

# Japan sets \$428b budget for next fiscal

TOKYO, July 29: Japan's Socialist-led coalition government decided today to restrain growth in defence and some operational costs in the state budget for the next fiscal year, officials said, reports Reuter.

The Ministry of Finance (MOF) said it has set the ceiling for general spending, the core of the overall state budget, at 42.82 trillion yen (428 billion dollars) in 1995/96 starting next April 1, up 4.8 per cent from the 1994/95 figure.

This compares with a 3.8 per cent rise in initial general spending for 1994/95, which could be raised later with supplementary budgets to cover costs of national disasters, government personnel and any economic stimulus steps.

Leaders of the Socialist-Conservative government agreed overnight to set a tight cap on defence spending.

The socialists have campaigned for arms reductions for years, while their latest coalition allies and former foes, the Liberal Democratic Party, wanted steady growth in defence spending.

The MOF's tight budget policy will limit the increase in the defence budget to 0.9 per cent in 1995/96, the same rate of increase as in 1994/95.

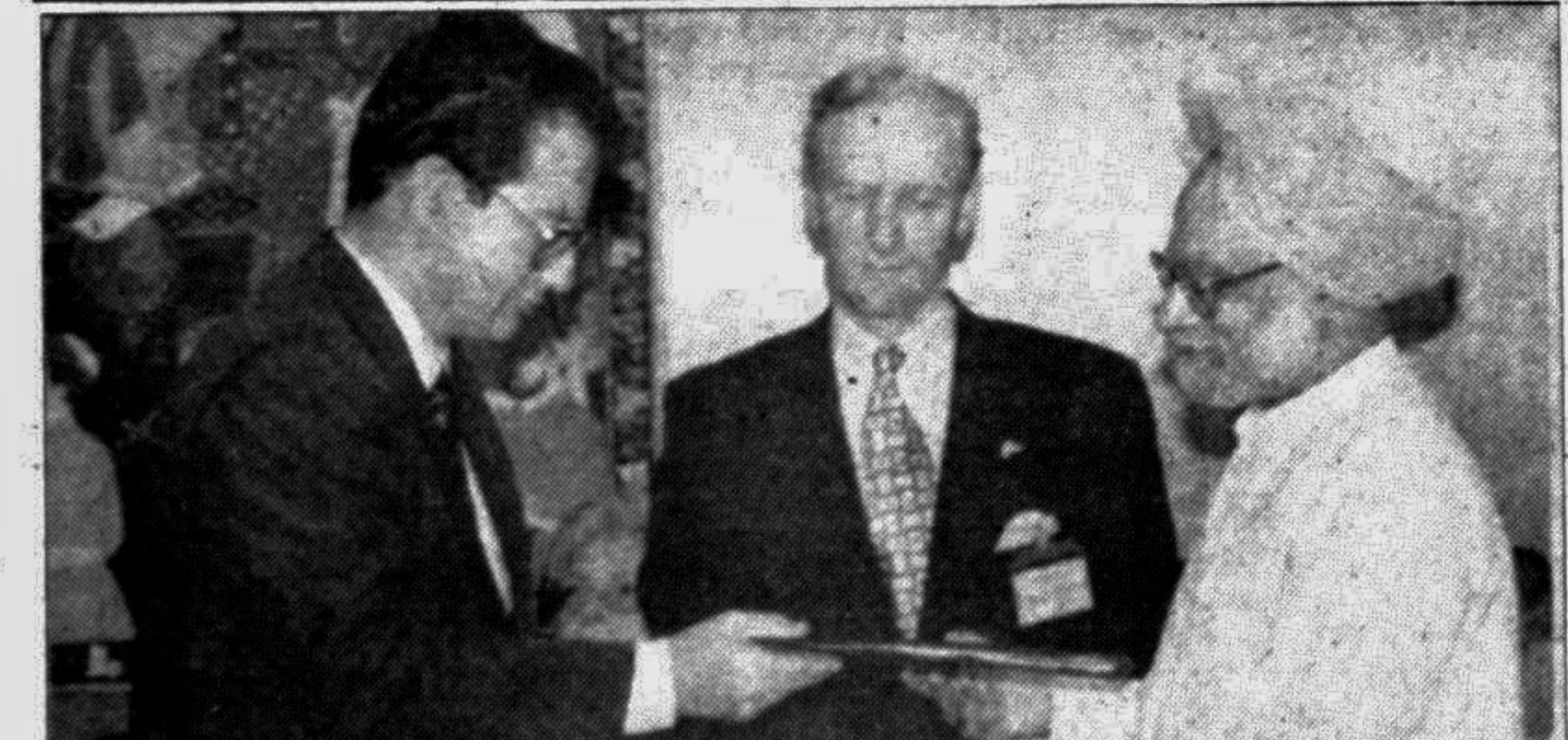
## Islamabad to construct 850 km railway linking Central Asia

KARACHI, July 29: Pakistan is to build a 850 kilometers long railway line linking the country to Central Asia, a senior government official said today, reports AFP.

A Swedish company has shown interest in investing in the project, which will cost around 700 million dollars. Secretary of the Board of Investment (BOI), Syed Mohibullah Shah said.

The line will start in Nushki in Pakistani Baluchistan and pass through Afghanistan's Farah and Herat regions before ending in Kushka in the central Asian republic of Turkmenistan, he said.

The official, speaking after a BOI meeting here, did not name the Swedish firm, but



German Foreign Minister Klaus Kinkel (L) exchanges documents with Indian Finance Minister Manmohan Singh after signing a financial agreement on Thursday. — AFP photo

## Southern African tobacco growers facing crisis since '93

Ronald Watts writes from Harare

Most southern African economies are still dependent on a narrow range of exports which make them extremely vulnerable to the present climate of market forces.

For Zambia copper still dominates the economy, for Botswana it is diamonds, while both Malawi and Zimbabwe have been shaken by the worldwide collapse in tobacco prices.

According to Pangani Thipa of Malawi's Chamber of Commerce, tobacco last year was also hit by drought which reduced export by 18.5 per cent.

Tobacco has been responsible for as much as 80 per cent of exports in recent years and Thipa says "diversification is long overdue" and a priority for the new government of President Bakili Muluzi.

Zimbabwe is the second largest tobacco exporter in the world and exports 99 per cent of what it grows. For years the British-based International Tobacco Growers' Association has been telling farmers to grow more tobacco because of increased demand and the "price stability" of the crop.

Last year the bubble burst and Zimbabwe's farmers are still picking up the pieces. When the auction floor in Harare opened in April prices were averaging one US dollar a kilogram, while farmers were saying they needed at least 1.5 to cover massive input costs and the high interest rates which are prevalent throughout the region.

Brendon Fox, a farmer in Raffingora, was "totally shattered" by the 1993 collapse

and cut his hectareage this year by 75 hectares to 160.

Tobacco has never been a major export, like copper, for Zambia. Production has fallen steadily since independence in 1964. This year one of Zambia's major growers, the multinational Lonrho, suspended tobacco production because of high interest rates and laid off 700 farm workers.

Its managing director complained that tobacco prices had dropped by 50 per cent and the crop was "uneconomical." Lonrho have leased their Munkonchi Farm, near Kabwe to South African investors.

South Africa consumes much more tobacco than it produces and so is an important market for other states in the region.

The president of the Zimbabwe tobacco growers warned the government of President Nelson Mandela that any increase in taxes on tobacco "would cause hardship to Zimbabwean growers."

In pre-election statements at the All Africa Conference on Tobacco and Health the ANC had pledged its support for "tobacco control" through restricted advertising.

The ANC is particularly opposed to any "targeting of the black population and children." The new government recently announced substantial tax increases on tobacco products.

For years the ITGA has been telling African farmers that there is no alternative to tobacco. This in spite of the fact that farmers have been advised to grow tobacco in rotation with other crops and grass

## Wheat production in Pakistan down by 6.5 pc during fiscal '93-'94

KARACHI, July 29: Pakistan's wheat production fell by 6.5 per cent during the fiscal year that ended June 30, officials said Thursday, reports AFP.

The lower yield was attributed to a water shortage in southern Sind province, the country's second largest wheat growing area after Punjab.

Agriculture Department officials estimated the 1993-1994 wheat crop at slightly more than 15 million tonnes, down from a target of 17 million tonnes.

Wheat, a major staple food in Pakistan, is grown on more than 37 per cent of the total cultivated area.

Pakistan has decided to import two million tonnes of wheat to avert a shortfall. Experts said the country needs at least another one million tonnes to supplement the last harvest.

Imports of more than one million tonnes of wheat have been ordered from the US, Australia, Germany and other producers. Pakistan has obtained credit from the US, Canada and Australia to purchase wheat.

Shipments of 300,000 tonnes of wheat from the US and 210,000 tonnes from Germany and other European sources are to be completed by the end of July.

Some 100,000 tonnes are to arrive from Australia in August, while remaining imports should reach Pakistan by October.

## IMF to help revive Ukraine's economy

KIEV, July 29: The International Monetary Fund will help Ukraine draft and implement a programme for stabilising its economy, the Fund's Managing Director, Michel Camdessus, said Wednesday on arriving in Kiev, reports AP.

Camdessus was invited to Kiev for consultations by new President Leonid Kuchma, and also met with Prime Minister Vitaly Massol.

The IMF MD said he was encouraged by Kuchma's plans for stabilising and liberalising the economy while ensuring social protections. He said a group of IMF experts will arrive in Kiev soon to draft a programme that will be submitted for consideration at an IMF session in October in Madrid.

The Ukrainian people desire resolute actions in renewing their economy, as the results of the presidential elections show, Camdessus said. "The international community should support these changes."

The IMF insists the document take into account land reform and ways to pay off Ukraine's foreign debts, among other issues.

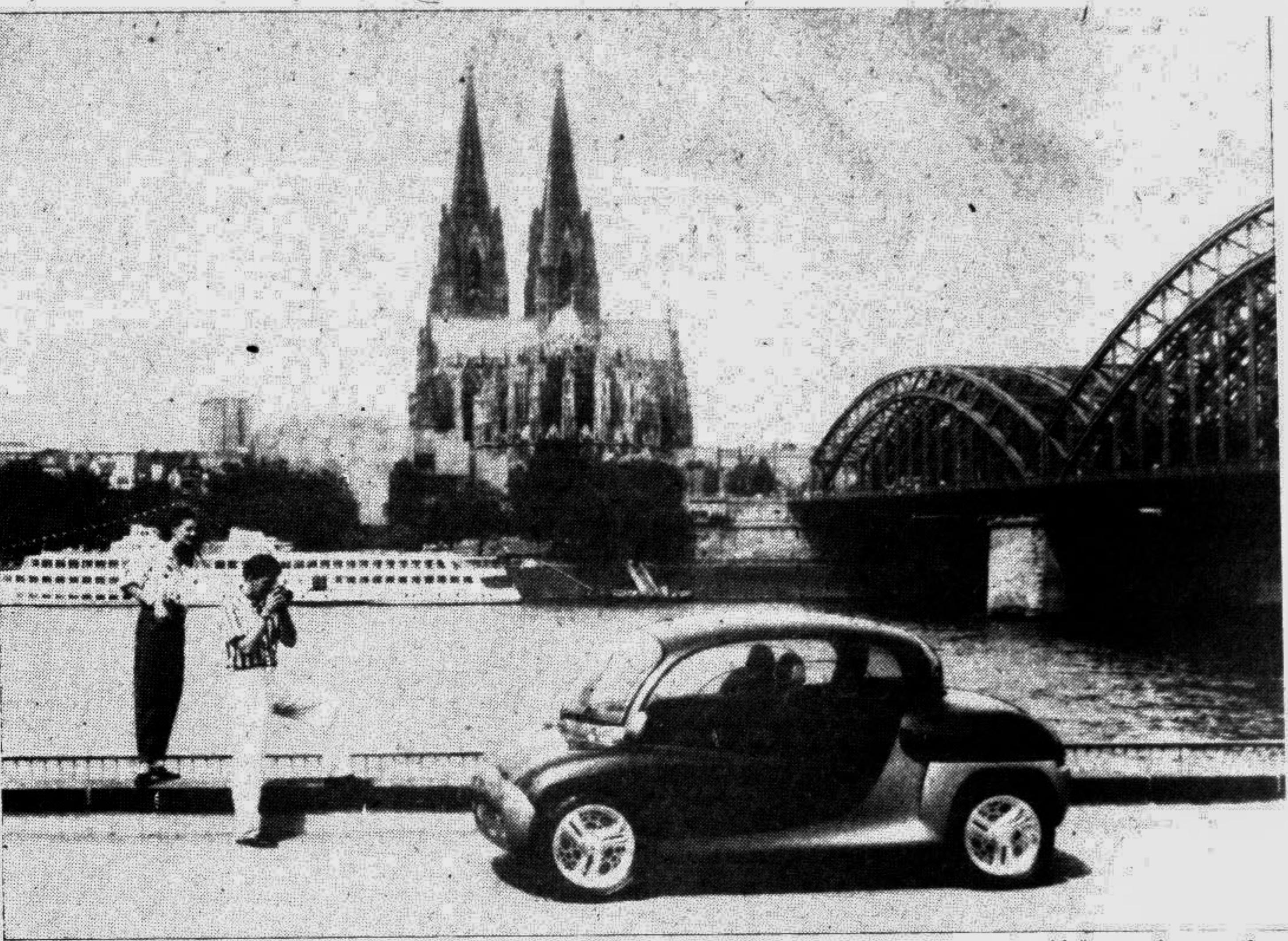
Since it broke from the Soviet Union in 1991, Ukraine has implemented few economic reforms, and has suffered from hyperinflation, energy shortages and other problems.

Dion Blignaut of Marondera says he is going for quality rather than quantity. This year he has reduced his hectareage from 80 to 50 and next year he plans to plant only 40 hectares.

The Tippett brothers, who farm tobacco in Marondera, are pioneering a new crop called tea tree oil, an aboriginal antiseptic from Australia. Other alternatives being tried include olives, asparagus, castor oil plant and sugar.

The Zimbabwe government is concerned about the dominance of the industry by white Zimbabweans. This year 97 per cent of the 68,000 hectares planted were on large-scale farms almost exclusively owned by the whites.

During a debate in Parliament the Minister of Agriculture told members that tobacco buying is carried out by a "cartel" of nine companies.



The Ford Works, Cologne, describe their study of a compact Kleinwagen as a small and maneuverable — seen here on the banks of the Rhine in Cologne. — IN photo

## Asian stock markets close higher

HONG KONG, July 29: Asian stock markets closed mostly higher Friday, with share prices rising in Tokyo for the second straight day because of the strength of the US dollar, reports AP.

Tokyo's 225-issue Nikkei Stock Average rose 201.54 points, or 0.9 per cent, to end the day at 20,449.39. On Thursday, the Nikkei rebounded 110.62 points, or 0.55 per cent, to 20,247.85.

The Tokyo Stock Price Index of all issues listed on the first section was up 15.95 points, or 0.9 per cent, to 1,637.41. The TOPIX had risen 5.64 points, or 0.35 per cent to 1,621.46 the day before.

Meanwhile, the US dollar closed at 99.93 yen, up 1.49 yen from Thursday's close in Tokyo but below its level of 100.10 yen late in New York.

The yen's fall encouraged buying by Japanese individual and corporate investors, especially in exporting companies.

In Hong Kong, share prices closed solidly higher in moderate trading.

The Hang Seng Index, the Hong Kong market's key indicator of blue chips, rose 80.15 points, or 0.9 per cent to 9,482.81. On Thursday, the index had edged up 0.48 of a point.

WELLINGTON: New Zealand share prices closed higher in moderate trading Friday. The NZSE-40 Capital Index rose 18.23 points to 2,027.18.

TAIPEI: Share prices closed sharply higher after two days of losses. The market's Weighted Index rose 107.27 points to 6,749.40.

MANILA: Share prices closed mixed. The Philippines' unified composite index of 31 selected issues rose 12,067 points to 2,803.207.

SYDNEY: Australian share prices rallied in late trading to close higher. The All Ordinaries Index of share prices rose 1,884 points, closing at 451,084.

19.4 points to 2,061.5.

SEOUL: Share prices closed higher, snapping a four-day losing streak. The Korea Composite Stock Price Index rose 7.46 points to 933.66 in thin trading.

SINGAPORE: Share prices closed slightly higher. The 30-Straits Times Industrials Index rose 5.18 points to 2,206.42.

KUALA LUMPUR: Malaysian share prices closed higher despite some profit-taking. The Kuala Lumpur Stock Exchange's Composite Index rose 1.21 points to 1,027.51.

BANGKOK: Thai share prices closed higher for the third straight day. The Stock Exchange of Thailand index rose 5.55 points to 1,376.88.

JAKARTA: The stock exchange's Composite Index fell 1.88 points, closing at 451,084.

Indonesia's tea output likely to decline this year

JAKARTA, July 29: Indonesia's tea production is expected to decline this year because of a long drought and low prices, a plantation official said Tuesday, reports AP.

Indonesia produced 160,000 tons of tea last year. Before the drought, output had been expected to increase by 2 per cent this year.

But Soeria Danoenigrat, chief executive of the state-owned PT Perkebunan Indonesia, the largest tea plantation company in Indonesia, said that in addition to the drought, production has been discouraged by low prices.

He predicted a decline in both production and exports, which amounted to 130,000 tons of green and black tea in 1993.

He gave no specific 1994 predictions, however.

Soeria attributed the low price to oversupply and economic turmoil in large consumers like Russia and other eastern European countries.

He said UN economic sanctions against Iraq, which needs around 35,000 tons of tea a year, also have weakened demand in the international market.

The panic began when the government said last Friday it could not guarantee investments in MMM and similar funds. Authorities have charged MMM affiliates with tax fraud and other violations, and called it a classic pyramid scheme that is bound to fail.

MMM officials have denied wrongdoing and say their fund speculates on currency markets, offers short-term business loans and invests in stocks.

Until now, the government had tried to stay out of the MMM crisis, with officials saying that investors had no one but themselves to blame for losses on high-risk investments.

But no Thursday, members of the Cabinet decided to look into ways of helping MMM shareholders, who risked losing their savings, pensions and salaries.

## WB cancels \$ 750 m loan to India's electricity boards

NEW DELHI, July 29: The World Bank (WB) has cancelled a \$750 million US dollars loan to India's electricity boards in some states of the country due to their poor management, press reports said here today, reports Xinhua.

The World Bank declined to speculate on the impact of the loan cancellation on private investors who have shown keen interest in India's power sector.

The World Bank has offered technical support to help electricity boards reform and restructure their operations, reports said.

## Exchange Rates

Following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as on July 28 (Figures in Taka)

Currency	Selling		Buying	
	TT & OD	EC	TT Clean	OD Sight Bills
US Dollar	40.3750	40.4025	40.1200	40.0425
Pound Sterling	62.1556	62.1979	60.4945	60.3776
DM	25.9061	25.9237	25.2214	25.1727
F Franc	7.1906	7.1956	7.0014	6.9878
C Dollar	29.5241	29.5442	28.7359	28.6804
S Franc	30.5185	30.5393	29.7096	29.6455
Jan Rupee (AMU)	0.4145	0.4169	0.4013	0.4005
Pak Rupee (AMU)	1.3204	1.3270	1.3046	1.2883
Iranian Rial (AMU)	0.0233	0.0234	0.0229	0.0226

Indicative Rates		Buying	
Selling		T.T. & O.D.	OD. Transfer
S Riyal	10.7664		
UAE Dirham	10.9936		
Kuwait Dinar	135.6231		
Singapore Dollar	26.7296		
D Guldars	22.6508		
S Krone	5.1636		
Malaysian Ringgit	15.5798		

Note : AMU—Asian Monetary Unit

