

Cook comes to Asia to deepen business ties

LONDON, Aug 24: Foreign Secretary Robin Cook on Tuesday starts a visit to four Southeast Asian countries to deepen business and political ties while stressing the importance Britain attaches to human rights, reports Reuter.

Cook's whistle-stop tour — his first to the region — will take him to Malaysia, Indonesia, the Philippines and finally to Singapore.

Officials said Cook, determined to map out a more ethical foreign policy, would make it clear that Britain expected its partners to respect human rights and was ready to help where it could.

This is the central question he'll be trying to develop during the visit to the four nations. There are problems in all of them of some sort or another," an official told reporters.

Whatever his criticisms, Cook will also make clear that Britain wants to deepen its ties to an economically vibrant region and also expand its influence there.

"One objective is to show the priority the government wants to give this region," the official said.

He will need to treat carefully for fear of offending sensibilities in a quartet of nations which took 4.3 billion pounds (6.9 billion dollars) of British exports last year and where Britain is the single largest European investor.

"If he has a robust message to deliver, he'll do so constructively. On human rights, it is not just a case of saying 'do better,' the official said.

"We will come up with practical ways to how Britain can help things go better," he added, but gave no concrete details.

Cook will in particular tell Indonesia that more has to be done to achieve peace in the rebel region of East Timor, where human rights activists say more than 200,000 people have died since Indonesia invaded in 1975.

Indonesia halts all payments for govt-funded projects

JAKARTA, Aug 24: The Indonesian government has halted all payments for government-funded projects which exceed 200 million rupiah (73,394 dollars) in the wake of the rupiah plunge, a report said Saturday, according to AFP.

The Finance Ministry's director general for budget affairs sent out a letter dated August 21 to its regional offices throughout Indonesia to defer payments for projects funded by the central government which exceed 200 million rupiah, the Kompas Daily reported.

The letter came exactly one week after the government floated the rupiah, leading to an immediate slump in the currency against the US dollars. Following the actions of its neighbours such as Thailand and the Philippines.

The value of the rupiah against the dollar has fallen around 25 per cent since January, with most of the decrease occurring within the last few weeks.

Indonesia's currency plunge has been followed by announcements of price hikes, including in domestic air fares and automobile prices, despite calls by some officials for companies to defer price increases.

Meanwhile, state secretary Mardiono said here Friday that the government had no plans to reschedule existing projects.

"So far we have not decided on rescheduling any of the projects," Mardiono was quoted as saying by the Jakarta Post Daily.

Foodgrain output expected to cross 200m MT

India set to rewrite record books

NEW DELHI, Aug 24: The foodgrain production in the country this year is likely to cross a record 200 million tonnes mark, the Agriculture Minister Chaturan Mishra said here today.

Mishra told PTI that the production could even further go up if the Planning Commission allocated more funds for the agricultural sector.

The Agriculture Ministry has, however, told the Planning Commission that the production might touch 202 million tonnes. This can be achieved only if we have more funds for irrigation, fertiliser and seeds," he remarked.

Despite all constraints, the country had achieved a record foodgrain production of 198.17

million tonnes last year, the minister said.

This year, barring certain areas in Himachal Pradesh and Bihar, which were hit by cloud burst, the country on the whole had a good rainfall, he said, taking this into account. "We hope to cross 200 million tonnes mark."

Referring to the cloud burst in some areas, particularly in Himachal Pradesh, he said he had asked his ministry to organise a seminar in which the agricultural scientists and experts should discuss ways to minimise its impact.

They should also recommend what precautionary measures could be taken by the government, he said.

achieved an all-time record production of foodgrains of 191.5 million tonnes. It, however, declined to 185 million tonnes during 1995-96 mainly due to delayed onset of monsoon in Kharif 1995 and unfavourable weather.

Asked whether the government had any proposal to export wheat or rice in view of the record production, Mishra said that there were no immediate plans except that of nominal export of 'Basmati rice' to some countries.

Mishra said that the government was taking measures to achieve self-sufficiency in the production of oil seeds and pulses whose import cost the state exchequer annually about 4,000 crore rupees.

"We want to produce more oil seeds and pulses and cut down the import bill. We also need support of the Planning Commission on this front," he said.

For the two-week period, the Dow was off 1.7 per cent and 4.5 per cent respectively from its record high set on August 6.

"It is not unusual for the market to correct with a 30 per cent rise since January," said Stuart Freeman of AG Edwards. "It is a rational correction. It looks very sane. Investors are looking for reasons to take some profits after some nice

gains."

Some 2.53 billion shares

changed hands on the broader New York Stock Exchange against 2.64 billion shares a week ago. The transport index closed at 2,937.02 against 2,846.96, and the utility index at 2,313.35 against 2,228.51.

On the bond market, the yield on the benchmark 30-year treasury bonds on Friday was 6.66 per cent against 6.55 per cent August 15.

The change indicates that "stocks can go up even as rates increase," Freeman noted.

The dollar remained steady

against the German mark, closing Friday at 1.8197 marks

compared to 1.8180 marks on August 15. Against the Japanese currency, the dollar traded at 118.33 yen against 117.40 a week earlier.

"The fear is that investors will move to deutschmark as

certainty in the United States.

said Bill Gross of Pacific investment.

For their part, US analysts are torn over the Bundesbank's upcoming monetary policies.

"People are still viewing Europe as a concern," said Steven of Merrill Lynch.

A key meeting for European Finance Minister next month "could decide who will be joining the single currency, and after that the prospect of a Bundesbank move will increase," he said.

The Bundesbank had a chance of raising rates this week and the didn't," said Art Steinmetz of Oppenheimer Funds. "They have something else in their mind such as unemployment. Politics (More) than a short term blip in the currency is driving the Bundesbank."

Wall Street was equally concerned with the economic situation in the United States.

Currency crises scare SE Asian economies

MANILA, Aug 24: Five years ago, Philippine officials hoped their country's sagging economy could someday duplicate Thailand's stunning growth, reports AP.

No longer. In only a few months, a currency crisis has turned Thailand from one of Southeast Asia's economic success stories into a case study of growth gone wrong.

Now the Philippines and other regional countries are struggling to convince investors they have not made Thailand's mistakes.

Thailand's currency, the baht, was battered again last week, hitting a new low against the US dollar Friday, despite a 17 billion dollars rescue package approved Wednesday by the International Monetary Fund.

Just as Thailand's achievements once helped make investors bullish on Southeast Asia, its turmoil has dragged many of the region's currencies sharply lower and brought a reassessment of other Southeast Asian economies.

The region, which has benefited greatly from freer international trade boosting its ex-

ports, has learned that open markets can also be exceedingly painful.

Together, Southeast Asian countries have spent about 30 billion dollars in scarce foreign reserves in recent unsuccessful attempts to prop up their currencies in the world's free-wheeling foreign exchange market.

In less than two months, the baht has fallen 23 per cent against the dollar, the Philippine peso is down 14 per cent, Indonesia's rupiah had dropped 20 per cent, and Malaysia's ringgit is off 12 per cent.

Jitters over the currency fluctuations have pushed most regional stock markets sharply lower, and higher interest rates — imposed by central banks in an attempt to make local currencies more attractive to investors — threaten to slow economic growth.

One benefit is that the devaluations should make the region's exports cheaper and therefore more competitive. But weaker currencies also raise the costs of imported oil, factory equipment and components on which many Southeast Asian

nations rely.

The crisis kicked into high gear on July 2, when Thailand's government allowed the baht to float, yielding to heavy pressure from currency traders who felt the currency was highly overvalued.

The government has since lowered economic growth projections, while private companies are struggling with the increased interest costs in repaying an estimated 80 billion dollars in foreign debt.

Indonesia's rupiah also hit a record low last week, prompting Justice Minister Oetojo Oesman to warn that currency speculators could be arrested under an anti-subversion law that allows the death penalty.

He said that when Indonesia bought F-16 fighting falcons from General Dynamics of the United States in 1989, IPTN received an order to produce seven types of components for the planes.

Indonesia decided to buy Sukhoi-30Ks from Russia after it cancelled a contract to buy nine more F-16s from the United States in reaction to continued condemnation of Indonesia's poor human rights record by some US lawmakers.

The markets are still very nervous, and it will only take one piece of bad news to trigger a new self-off," said Daragh Maher, economist in ING Barings in Singapore.

The plunge in Southeast Asian currencies has destroyed a key ingredient of their economic success — the pegging of their currencies to the dollar.

Monetary officials used high interest rates to keep their currencies pegged artificially to the dollar — for 12 years in the case of Thailand. The close link made investments in Southeast Asia attractive, since foreign investors could take advantage of higher interest rates without worrying about the risks of currency fluctuations.

The large flows of easy foreign capital enabled rapid economic growth. But the debts of private companies piled up, and plentiful capital drove up prices for property and stocks. Banks in several countries became badly over-exposed to real estate and stock loans.

When the region's exports began slumping two years ago and economic growth slowed, many companies became unable to repay their debts.

Thailand's government was forced to close 58 of the country's 91 finance companies because of bad debts totaling 20 billion dollars.

As Thailand's economic troubles escalated, banks, speculators and others sold their baht holdings in expectation that its value would drop.

While we are carefully reviewing all our options for that plant, we remain convinced that the problem was brought into the plant by an outside supplier," the company said in a statement Saturday.

After the baht was allowed to depreciate July 2, speculators then turned to other Asian currencies that also were felt to be possible targets.

Jakarta hopes to produce Sukhoi components

JAKARTA, Aug 24: Indonesia hopes to receive an order from Russia to produce components of Sukhoi-30k fighter planes it plans to buy, the official Antara news agency reported Sunday, says AP.

Indonesia decided earlier this month to buy 12 Sukhoi-30ks and eight Mi-17-IV helicopters from Russia, but the total value of the deal has yet to be decided.

B J Habibie, chief executive of the state-owned IPTN aircraft factory, was quoted as saying Saturday that Indonesia hopes to secure contracts for Sukhoi components as part of the deal.

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The recall of 25 million pounds (11 million kilos) of hamburger processed at a Hudson Foods plant in Columbus forced menu changes and inventory overhauls across the country starting Thursday night. The plant shut down during the federal probe into E. coli contamination.

Burger King was the company's biggest beef customer.

Hudson said the news came as a "serious disappointment," but that it was committed to removing the cloud that hung over its only raw-beef processing plant.

While we are carefully reviewing all our options for that plant, we remain convinced that the problem was brought into the plant by an outside supplier," the company said in a statement Saturday.

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