

# G7 comes up with \$28.4b to sustain Yeltsin

## BRIEFS

**Iran, Cuba talk trade issues**  
**HAVANA (Cuba), Apr 15:** Negotiators from Cuba and Iran began two days of talks on Wednesday aimed at increasing trade in sugar and oil and cooperation in areas like mining, pharmaceuticals and nuclear energy, state media said. The Iranian delegation was headed by Agriculture Minister Issa Kalantari, while the Cuban side was represented by Ernesto Melendez, president of the State Committee for Economic Collaboration. "There is no doubt that the exchange of Iranian oil for Cuban sugar takes first place in our trade relations", reports Reuter.

**Forged banknotes flood Japan**  
**TOKYO, Apr 15:** Banks and railway stations shut down thousands of money-changing and automatic ticketing machines across Japan after the discovery of large numbers of forged banknotes. Police said 280 bogus 10,000-yen bills had been found between Sunday and Tuesday in the Osaka region of western Japan. "It think it was probably the most counterfeits passed in Japan since the War," said a national police agency spokesman. The previous record for fake 10,000-yen notes was the 79 passed in 1990, reports Reuter.

**US aircraft inaker to cut output cost**  
**EAST HARTFORD, (Connecticut), Apr 15:** US aircraft engine maker Pratt and Whitney said Wednesday it would close two US plants and cut production at a third, eliminating more than 3,500 jobs. The company said the job losses could be smaller if unions and local authorities in Connecticut helped reduce the company's costs. All the affected plants are in Connecticut, and Pratt and Whitney said some of their production would be transferred to existing company plants in Maine and Georgia, where labour costs are lower, reports AFP.

**TOKYO, Apr 15:** The seven leading industrial nations decided Thursday to gamble 28.4 billion dollar in multilateral aid on Russian President Boris Yeltsin's political future, says



Yeltsin: Sees ray of hope

**AP.** The Group of Seven also welcomed plans to reschedule 15 billion dollar in debts of the former Soviet Union. "The world will be a considerably more dangerous place if President Yeltsin does not prevail," Secretary of State Warren M. Christopher said in announcing the United States would add 1.8 billion dollar to aid promised earlier this month. Christopher urged the other G-7 nations to join the United States in setting up a four billion dollar fund to finance the conversion of state-run Russian industries to private ownership. Challenging other nations to "come forward," he also singled out a 400 million US dollar boost in assistance to Russia and three other nuclear-armed former Soviet republics to dismantle their weapons. The 28.4 billion dollar in multilateral loans and grants will not reach Russia before Yeltsin puts his political future and market-oriented reform programs on the line in an April 25 referendum. But two billion dollar of the international bank loans are designed to get to Russia within a few months. The new US bilateral contribution of 1.3 billion dollar in grants and 500 million dollar to launch a privatisation fund will be put on a faster track

than the 1.6 billion dollar President Clinton pledged at his April 4-5 meeting with Yeltsin in Vancouver, Canada, a senior US official said. Clinton has asked Congress

The Group of Seven (G-7) wound up two days of talks on aid to Russia here Thursday amid expectations of a package worth more than 40 billion dollar to support President Boris Yeltsin's economic reforms, reports AFP from Tokyo. A declaration by the G-7 — Britain, Canada, France, Germany, Italy, Japan and the United States — was due to be delivered in the early afternoon followed by a joint news conference by Japanese and Russian ministers. Russian Deputy Premier Boris Fyodorov and Foreign Minister Andrei Kozyrev joined G-7 foreign and finance ministers for the final round of talks today. Ministers from the seven countries met Wednesday without their Russian counterparts to discuss details of the support package, including funds for currency stabilisation, privatisation and debt rescheduling. US Secretary of State Warren Christopher described the talks as very successful as the meeting broke up. Kozyrev also seemed happy as he left the meeting. It's a major step in the right direction, the Russian Deputy Premier said.

for 1.1 billion dollar in the fiscal year that begins Oct. 1 to deliver on most of his Vancouver promise. Congress must approve the additional proposed 1.8 billion dollar in aid as well. US officials, who briefed reporters under rules that required anonymity, said the White House had not decided how to proceed. But the aim is not to wait until next year, they said. Japan, hosting the two-day meeting, launched the bailout with 1.5 billion dollar in loans and 320 million dollar in grants. Britain followed Wednesday night with a 600 million dollar pledge. The outpouring of support for Yeltsin represents endorsement of his attempt to convert Russia's state-run economy to a system of private ownership. It also is a thinly veiled attempt to persuade Russian voters to stay with him with the promise their lives will be improved with transfusions of Western assistance and advice. The US officials said decisions still have to be made on how the 1.3 billion dollar in grants will be spent. Priority, they said, will go to improving the output of Russia's gas and oil reserves, to clearing up the environment, ensuring the safety of nuclear reactors, fixing leaky gas pipelines and constructing homes for demobilized soldiers returning from eastern Europe and the Baltics. Other projects include supporting the development of small businesses, new agricultural enterprises, an expanded exchange of students and others from 12 former Soviet

republics and providing medicines. In addition to the 1.8 billion dollar, the US Export-Import Bank will lend Russia two billion dollar to improve oil and

gas facilities, the officials said. The 28.4 billion dollar package consists largely of loans and anticipated credits from the World Bank, International Monetary Fund and other multilateral organizations. The US officials say the cost to the US treasury would be minimal — a share of a 150 million dollar in grants by the European Bank for Reconstruction and Development. The programmes will include stabilizing the Russian rouble in an attempt to stem inflation now running at about 20 per cent a month, providing credits to purchase essential imports and loans for developing the oil industry. Some of the loans will require proof that Russia is undertaking corrective economic measures. But others will require little more than a promise by Yeltsin and his government to do their best. The G-7 members said they welcomed an agreement by 19 creditor nations on April 2 to reschedule 15 billion dollar debts incurred by the former Soviet Union.

**Russia wants action**  
**AFP adds:** Russia wants targeted action by the Group of Seven (G7) rather than empty promises of financial aid, as G7 ministers hover around in aid figure of 30 billion dollars and massive debt rescheduling. "It's not the amount we are focusing on, it's whether there's actual cooperation," Sergey Lavrov, deputy to Russian Foreign Minister Andrei Kozyrev, told AFP. Lavrov and several of the group's most powerful members have expressed support for aid targeted at specific sectors.

**Japan's trade surplus shares attention**  
**Another report says:** The United States stepped up its campaign to help Russia on Wednesday, proposing that the

that Japan has taken steps toward resolving trade differences with the United States, but must go further if it is to avoid a protectionist backlash. Miyazawa heads for

Washington Thursday to meet with President Clinton. Bentsen indicated that the US administration does not believe the stimulus package just announced in Japan is enough. "It's a step forward," he told reporters Wednesday. "But what we want to see on the part of Japan is a continuing stimulus to increase demand within the country." Despite its woes, Bentsen said, Japan has the lowest debt of the seven industrial countries at the meeting and a bud-

get surplus. "We're not looking at some short-term solution," he said. "The problem cannot be corrected overnight."

Bentsen then went on to suggest darkly: "I don't want to see us revert back in our country to protectionism to restore that kind of balance, or to have to go into recession to restore that kind of balance. It's much better that they practice a stimulus of their economy."

**Territorial issues not forgotten**  
**Mearwhile, AP says:** Japan put a long-simmering territorial dispute with Moscow on hold this week to host a meeting on emergency aid for Russia, including 1.8 billion dollar in help from Tokyo. Antipathy over a group of islands Moscow seized at the end of World War II was put aside but not forgotten as top officials from the leading industrialised nations met in Tokyo. Bowing to pressure from other major Western donor nations, Japan decided to consider aid for Russia separately

from the territorial dispute that has prevented the two nations from signing a peace treaty. That apparently has impressed Russian President Boris Yeltsin, who just seven months ago abruptly cancelled a visit to Tokyo, plunging relations to their lowest level in years. Yeltsin now says he wants to make the visit in May. Foreign Minister Andrei Kozyrev conveyed Yeltsin's wish when he met Japanese Prime Minister Kiichi Miyazawa on Wednesday. Miyazawa welcomed the idea, and Japanese officials said the two sides will now work out the details. But Tokyo has not relaxed its demand for return of three small islands and a tiny group of isles north of Japan's northernmost island of Hokkaido. Feelings about the contested islands run so deep in Japan that a special day is set aside each year — Feb. 7 — to call for their return. Resentment toward Russia also has grown over recent reports that Moscow has leased land on the disputed territories to other nations, and has been dumping radioactive waste in the ocean near Japan.

The more we are informed of Russia's internal instability, the more we must question whether aid to that country would work. Its outrageous practice of abandoning nuclear waste in seas sickens us," the mass-circulation newspaper Mainichi said in an editorial Tuesday. Attempts to win a territorial concession with promises of major Japanese aid have failed so far. Prime Minister Miyazawa said the aid was "help for self-help." The G-7, hope to produce a 30 billion dollar package of support for Yeltsin's embattled government during this week's meeting.

**Yeltsin expects CIS summit**  
**Reuter from Moscow says:** Russian President Boris Yeltsin indicated he expected leaders of the Commonwealth of Independent States (CIS) to hold a special summit in the Belarussian capital Minsk on Friday.



Japanese Prime Minister Kiichi Miyazawa (second from left) toasts with ministers from Russia and the US during a banquet at the Akasaka Guesthouse, Tokyo Apr 14 at the end of the first day of the G-7 foreign and finance ministers meeting. From left to right are: Russian Deputy Prime Minister Boris Fyodorov, Miyazawa, US Secretary of State Warren Christopher and Russian Foreign Minister Andrei Kozyrev. — AFP/UNB photo

**UN, WB launch \$3m programme to help reforms in Vietnam**  
**HANOI, Apr 15:** The United Nations and World Bank launched a programme Wednesday to help Vietnam reform its state-owned enterprises, costly holdovers from the era of communist central planning, reports AFP. The three-million-dollar programme aims to improve management and financial supervision of state enterprises, close non-viable ones, and — on a trial basis — transfer a limited number to the private sector, according to a statement from the UN Development Programme (UNDP). Surveys have indicated that more than one-third of about 12,000 state enterprises operating in Vietnam may not be financially viable. There is no centralised system of monitoring their performance, however, as the enterprises are operated by a wide range of central government ministries and agencies as well as local administrations. The state sector remains a bastion of old-style central planning amid the sea of private enterprise that has sprung up since Vietnam's "Doi Moi" policy of economic reform was introduced in the late 1980s.

**US firm will invest \$2b on fibre optic cable network**  
**DENVER, (Colorado), Apr 15:** Tele-Communications incorporated said yesterday it will spend two billion dollar on a fiber-optic cable network capable of delivering more than 500 television channels, reports AFP. The four-day investment will build a network serving 300 cities, said Tele-Communications, the biggest US distributor of television programming for television. Tele-Communications will invest 750 million dollar this year to upgrade current equipment in about 100 cities, company Vice President Bob Thomson said. By 1996, nine million of the company's customers will be hooked up to a fiber-optic cable instead of the current coaxial cables, he said. The company currently has 10 million customers.

## Outlook for West grim : UN

**GENEVA, Apr 15:** Economic growth in western Europe will be close to zero this year and medium-term prospects for the region remain uncertain, the United Nations said in a report released here yesterday, says AFP. "Against a background of turbulent foreign exchange markets and with the German economy moving into recession, prospects for 1993 have deteriorated sharply," the UN Economic Commission for Europe said. "Stagnation in west European GDP (Gross Domestic Product) in 1993 now seems increasingly likely," the report said, noting that last year's growth was only one per cent. Among the top economic powers in the region, prospects are especially gloomy for Germany, France and Italy, which can expect dips in Gross National Product (GNP), only Britain will have a slight rebound, the report said. Stagnation will mean further unemployment, which is likely to cross "significantly" above the 10 per cent mark in 1993, it said. The report urged better coordination of economic policies among the large industrialised countries.

## Indian traders for independent SAARC chamber

**NEW DELHI, Apr 15:** An Indian business group has called for the setting up of an independent chamber of commerce for the South Asian Association for Regional Cooperation (SAARC), says Xinhua. India's Associated Chambers of Commerce and Industry (ASSOCHAM) made the appeal close on the heels of the signing of the South Asian Preferential Trade Agreement (SAPTA) at the recent Dhaka SAARC summit. The proposed SAARC chamber of commerce would deal with trade, investment and services within the regional grouping consisting of India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and the Maldives. ASSOCHAM President N M Dhuldhoya SAPTA can enhance South Asia's bargaining strength in the global market when its is properly implemented.

## Sartaj Aziz says Political turmoil hurting economy

**KARACHI, Apr 15:** Pakistan's Finance Minister Sartaj Aziz said a string of cabinet resignations was damaging the economy in a year when the budget deficit is expected to soar to seven per cent of Gross Domestic Product, says Reuter. But he ruled out devaluing the rupee to boost exports. "It is difficult to quantify it, but political uncertainty is not a good thing," Aziz told reporters. The Karachi Stock Exchange 100-share price index plunged 14.52 points to close at 1,095.12 because of investors' nervousness over the future of the fragile coalition government. Officials announced the resignation of a senior cabinet adviser with the rank of minister, the eighth cabinet desertion in the last two weeks and a further threat to the government of Prime Minister Nawaz Sharif. "Political uncertainty is not good for the stock market or investor confidence," Aziz said. He warned the budget deficit would balloon to around, seven per cent of GDP this year, far outstripping a previously forecast five per cent for 1992/93 (July/June).

**NAFTA won't become inward looking trading bloc**  
**KUALA LUMPUR, Apr 15:** Mexico's Deputy Foreign Minister Javier Barros Valero told Malaysian businessmen Thursday the North American Free Trade Agreement grouping would not become an inward-looking trade bloc, reports AP. He said Malaysians should use Mexico as a base from which to penetrate the combined market of 360 million people in the United States, Canada and Mexico. "NAFTA should be seen as an invitation for Malaysians to position themselves in Mexico now," he said. Speaking after talks with International Trade and Industry Minister Rafidah Aziz and Foreign Minister Abdullah Ahmad Badwai, Valero said Malaysian business could use Mexico as a manufacturing base under the rules of origin requirement for the NAFTA market. Valero said Mexico had recently initiated bilateral trade agreements with Chile and is in the midst of talks with Venezuela and Colombia to reduce bilateral trade barriers. Rafidah is scheduled to head a trade and investment mission to Mexico, Chile and Argentina in August this year, Malaysian officials said. Valero arrived here Wednesday for a four-day official visit. He leaves Saturday for Singapore en route to Indonesia.

**Tokyo okays \$115.4b stimulus package**  
**TOKYO, Apr 15:** Japan's economic ministers approved an economic stimulative package totalling 13.2 trillion yen (115.4 billion dollar), a senior Economic Planning Agency official said, reports Reuter. The government's largest-ever economic package was in line with proposals the ruling Liberal Democratic Party had unveiled earlier in the day. This is the third such package the government has adopted during the current downturn and follows a 10.7 trillion yen package unveiled last August. Details of the 13.2 trillion yen package were as follows:

Unadjusted, in dollar	1992-93	1991-92	per cent change
Exports	344,409 b	320,610 b	+7.4
Imports	233,068 b	232,375 b	+0.3
Country breakdown	1992-93	1991-92	per cent change
With US	+46,107 b	+38,461 b	+19.8
Exports	98,413 b	91,984 b	+7.0
Imports	52,305 b	53,522 b	-2.4
With European Community	+31,024 b	+28,439 b	+9.1
Exports	61,538 b	59,759 b	+2.9
Imports	30,514 b	31,320 b	-2.6
With Asia	+44,806 b	+34,106 b	+30.5
Exports	119,826 b	106,569 b	+12.4
Imports	75,020 b	72,463 b	+3.5
With Asia NIEs	+48,734 b	+40,434 b	+20.0
Exports	74,617 b	67,785 b	+10.1
Imports	25,883 b	27,351 b	-5.4

— Frontloading of more than 75 per cent of the public works spending in the fiscal 1993-94 budget in the first half of the year, especially in the April-June quarter. — A total of 10.62 trillion yen in public investment, including 3.64 trillion yen in public works projects, 1.15 trillion yen in social facility construction, 3.5 trillion in independent projects by local governments, 1.2 trillion in advance acquisition of public sites, and a 1.8 trillion for increase in government housing loans. — Steps to promote a new type of social infrastructure to improve the nation's quality of life, in education, welfare facilities such as hospitals, and renovation of research institutes at national universities. — Steps to promote housing investment by individuals, including an increase in government housing loans, easier loan conditions and tax breaks on housing loans. — Steps to promote private capital investment, including tax breaks and a rise in government loans for such investment. This includes smooth implementation of capital investment by private electric, gas and telephone companies. — Steps to support small — to medium-sized corporations, including a 1.91 trillion yen increase in government loans to such companies and tax breaks on capital investment. — Steps to support employment by broadening the use of government subsidies to help firms ride out the recession and by promoting training programmes and shorter working hours. — Tax breaks on housing loans, education and corporate capital investment totalling some 150 billion yen. — Steps to enhance the government's administrative assistance to help revive private business activity. — Steps to promote imports by improving free access zones and importing infrastructure systems, smooth implementation of government loans to finance domestic sales of imported products, and promotion of government procurement of foreign products.

— Steps to stabilize the financial system, such as urging financial institutions to write off their bad loan holdings and provide sufficient funds via loans to support healthy business activity. — Steps to activate the stock market, by smooth management of public funds for securities investment and by encouraging individual stock investment. This also includes measures to promote corporate fundraising by easing regulations on corporate bond issues and the reviewing regulations that limit companies' holdings of their own shares. — Flexible and appropriate management of monetary policy.

**Asian stock markets close higher**  
**HONG KONG, Apr 15:** Asian stock markets closed generally higher Thursday, but share prices tumbled in Hong Kong on profit-taking following Wednesday's record rally, says AP. The Hang Seng Index, the Hong Kong markets key indicator of blue chips, fell 57.70 points, or 0.84 per cent, to close at 6,732.04, following Wednesday's record rally when the index gained 371 points. The rally Wednesday was caused by the announcement that Britain and China are to resume negotiations on the Hong Kong's future following months of bickering over proposed democratic reforms.

The delegates called for the defence of the Cuban revolution and the lifting of the three-decade-old US embargo, which was recently tightened by Washington. Sergio Corrieri, President of the Cuban Friendship Institute, said the donations now coming to Havana are not charity and are not limited to communists and the left wing, but also come from youth movements, ecologists, churches and labour organisations. President Fidel Castro, who has personally accepted some of the donations, said much of the aid, particularly from developing countries, is a payoff for the "generous and unselfish" aid from Cuba over the last 30 years. "We have sent doctors, teachers and experts for free to dozens of countries," Castro said. "We have helped train thousands of experts in the Third World. Our medical aid has saved thousands of lives across the Third World, and these countries are aware of that."

**Gifts from abroad help Cuba cope with crisis**  
**HAVANA, Apr 15:** Potatoes from Canada, rice from Vietnam and a variety of other donations from around the world are helping Cuba cope with an acute economic crisis and shortages of food and other commodities, says AFP. Aging buses donated by workers' committees, in Spain and the Canary Islands lumber through the capital that has been virtually without public transportation, carrying placards reading "solidarity with the Cuban people." These and other gifts from abroad are duly noted in the Cuban press as evidence that Cuba is not without friends despite the end of aid from Moscow and the former communist bloc of eastern Europe. The donation have included Bibles and wheelchairs from a US-based religious group, powdered milk from Latin America, medical supplies from international organisations and printing paper from France. Last December, 10,000 tonnes of

The storm that battered the Caribbean island March 13 — killing five, injuring about 100 and leaving 150,000 homeless — led the Castro government to launch its first public appeal for international aid. Several countries and international organisations responded with donations of food and medical supplies. The storm's effect on agriculture has aggravated an already critical situation for Cuba, which is facing food shortages and economic chaos in the wake of the fall of communism in eastern Europe. Officials have acknowledged a resurgence of malnutrition in the country, including an epidemic in optic neuritis, a progressive loss of vision linked to vitamin B deficiency. Earlier this week, the national information agency recommended that sparse diets be augmented by leaves seeds and flowers of certain plants that are rich in vitamins and minerals.

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