

Govt accepts demands for Narmada review

Indian green activists cancel planned mass suicide

KAVADIA (India), Aug 7: Indian green activists cancelled their planned mass suicide at the last minute Friday after the government accepted demands for a review of the controversial Narmada Dam Project, reports AFP.

Giris Patel, a spokesman for the Narmada Bachao Andolan (NBA, Save Narmada Movement), told reporters at the dam site here that the planned "self-sacrifice" by nine activists was off.

Medha Patkar, 37, the leader of the NBA's seven-year-old fight against the dam threatening to displace more than 200,000 people, had announced she would drown in the waters of the dam Friday with eight of her followers.

The cancellation was announced after the NBA leadership met to discuss an offer by New Delhi late Thursday to review the three-billion dollar project being built in West-central India.

A group of experts would conduct the review and submit their findings in three months. The offer was accompanied by an appeal from water resources minister Vidya Charan Shukla to Patkar to call off her plan to commit suicide.

Patkar, a former sociology scholar who is one of India's best-known environmental crusaders, had described her planned suicide as "a small sacrifice towards a larger goal."

"In the name of science and development, in human events

cannot be condoned," said Patkar, winner of the right to livelihood award, considered the environmental equivalent of the Nobel Prize.

The dam, designed to be one of the world's largest, harnesses the waters of the Narmada, India's largest westward-flowing river, across the states of Madhya Pradesh, Gujarat and Maharashtra.

The NBA says it would create a huge artificial lake wiping out 248 villages, displacing more than 2,00,000 tribes people from their ancestral homes, destroying fragile ecosystem, fertile farmland and rich forests.

The organisation, whose fight has won the backing of such international environmen-

tal movements as Greenpeace, says the government has no concrete plans for the relief and rehabilitation of those who would be flooded out.

An NBA source in Bombay said the government offer of a review by an independent experts committee was a positive step, the Press Trust of India (PTI) reported.

"We hope that the committee goes into the project sincerely and submits its report within three months and that the government will also implement the committee's recommendations sincerely."

"We shall be vigilant about the findings of the committee and if we felt that the government is not sincere enough or the committee is not functioning properly, then we will renew our agitation," the source said.

The state government of Gujarat, which stands to benefit most from the project, had steadfastly opposed a review of the dam, already built to a height of 61 metre (201 feet).

Proponents of the project say it would provide drinking water and irrigation for millions of people in a drought-prone region and boost electricity generation, but anti-dam crusaders say the human cost outweighs the benefits.

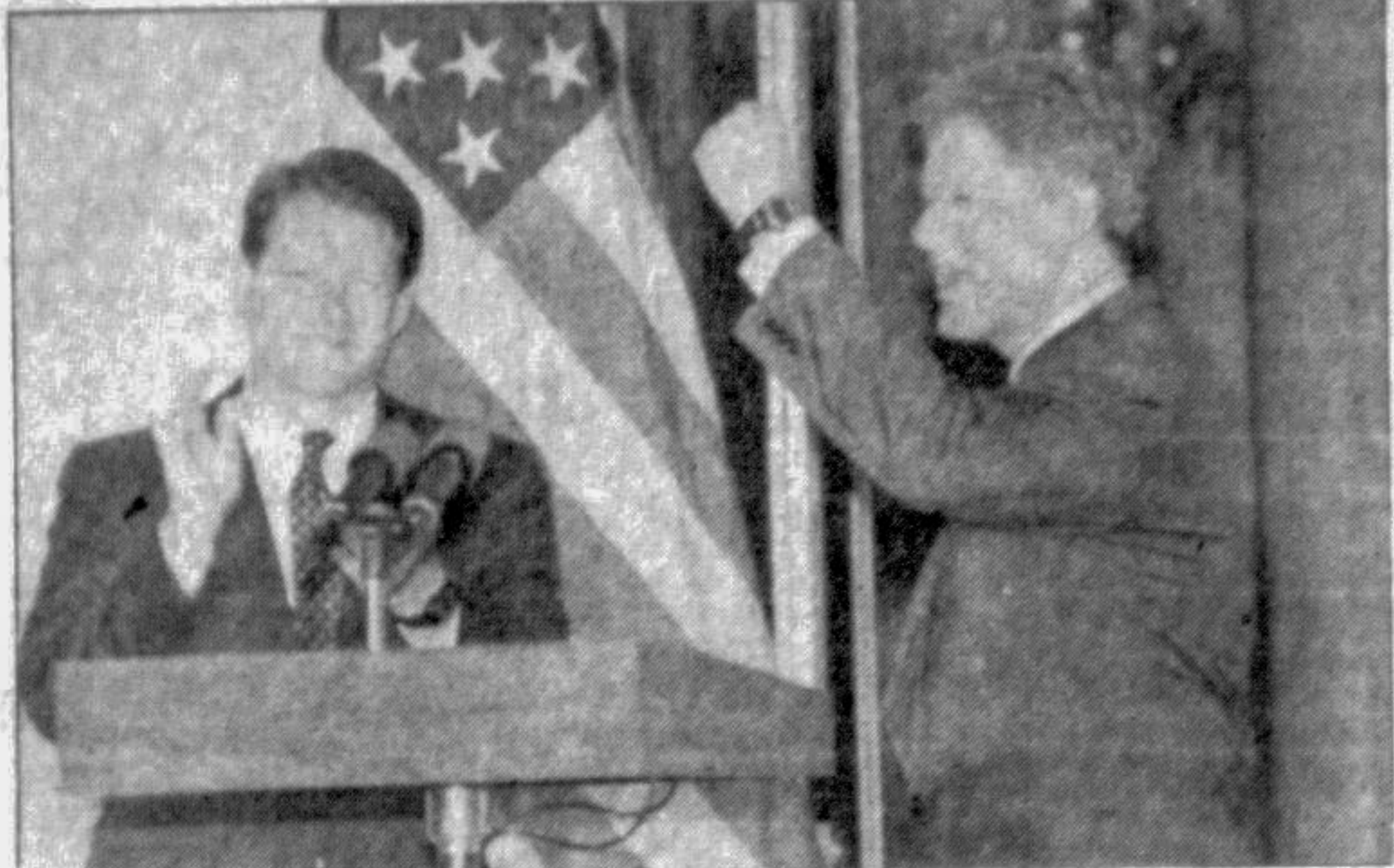
A World Bank-commissioned report had urged detailed studies to analyse the impact of the dam, accepting that planners had not taken into account the hardship it would cause.

Friday's mass suicide campaign had prompted a security crackdown in the Narmada valley, with police sealing off all roads to Mandla, which has been at the centre of the crusade as the first village to be submerged by the dam.

Some 500 activists were arrested and the official secrets act invoked Mandla and its vicinity, barring journalists and photographers from the region.



Medha Patkar, leader of the Save Narmada Movement, speaks to the media in Baroda where she was released on Friday. Patkar called off her plans to commit suicide to halt the controversial Narmada dam project but was detained by police who refused to believe her. Patkar gave up her suicide plans after the government offered Thursday to review the three billion dollar project. — AFP photo



US President Bill Clinton (R) and Vice-President Al Gore celebrate after a brief statement late Friday at the White House. The Senate voted 51-50 in favour of Clinton's deficit reduction plan. — AFP photo

Clinton wins enactment of deficit-reduction plan

WASHINGTON, Aug 7: President Clinton won enactment of his deficit-reduction plan from a deeply divided Congress Friday night, prevailing 51-50 in a Senate showdown that stood as a crucial test for his young administration, reports AP.

Vice President Al Gore cast the tie-breaker in the Senate. But the decisive vote was cast by Sen. Bob Kerrey, Democrat of Nebraska, the last senator to make up his mind. He declared he "could not and would not cast a vote that would bring down" the administration.

The bill, with claimed deficit savings of \$196 billion over five years, cleared the House on a 218-216 vote Thursday night. "Certainly not a mandate, two votes in the House and one in the Senate," Senate Republican Leader Bob Dole observed

acidly just before the roll call that dispatched the plan to the White House without a single GOP vote in either chamber.

Democrats said the final passage marked the end of gridlock and pledged additional spending cuts later in the year.

The plan's bitter pill of tax increases and spending restraints includes a gasoline tax increase of 4.3 cents per gallon. It also reverses 12 years of Republican policies by dumping most of the new tax burden onto the wealthy.

"Sometimes the right thing is not the easy thing," Senate Majority Leader George J. Mitchell of Maine said in a final plea for the bill. Vote yes, "not for your re-election... [but]... based on what is best for our country."

"This is a bad plan," countered Dole. "It raises taxes, and it does little to effectively reduce government spending or control the deficit."

The packed Senate galleries erupted in cheers when Gore announced his vote and declared, "The president's economic program is passed."

All 50 Senate votes in favour came from Democrats. All 46 Republicans and six Democrats voted 'no'.

But the suspense had been drained from the roll call roughly two hours earlier, when Kerrey, a rival of Clinton's during the 1992 presidential campaign, declared his support.

Enactment of the bill capped months of drafting, bargaining and polishing by the president and the Democratic leaders in Congress as they squeezed support from Democrats concerned about raising taxes. As late as Thursday night the president was offering concessions to recalcitrant House Democrats, pledging his support for votes later this year on additional cuts in federal spending.

It was not known what Clinton's discussions were with Kerrey.

Smuggled sacks from China threaten Vietnam's jute industry

HANOI, Aug 7: Vietnam's jute sack industry is seriously at threat from contraband sacks smuggled in from China, the Vietnam News Agency (VNA) said Thursday, reports AFP.

The "Indira Gandhi" factory in Ho Chi Minh City had to lay off a third of its workforce after it had stockpiled 10 million sacks and 10,000 tonnes of fibre, the agency said. A second factory in the southern city had stopped production, it said.

The government last year invested 30 million dollar into modernising the jute industry, it said.

This led to increased production of 200,000 tonnes of fibre, it said, adding that until 1992, there had been eight specialised factories producing 30 million sacks per year.

To counter the traffic, manufacturers have suggested the government cut their business tax from four to one per cent and take harsh measures against smugglers.

Belgrade issues new 100m dinar banknote

BELGRADE, Aug 7: Yugoslavia, whose currency has been savaged by hyperinflation, on Friday issued a new 100 million dinar banknote, reports Reuter.

Belgrade's Tanjug news agency said the note, worth a little more than two US dollar at current black market rates, would lessen a shortage of cash "which has assumed dramatic proportions."

With its economy hit by sanctions imposed because of its role in the war in neighbouring Bosnia, Yugoslavia's inflation rate is now about 20 per cent a day and is expected to reach more than one billion per cent a year.

New high denomination notes are needed because the lower value notes soon become useless as prices spiral upwards.

Russia plans to ask creditors to write off big part of debt

WASHINGTON, Aug 7: Russia plans to ask major industrial countries and international banks to write off a big chunk of the nearly 80 billion dollar in debt it owes them, a senior Russian official said on Friday, reports Reuter.

The surprise request, which Russia has yet to make formally, could run into opposition from some Western nations already providing billion of dollar in aid to Moscow.

"We want a large debt reduction from our creditors," Konstantin Kagalovsky, Russia's representative at the International Monetary Fund, told Reuters in an interview.

He said that Russia does not have the means to pay off all the debts and will be forced into an eventual default if its debt burden is not reduced.

"This is money that was given to the former Soviet Union — the evil empire, as it was called at that time in the United States," Kagalovsky said. "This money was completely wasted. The communists used it to prolong their rule."

"Now it's a burden for democratic Russia." The huge debts threaten to undermine Russia's efforts to reform its economy, sapping the country of much-needed finance as it struggles to free itself from communism, he said.

Russia just last week completed negotiations with its international bank creditors on a debt rescheduling agreement covering 1992 and 1993 payments.

But that pact — like a similar one struck by Russia last April with the United States and its allies — merely gave Moscow more time to pay its debts. It did not forgive them.

Much of Russia's debts — more than 35 billion US dollar — are owed to Western and other governments. Germany is the biggest creditor and thus would suffer the most from any write-off.

There is a precedent for Russia's request for debt reduction the United States and other Western governments in the so-called Paris Club have agreed to forgive half of Poland's debts, although the country has yet to secure a similar deal from its international bank creditors.

Russia, though, is a far richer country than Poland, with resources of oil, gold and diamonds, and thus might face resistance from creditors to a request for debt forgiveness.

Kagalovsky played down the importance of those resources, and instead stressed the massive problems that Russia faces after decades of communist rule — from a potential "ecological catastrophe" to a distorted economic structure.

"There is a myth that Russia is a country with great resources," he said. "Unfortunately, that myth has nothing to do with reality."

The Russian official declined to say how much of a debt reduction Russia would be seeking, although he did note that Poland had obtained a 50 per cent cut in its debts.

Kagalovsky said that IMF projections paint a stark picture of the situation that Russia will find itself in coming years as its foreign debts mount and payments increase.

According to the IMF, Russia's foreign debt is likely to climb to 91.7 billion US dollar at the end of this year and to 122.7 billion US dollar by the end of 1999. Its annual debt service bill will rise to 39 billion US dollar in 1999 from 20.5 billion US dollar this year.

Kagalovsky said that means Russia will have to devote more than half of the money it earns from exports each year from now until 1999 to pay its annual debt service bill.

That's the case even though the IMF expects the Russian economy to stage a turnaround — growing by five per cent in 1999 with exports of 76.1 billion US dollar, double that of last year.

Withdrawal of roubles challenged in Russian court

MOSCOW, Aug 7: Commercial banks and other operators in Russia's embryonic private sector have taken the central bank to court over its decision to withdraw from circulation billions of roubles' worth of banknotes, court officials said, reports AFP.

The Association of Russian Banks, the Union of Russian Stock Exchanges, and the local office of the International Association of Business Directors asked the constitutional court to declare unconstitutional the central bank's notice of July 24 to withdraw notes issued before 1993, the officials said yesterday.

The notice "violates the citizens' constitutional rights and freedoms", the plaintiffs told the court.

The application argued that they withdrawal also contravened the state's obligation to "protect private property".

The withdrawal initially caused a panic reaction, triggering long queues outside banks and the condemnation of leading politicians.

President Boris Yeltsin eased the measure by extending the period in which the old notes could be exchanged for new ones, but the move remained controversial.

Gold pauses in nervous trading

LONDON, Aug 7: Gold paused for breath in nervous trading after a meltdown reminiscent of its fall in the hours after the Gulf War started in January 1991, reports Reuter.

The metal was quoted around 380/381 US dollar and most dealers saw a range on Friday of 375/385 US dollar though some thought the market would move higher to trade between 380 US dollar and 390 US dollar.

"Give it time to consolidate and it'll go back up again", one dealer said.

Dealers said they were waiting to see that US economic figures expected on Friday — non-farm payroll, unemployment and consumer credit — would show about prospects for inflation.

The collapse of the gold price on Thursday was the biggest one-day fall since the 24 hours immediately following the start of the Gulf War 2-1/2 years ago. From about 399 US dollar in morning trading on Thursday, it plunged to around 372 US dollar before recovering. Heavy US investment fund selling triggered fresh liquidation orders, and coupled with rumours about Chinese and producer sales, the market dropped like a stone.

Political crisis plunges Nigeria's economy

LAGOS, Aug 7: The political crisis in oil-rich Nigeria has plunged the nation's already battered economy into the doldrums at a time when it badly needs debt relief and higher oil prices to revive, diplomats and economists say, reports AFP.

"Nobody is planning to invest in Nigeria now... you do not invest when there is uncertainty, when there are riots, or fear of war," said one western diplomat.

Economic activity virtually halted after President Ibrahim Babangida sparked off the political crisis by annulling the June 12 presidential election, which military businessman Moshood Abacha claimed to have won.

Manufacturers have been unable to obtain foreign exchange because the value of the naira, the local currency, has plummeted. On the black market, the US dollar is known to be changing hands for at least 35 naira, compared to 23 three months ago.

output or poor sales, the diplomat said.

Banks are meanwhile facing a cash crunch as most of their customers withdraw their funds for fear of renewed civil war, banker John Aditkoku said.

The Biafran civil war from 1967 to 1970 left more than one million dead.

Foreign exchange reserves dropped to one billion dollar at the end of last year and now stand at a mere 600 million dollar, according to a recent World Bank report on Nigeria. They stood at about six billion dollar less than two years ago.

Nigeria derives 90 per cent of its foreign exchange earnings from the sale of crude oil.

Rampant corruption and economic mismanagement have also led to a sharp decline in foreign investment over the past three years: From 700 million dollar in 1991, to about 600 million in 1992 and between 300 and 400 million dollar last year, according to official statistics.

Five years ago, foreign investment in Nigeria averaged 1.2 billion dollar annually. Investment, 80 per cent of which is in the petroleum sec-

tor, comes mainly from the United States, followed by Britain, France and Germany.

Runaway inflation is also discouraging investment. It leapt to 54 per cent at the end of February, up from 44.6 per cent at the end of last year, according to the federal office of statistics.

Meanwhile, efforts to reschedule the country's 29 billion dollar foreign debt are at a stand still because of the political stalemate.

The military government faces tough economic sanctions from the United States and the European Community if it reneges on its pledge to return power to a civilian administration on August 27.

Debt service arrears leapt from 2.2 billion dollar at the end of 1991 to 3.4 billion dollar at the end of last year, according to International Monetary Fund (IMF) estimates. Last May, Nigeria and officials from the IMF and World Bank failed to reach agreement on Nigeria's oil revenue figures, exchange rate policy and removal of the domestic fuel price subsidy.

Vietnam to set up experimental savings funds

HANOI, Aug 7: Vietnam has for the first time authorised setting up savings funds on an experimental basis, to attract money it says is not being used for industrial development, the army newspaper said yesterday, reports AFP.

The decision, taken recently by Prime Minister Vo Van Kiet, allows the savings funds to be set up at local, provincial and regional level where contributions will be made on a voluntary basis and will take the form of shares, Quan Doi Nhan Dan said.

The first funds will be set up in the country's 13 provinces. The funds will have financial autonomy, the newspaper said, without saying how much capital they would raise or how much interest would be paid on savings.

The local and provincial funds will come under the central bank. The regional funds will be directly handled by the government, which will hold shares to a maximum of 40 per cent of the legal capital of the funds, so as to maintain control of the money market, it said. Last month the collapse of a private fund in Ho Chi Minh City left hundreds of savers ruined.

Foreign investment in Malaysia shrinks 78 pc

KUALA LUMPUR, Aug 7: Foreign investment in Malaysia shrank 78 per cent in the first quarter influenced by softer economic conditions in the United States and other industrialised countries, a banker said Friday, reports AFP.

Ramon Navaratnam, chief executive officer of Bank Baruh, said that domestic investment fell 21 per cent in the three months to March but this was offset by a 24 per cent jump in exports which prevented serious damage to the country.

"The Malaysian economy is sailing on an even keel and on a steady course. A recession is far off for this country, provided the international economy continues to improve and not decline," Navaratnam said in presenting Bank Baruh's monthly economic outlook.

Navaratnam said Malaysia earned 37.4 billion Malaysian dollar (14.9 billion US) in exports during the first quarter from mainly Singapore, the United States and Japan, compared to 302 billion dollar during the previous corresponding period. Officials said the boom in exports helped Malaysia post an 8.1 per cent growth in the first

quarter, from a year earlier, against the 7.6 per cent forecast by Bank Negara, the central bank, for the whole year.

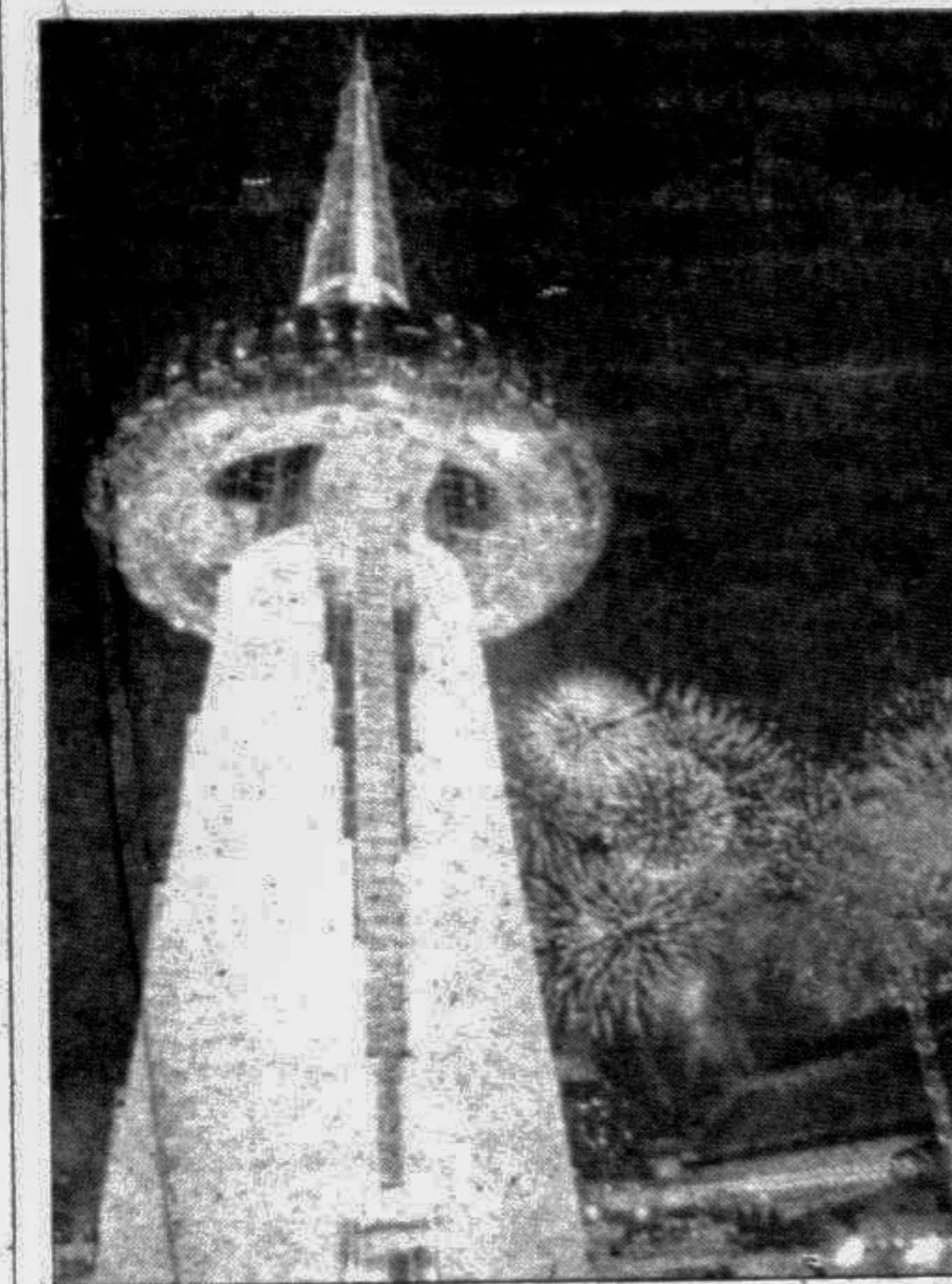
The country's imports, in contrast, grew by 8.2 per cent during the period while annual inflation was brought down to 3.9 per cent — below four per cent for the first time in three years.

"With consumption declining, private investment slowing down and government expenditure being sized down, the momentum for economic growth has to come from continued increase in exports and drop in imports," Navaratnam said.

Officials said that approved foreign investments during the first quarter totalled 1.9 billion dollar down from 8.7 billion dollar during the same quarter of 1992.

They said Malaysia was also rejecting labour-intensive industries for value-added high-technology industries. Navaratnam, however, said that to maintain economic equilibrium, Malaysia had to find ways to continue attracting US investments, which had fallen by 78 per cent to 184 million dollar in the first quarter from 818 million dollar previously.

Thousands crowd Taejon Expo opening



The Taejon International Expo organisation committee displays fireworks on the opening night of the Taejon International Expo Friday in Taejon city, South Korea. The tower, Hanbitap, is the symbol of the 1993 Taejon Expo. — AFP photo

TAEJON (South Korea), Aug 7: Like everybody else at Saturday's opening in Taejon of the world exposition, the largest event held in South Korea since the 1988 Summer Olympic Games, farmer Kim Dong-il found his family and 25 friends inundated by the huge crowds, according to AP.

But Kim was smarter than most. He and his band all wore identical bright red T-shirts to keep track of one another in the mob.

"I've heard about it on TV...." he said, "but wow — look at the crowds!"

Organisers say at least 10 million people, or more than 100,000 a day, will visit the Expo site in this provincial capital 142 kilometres (88 miles) south of Seoul, before it ends Nov 7. Ticket sales are estimated at 750,000 dollar a day.

Within the first half hour of opening to the public Saturday, 20,000 people had entered the huge park and by noon lines for popular pavilions were several hours long.

President Kim Young-sam said Friday the Expo will catapult South Korea into the ranks of advanced nations and will pry the economy out of its current slump.

"It is not mere coincidence," Kim told guests attending "that Taejon Expo is being held at a time when the nation is making

a fresh start under the five-year plan for the new economy."

More than 130 nations and international organisations are taking part and 2,000 cultural events, as well as nightly fireworks, have been planned to attract visitors.

Critics claim the two billion dollar exposition is an ambitious frolic the nation can ill-afford. Organisers say Expo is just what the country needs to jump-start new funding for research and technology and to inspire children to make science a career.

It is the first Expo approved in developing country by the Paris-based Bureau International des Expositions (BIE). It is also the largest, with 108 nations taking part, twice the number as the 1986 Expo in Vancouver.

"We're very optimistic," said Oh Myung, chairman of the organising committee on Saturday. "We have demonstrated to the world the Koreans can-do spirit, as we did during the Seoul Olympics."

Two-dozen pavilions focus on high tech, space and the environment. All of the vehicles used are non-polluting ones, like electric cars, solar vehicles, monorails and a magnetically-levitated train.

Expo has a security force of several thousand officers, including commando squads trained in anti-terrorist tactics.

Indian truckers call off strike

NEW DELHI, Aug 7: Hundreds of thousands of trucks returned to the road Saturday, several hours after a nationwide truck strike that had crippled industries and forced Indians to ration fruit and vegetable was called off, reports AP.

The week-long strike, which caused an export revenue losses of 3.2 million dollar ended late Friday after the government agreed to abolish road tolls.

For more than one year, the All India Motor Transport Congress — the biggest truckers' union, which controls India's 1.8 million trucks — had been demanding an end to the road tolls and taxes on the goods they are carrying.

Union officials and Transport Minister Jagdish Tytler reached a compromise after six hours of talks Friday.

The government decided to immediately abolish the tolls, which are charged by eight states, and the union agreed to allow the taxes — levied by seven states — to be reviewed by a committee.

The strike, which began Sunday, had raised the price of fruit and vegetables in urban areas of India and forced shopkeepers to import produce on tractors and horse-drawn carts.