Malaysia, Thailand and the Philippines finished higher over the previous week with dealers predicting the gains as being only temporary.

Singapore hit a record high against the Greenback, trading strongly throughout the week, with speculation of intervention by the state monetary authority.

The Japanese yen was also higher as a result of an 86 billion dollar economic recovery package announced Friday.

Australia recorded the only loss amid worries about interest rate differentials and the outlook for commodities and central bank intervention support it.

Japanese Yen: The Japanese yen advanced sharply to close at 123.60 yen to the US dollar Friday, up from last week's 126.45 close.

The yen finished at its highest rate since January 23 when the US unit was traded at 123.23 yen.

Investors sold dollar to buy yen ahead of the 10.7 trillion yen (\$6 billion dollar) economic recovery package announced by the Japanese government Friday, dealers said.

After opening at 125.00 yen Monday, the Japanese currency gained steadily moving between 123.00 yen and 125.45 yen during the week.

The package was the biggest effort undertaken by the government to boost the lagging economy.

Australian dollar: Commonwealth bank dealers said central Reserve Bank support and short covering saw the Australian dollar retrace its losses and finish the week worth 71.80 US cent, down from the previous week's close 71.95 cent.

The dollar fell sharply early in the week amid concerns about narrowing interest rate differentials and the outlook for commodity prices, dealers said here Friday. The local unit hit 71020 US cent Tuesday.

The central Reserve Bank's trade weighted index, which measures the dollar against a basket of major trading currencies, finished weaker at 51.9 from 52.6 a week ago.

Hong Kong dollar: The Hong Kong dollar appreciated steadily against the US dollar over the week, closing Friday at 7.7285-7.7295 compared with 7.7315-7.7325 the previous week.

The effective exchange rate index was 108.6 against last week's 109.2.

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

Indonesian rupiah: The Indonesian currency closed Friday at 2,033 rupiah against the Greenback, or one rupiah higher than the previous week's finish but unchanged from Monday's opening.

Malaysian ringgit: The ringgit closed firmer against the US dollar to finish at 2.4930, compared to 2.4960 a week ago. The ringgit could have strengthened further

were it not for increased commercial demand for the Greenback as month end settlement by dealers, analysts said.

The Greenback was further boosted by French Finance Minister Michel Sapin's remarks that the Group of Seven (G-7) industrial nations had the political will to put an end to its decline.

New Zealand dollar: The New Zealand dollar closed Friday worth 53.99 US cent, up from 53.84 cent the previous week.

The local unit moved around 54.27 cent Friday, but with the end of trading fell back to its more familiar range.

Healthy trade figures led the National Business Review to predict a fundamental shift in the local currency market Friday.

Philippine peso: The peso gained to close at 23.294 to the US dollar Friday, against 24.565 last week.

Bankers said President Fidel Ramos' decision to lift all controls on current transactions of foreign exchange earlier this month and the fall of the US currency accounted for the appreciation of the peso.

Singapore dollar: The Singapore dollar hit a record high against the US dollar closing at 1.5990 Friday, up from 1.6090 last week.

It was the first time the Greenback has fallen below the 1.600 level and followed a decline that saw it reach 1.6010 on Monday and 1.6005 on Thursday.

Dealers said the Monetary Authority of Singapore (MAS) intervened with heavy purchases of the Greenback to prop up the

dollar. The move could not be confirmed as MAS does not disclose its intervention policies.

Dealers said the lower finish of the Greenback here was in line with the general fall in major money markets worldwide.

The OCBC Bank's trade weighted index for the Singapore dollar stood at 135.26, down from last week's 135.75. The index is calculated against the currencies of Singapore's top 12 trade partners.

South Korea won: The won strengthened to 787.60 won Saturday against the US dollar, compared to 790.80 a week ago.

The strengthening was in apparent response to the fall of the dollar value in New York and Tokyo with dealers warning that the upward trend was temporary.

The won had been weakening steadily, reaching 790.80 won August 24, due persisting monthly trade deficits.

Taiwan dollar: The Taiwan currency advanced to close Friday at 25.135 against the US dollar, up from 25.1725 a week ago.

After opening Monday at 25.16, the local unit steadily picked up steam in response to the falling Greenback in overseas currency markets, dealers said.

Thai baht: The Thai foreign currency market closed Friday at a mid-rate of 25.16 baht to one US dollar, up from last week's mid-rate of 25.24.

The Greenback's slide against the baht was due to the poor performance of the American economy during July, a Thai Framers Bank official said.

UK opposition seeks EC role for economic recovery

LONDON, Aug 31: Britain's opposition Labour Party said next weekend's meeting of European Community finance ministers should agree ways to expand growth "to cut unemployment and expand business," reports Reuters.

The party's economic spokesman Gordon Brown called on chancellor of the exchequer Norman Lamont, who will chair the talks in the western city of Bath, "to put urgent measures to expand the European economies at the centre of this meeting."

In a statement, Brown said Lamont should propose EC-wide measures to boost employment and common approaches to stimulating business investment.

Britain holds the EC's rotating presidency. He said the meeting should also put pressure on the German Bundesbank to signal a cut in interest rates.

Lamont should "lead the demand for coordinated action in Europe to cut unemployment and expand business," he said.

"Britain's bottom-of-the-league position — as the country with the worst growth, slowest investment and fastest rising unemployment — makes it urgent for Britain that new policies are adopted," Brown said.

"I understand that so far the agenda is mainly about GATT (world trade talks), Eastern Europe and the role of economic and finance ministers."

"But it is vitally important that the meeting discusses the state of the economies in the community and how Europe can help lift the British economy out of recession," he said.

Thousands face starvation in Mozambique

MANJACAZE (Mozambique), Aug 31: Tens of thousands of people in southern Mozambique face starvation because of drought and war, and there is not enough donated food to go around, a news report said Sunday, reports AP.

At least 200 people are known to have died of hunger between mid-July and mid-August, and hungry people are flooding into an emergency relief centre opened a couple of weeks ago, the national AIM news agency said.

In a report from the Manjacaze district of southern Gaza province, AIM quoted the local administrator, Antonio Manjate, as estimating that 108,000 people were in danger of starving.

The 140 tons of donated food each month are only enough for about 45,000 people. Manjate told AIM during a tour of the district. More than 260 people are living at the relief center, but 20 to 30 more people arrive each day, he said.

"The food we receive doesn't kill our hunger, but at least it will delay our own deaths for some days or weeks," AIM quoted one elderly man, Valentim Matsinhe, as saying.

"It won't be long before they bury me here," another relief centre resident, Neassee Billa, told AIM. It said about one person was dying each day at the centre.

Mozambique is one of several southern African nations suffering its worst drought this century. The problem is made worse by 15 years of civil war that have wrecked the land and left about half the population in need of donated food.

The government and rebels are due to sign a cease-fire Oct.

Dollar recovers slightly in Tokyo

TOKYO, Aug 31: The US dollar recovered slightly against the Japanese yen at late morning Monday after opening at a 44-month low, while share prices bounced back from early losses, reports AP.

The dollar was changing hands at 123.15 yen as of 11:30 am (02:30 GMT), down 0.45 yen from last Friday's close but up from its opening at 122.90 yen. The US currency finished Friday New York trading at 123.05 yen.

It was the dollar's lowest opening in Tokyo since December 15, 1988, when it started trading at 122.85 yen.

Traders said the dollar was being bought on short-covering at around 122.70 yen.

Yoshihiko Ebata, a dealer with the Bank of Tokyo, said the yen's strength followed weekend reports that deputy finance ministers of the Group of Seven industrialized countries agreed in their meeting in Paris to allow for a gradual strengthening of the yen.

"The yen is making a late start in gaining against the dollar."