

Chinese minister asks for help in state enterprises

BEIJING, Sept 9: The central government has made turning around state firms a priority for the rest of the year, an official report said Friday, according to AP.

Wang Zhonyu, Minister of the State Economic and Trade Commission, urged officials to do their utmost to help state-owned enterprises tackle such problems as shortage of raw materials, sluggish sales and lack of working capital, the China Daily reported.

China's State Council, or cabinet, has said the goal is to reduce by five percentage points, to 41.3 per cent, the proportion of state firms in the red, and to cut their total deficit by at least 20 per cent this year.

Wang, speaking at a recent

national conference, said the government plans to inject more funds into state firms, upgrade their technology, establish an effective social security system to take care of laid-off workers, and close down firms too deeply in debt.

State-owned firms should also stop the production of unmarketable goods and to take sales promotion measures to reduce inventory, he said.

State firms, used to a centralized economy in which they are responsible only for meeting production quotas, have had a hard time adjusting to market forces introduced by economic reforms. They have continued to produce unpopular, outdated goods that no one wants, creating huge stockpiles of unsold products in warehouses all across the country.

He said the government will give priority to such beleaguered industries as metallurgy and textiles.

Wang also urged all state companies to reduce their production costs and help stabilize market prices.

"They must implement the State Council's decision against introduction of new

price raising plans in the next half of this year," Wang said.

State-owned firms should also stop the production of unmarketable goods and to take sales promotion measures to reduce inventory, he said.

State firms, used to a centralized economy in which they are responsible only for meeting production quotas, have had a hard time adjusting to market forces introduced by economic reforms. They have continued to produce unpopular, outdated goods that no one wants, creating huge stockpiles of unsold products in warehouses all across the country.

By doing so, the firms use up valuable resources, such as steel and cotton, but do not have the funds to pay for them.



Madonna gives Aerosmith's Steven Tyler a kiss at MTV's Video Music Award's in New York on Thursday. Aerosmith was awarded Best Video of the Year. — AFP photo

Foreign investment pouring into Russian companies

MOSCOW, Sept 9: Foreign investment in privatised Russian companies has surged, a top official said Wednesday, and rich Russians are bringing their money back home to invest, reports AP.

"A real boom in private investment in Russia has already begun," Deputy Prime Minister Anatoly Chubais said.

Chubais, who is in charge of privatisation, said foreign investment in shares of privatised companies is running at an estimated drs 500 million a month. Most of it comes from institutional investors.

The jump is dramatic. In all of 1993, foreign portfolio investment in Russia amounted to only drs 300 million.

"Today, the most risky venture capital has come to Russia," Chubais told reporters.

He said rich Russians are also taking part in the boom, bringing dollars smuggled abroad back home to invest. Chubais said there are no reliable estimates yet of how much

capital is coming back. Russia's aluminum, electric-power, telecommunications and oil industries are particular favourites among foreign investors, he said.

Stock prices in these sectors are rising as much as 30 per cent a day, he said, with foreign shareholders earning tenfold returns within a month of investing.

Only a year ago, Russia had virtually no stock market. Most companies were still in state hands or in the process of privatisation.

The State Property Committee, which Chubais heads, began aggressively pushing privatisation last fall. By mid-1994, some 431 million shares had been issued.

The good news about investment comes as Russia is showing signs of relative stability after two years of economic and political chaos. Living standards are rising and production has stopped falling, a new government study said.

Real incomes have risen 12 per cent since January, the study by the Centre for Economic Performance said. Inflation fell to below 5 per cent in August, compared to 29 per cent at the end of last summer.

"Once Russian and foreign investors believe in stability, they'll start coming for the big money-making opportunities here," Andrea Richter, of the London School of Economics, said in an interview.

Now the government must "build the foundation for a civilized market for securities," Chubais said. Steady economic policy, basic regulation and legal protections will draw more conservative investors, he predicted.

Most trading is now done outside established exchanges directly between brokers. Chubais said the most immediate task is ensuring that newly formed joint-stock companies keep track of who owns their shares fairly.

Experts cited by Xinhua advise the government to reorganise the small sugar companies and to speed up mechanisation of sugar production.

China needs to raise sugar output by 50 pc

BEIJING, Sept 9: China has become the world's third largest producer of sugar, but it must increase production by at least 50 per cent by 2000 to meet demand, the government-run Xinhua news agency said today, reports AFP.

The 1993 production record of 7.91 million tonnes made China self-sufficient in sugar, but per person consumption levels here remain below the world average, Xinhua said.

Now the government must "build the foundation for a civilized market for securities," Chubais said. Steady economic policy, basic regulation and legal protections will draw more conservative investors, he predicted.

Most trading is now done outside established exchanges directly between brokers. Chubais said the most immediate task is ensuring that newly formed joint-stock companies keep track of who owns their shares fairly.

Experts cited by Xinhua advise the government to reorganise the small sugar companies and to speed up mechanisation of sugar production.

Japan's top negotiator knows how to make sale

TOKYO, Sept 9: Japan's top negotiator who installed trade talks with the United States, clearly knows how to make a sale.

Figures released today show Trade Minister Ryutaro Hashimoto raised more campaign money in 1993 than any other political figure.

Hashimoto, leading the Japanese side at trade talks in Washington, raised 850 million yen (8.5 million US dollars) in political contributions.

By contrast, Home Affairs

Ministry figures showed Prime Minister Tomiichi Murayama raised a paltry 2,640 yen (26.40 US dollars) — interest earned on a political campaign account.

Murayama's predecessor as prime minister, Tsutomu Hata, a former bus company employee and self-styled "white collar premier," took in 490 million yen (4.9 million US dollars).

The huge discrepancies in fund-raising stem from each politician's background.

In 1993 Hashimoto and

Hata were members of the long-ruling Liberal Democratic Party (LDP), while Murayama was a member of the Socialist Party which never looked like winning power and being able to dispense political favours.

Hashimoto and Hata were both high-fliers and were talked about as possible future prime ministers.

Hata left the LDP in mid-1993 to form his own party, which allied with the opposition to unseat the LDP in August 1993.

Hata went on to become prime minister for only two months this spring, in an alliance with Murayama. But Hata was brought down when the socialists suddenly sided with the LDP, bringing Murayama to power two months ago.

Murayama's minute personal fund-raising efforts is deceptive, as even he admits.

LDP politicians mainly raise money as individuals while Murayama's socialists raise their money as a party and dispense the money to individual politicians.

US dollar strengthens in global trading

NEW YORK, Sept 9: The American dollar strengthened in global foreign exchange trading Thursday after German officials and senior Clinton administration aides said the US currency was undervalued, reports AP.

Traders said the dollar also received a boost from speculation that high-level US-Japan trade talks were making some progress. But they said there was no basic underlying economic reason for a greater dollar demand.

"It was one of these days of concerted jawboning," said David de Rosa, a director at Swiss Bank Corp in New York. "A lot of people said they wanted the dollar to go higher."

Gold prices continued to edge higher. On the New York Commodity Exchange, gold bullion for current delivery settled at 390.50 dollars a troy ounce, up 30 cents from late Wednesday. Republic National Bank in New York quoted a late bid price for gold of 390.30 dollars an ounce, 80 cents higher.

Currency traders said the dollar received an early boost from remarks by Hans-Juergen Krupp, a member of the German Bundesbank's council, who said the strength in the US economy doesn't justify the dollar's weak level. A day earlier Krupp also helped strengthen the dollar by asserting that interest rates in Germany should come down.

Bowman Cutter, Deputy Assistant to the President for Economic Affairs, said the administration "made clear that

we'd like to see a stronger dollar."

Commerce Secretary Ronald Brown said the was "cautiously optimistic" about trade talks with Japan.

The United States has imposed a September 30 deadline for progress on reducing Japan's 60 billion dollar trade

surplus with the United States and opening up that country's market wider to US imports.

"I think we're going to go right down to the wire," Johnson said, of the high-level talks.

Many currency traders believe that if negotiations fail, the Clinton administration

would encourage a lower dollar. That would make Japanese goods more expensive in the United States, hurting Japan's exporters.

In Tokyo, where global trading begins, the dollar closed at 99.24 yen, up 0.9 yen from Wednesday.

Tokyo will help chemical co pay compensation to poison victims

TOKYO, Sept 9: Japan decided Friday to allow a chemical company refinance government loans to help it pay compensation to victims of mercury poisoning, reports AP.

Chisso Corp, dumped mercury compounds into Minamata bay in Kumamoto Prefecture (state), 910 kilometers (567 miles) southwest of Tokyo during the 1950s and 1960s. Hundreds died and thousands more were crippled.

Since then, 2,946 people have been recognized as victims of the resulting "Minamata disease," eligible for compensation from Chisso, which the prefectural government indirectly helps pay for with loans to the industrial chemical manufacturer.

Kumamoto has already extended 71.13 billion yen (711 million dollars) to Chisso since 1978 in prefectoral bonds to help cover the 100.6 billion yen (100 billion dollars) it has paid out in compensation.

But Chisso continues to rack up huge debts. As of July 17, Chisso owed the prefecture about 120 billion yen (1.2 billion dollars). Chisso officials said.

Under the refinancing plan, Chisso's interest burden will be eased by allowing it to convert 62.6 billion yen (626 million) in scattered loans from the prefecture into a single loan with a lower interest rate.



London-born 'supermodel' Naomi Campbell pouts at press photographers with a copy of her novel, 'Swann' in London on Tuesday. Naomi Campbell is making an effort to break from her supermodel image with a single, a book and a role in a film due out in March, '95. — AFP photo

the full development of the lapidary industry. "Adding value to these gemstones, we could exploit the full potential of this industry," said Gunaratnam, whose agency is the statutory authority which assists entrepreneurs in the export trade.

Sri Lanka is fortunate in that she is rich in the most valuable precious stones. She produces the finest, the most expensive of rare gems sought by kings, princesses, the Sheikhs of Arab and business tycoons looking for a hedge against inflation.

But Sri Lanka does not produce enough of the inexpensive gemstones to meet the tastes and purses of a huge clientele around the world who demand gems which sparkle as genuinely, but do not burn as large a hole in the pocket, as the higher priced treasures.

The country is known for a wide range of sapphires —

blue, yellow, pink, orange, white and star; than there are rubies, an outstanding example of which is on the crown of the Queen of England. Cats eyes, garnets, spinels, alexandrites, tourmalines the elite in the world of gems — also abound in addition to several rare stones.

But not a single tanzanite, a blue gem variety of zoisite, which is very much in fashion today.

Now, under the liberalization programme Sri Lanka can expect to import large quantities of cheap uncut gemstones to meet the demand of buyers from Europe, the United States, Japan, Singapore, etc.

Iqbal added that Sri Lanka has a highly developed industry. "Our skilled lapidaries are better than India's. Our craftsmen are highly skilled. We are even making our own machinery. But we have been hedged in by lack of raw ma-

terial," he noted.

At present, there are around 180,000 people employed in the industry. This could increase to 500,000 in five years, says Gunaratnam.

"With the free import of rough gem material duty free, we can exploit the potential of this market profitably," he said. "Fashionable buyers from Germany, Italy, the United Kingdom and other countries of Europe find the prices too high and are looking for cheaper gemstones which look as good. They are finding even Bangkok prices too high, and we can fill the vacuum."

"Exports of gems and jewellery in 1993 brought in 10,938 million rupees (223 million US dollars), representing about eight per cent of total foreign exchange earnings. The gem trade believes that with the liberalization of imports this figure could rise several times."

Nowel Jabir, Chairman of the Sri Lanka Gem Traders Association, believes Sri Lanka could become the number one in coloured stones. He predicts that the industry could add value up to 50 per cent and foreign exchange earnings from gems and jewellery could go up to 30-40 billion rupees (800 million dollars) set up one unit and a job could be created at 20,000 rupees (500 dollars).

the Sri Lanka Gem Traders Association, believes Sri Lanka could become the number one in coloured stones. He predicts that the industry could add value up to 50 per cent and foreign exchange earnings from gems and jewellery could go up to 30-40 billion rupees (800 million dollars) set up one unit and a job could be created at 20,000 rupees (500 dollars).

But efforts to revive the industry would need financing in a big way. The government is planning to set up a special bank to assist the gem industry. Spokesmen for the trade and industry say that it is not too costly to set up gem cutting and polishing units. It costs around one million rupees (20,500 dollars) set up one unit and a job could be created at 20,000 rupees (500 dollars).

With the high literacy levels of Sri Lankans, their aptitude and their ability to learn quickly, there would be no problem about expanding the industry if finances are available, say industry spokesmen.

Among the chief buyers of Sri Lankan gems are Japan, Hong Kong, Thailand, USA, Germany and Singapore. The main jewellery buyers are Singapore, Germany, UK, Japan, USA, Switzerland and the United Arab Emirates.

Depthnews Asia

Exchange Rates

Following are the Sonali Bank's dealing rates to public for some selected foreign currencies effective as on September 8. (Figures in Taka)

Currency	Selling		Buying	
	TT & OD	BC	TT Clean	OD Sight Transfer
US Dollar	40.3875	40.4175	40.0900	40.0375
Pound Sterling	62.6904	62.7369	60.9705	60.8906
DM	26.2950	26.3145	25.5762	25.5427
F Franc	7.6748	7.6805	7.4646	7.4234
C. Dollar	29.8357	29.8579	29.0083	28.9703
S. Franc	31.4409	31.4642	30.5748	30.5347
Jap Yen	0.4125	0.4128	0.3973	0.3967
Pak Rupee	1.2940	1.3		