

**Export forum warns  
Devalued rouble  
to hit Indian  
exports**

NEW DELHI, Aug 19: The shock devaluation of the Russian rouble will hit Indian exports to former Soviet republics, the country's largest export forum warned yesterday, says AFP.

The Federation of Indian Export Organisations (FIEO) said the extent of damage to India's trade with Central Asia would also depend on the reaction of Japanese and Chinese currencies.

India exports pharmaceuticals, chemicals, dyes and tea worth four billion dollars annually to Russia and other countries of the Commonwealth of Independent States.

"It is very difficult to quantify the impact so soon because everything will depend on how the Chinese and Japanese currencies move," FIEO President Ramu Deora said.

The rouble slid to 6.885 to the dollar Tuesday following its effective devaluation by President Boris Yeltsin's government.

The rupee has lost a fifth of its value against the dollar in the last 10 months due to the Asian market turmoil, domestic political instability and the US-led sanctions that followed India's nuclear tests in May.

Deora warned that a devaluation of the rupee at this stage could trigger a fresh crisis in the currency markets of South-east Asia.

**Bollywood workers  
go on strike over  
video piracy**

MUMBAI, Aug 19: Production in India's film capital Bombay ground to a halt Tuesday as movie industry workers from stars to clapper boys went on strike over video piracy, shutting down the city's 150 cinemas, says AFP.

About 1,000 protesting actors, actresses, technicians and studio hands took part in a motorised demonstration through Bombay that ended with a mass rally to demand tough action against video piracy by cable television channels.

The protestors halted outside the offices of two major cable television operators to denounce a practice they said was killing the industry.

"Within a couple of days of the release of a film, it is shown over the cable television network. At this rate, cinema houses will have no patrons," said GP Shirke, Chairman of the film makers' guild.

"In some cases, pirated cassettes of the films are in circulation even before the formal release of the movie," Shirke said.

Film industry leaders set up Ananti-Video Piracy Organisation several years ago, but have had little success.

"One industry spokesman who asked not to be identified said anti-piracy measures had failed because a large number of police were on the payroll of the city's four major cable networks."

Some cable operators hit back at the protestors, complaining that they were being unfairly targeted.

"There are 40,000 cable television operators all over India. If some of them screen pirated cassettes smuggled in from overseas it is unfair to damn the entire cable television industry, said cable television operator Ashok Mansukhani."

India is the world's largest film producer, churning out 900 films a year.

The country has 13,000 movie theatres, with a daily audience of around 20 million.

**New US energy  
secretary  
sworn in**

WASHINGTON, Aug 19: UN Ambassador Bill Richardson was sworn in as US Energy Secretary Tuesday, a day after a Senate committee chairman cleared him of allegations that he misled the panel about a job offer to Monica Lewinsky, says AP.

Richardson, who officially takes over his post next Monday, was sworn in at the Department of Energy. Tuesday's private legal swearing-in is likely to be followed by a public ceremony in September, White House spokeswoman Nanda Chitre said.

Richardson will not vacate his ambassador's post yet, with issues in Africa and Iraq forcing him to play dual roles.

The Senate Foreign Relations Committee has yet to schedule a hearing on Clinton's nomination of Bosnia peace negotiator Richard Holbrooke for the UN job, a step made even more pressing due to the embassy bombings in Africa earlier this month and the latest confrontation with Iraqi President Saddam Hussein over UN weapons inspectors.

On Monday, the chairman of the Senate Energy and Resource Committee withdrew his request to postpone the swearing-in ceremony. Sen Frank Murkowski, chairman of the Energy and Natural Resources Committee, had asked President Bill Clinton to delay the ceremony a week ago.

But he said Monday he was convinced Richardson did not mislead the panel about a job offer to Monica Lewinsky, the former White House intern with whom Clinton has admitted to having had a relationship that was "not appropriate."

**Kiriyenko asks Obuchi to speed up loan disbursement  
Communists vow to oust Yeltsin over  
'hasty' rouble devaluation**

MOSCOW, Aug 19: Communist leaders on Tuesday vowed to oust President Boris Yeltsin from office as the Kremlin chief waded through heavy political fallout from a de facto rouble devaluation, reports AFP.

A stunning government decision Monday to end its defence of the battered currency and let the rouble drift against the dollar prompted Communist Party boss Gennady Zyuganov to appeal for Yeltsin to step down.

"We are going to call for Yeltsin to resign," Zyuganov declared. "The country has been cheapened. The president has been devalued."

Communists will press their demand during an emergency state Duma or Lower House of Parliament session Friday. Although potentially embarrassing for Yeltsin, the Russian constitution permits a president to simply ignore such calls from lawmakers.

The Kremlin said Yeltsin had already turned down an invitation to attend Friday's hearing.

But Yeltsin and his government team also heard uncomfortable noises from western economists and market players, who criticised the confusing and hasty manner in which Monday's de facto devaluation debt restructuring and moratorium on some credit repayment was announced.

"The programme clearly showed elements of being put together very hastily, without a lot of forethought," said Jeff Robins of the MFK Renaissance financial group.

"At the moment, it's not even clear what the policy that the federal government has announced really is," Robins said. "It smacks of having been very poorly and hastily prepared."

Western investors said they were, however, encouraged by Yeltsin's decision to promote chief tax collector Boris Fyodorov to the post of Deputy Prime Minister.

"Given his background in the reformist cabinets of the past and his background as an investment banker, this is positive," MFK's Robins said.

"It was used as a signal to the markets that the Russian government is going to continue, after this period of moratorium is over, to try to maintain a convertible rouble, a reasonably liberal economic policy," he said.

Fyodorov, a former finance minister with fervent monetarist convictions, was appointed Russia's tax chief in May as the government strove desperately to boost revenue collections.

"It's a victory for the reformers, that they are still up there," said Gary Kinsey, a trader with Brunswick Warburg Securities, of his appointment. "But we'll see how much longer they will be there."

The Kremlin had heralded a stable rouble as one of its top achievements in recent years.

Under intense political pressure because of devaluation, Prime Minister Sergei Kiriyenko and central bank chairman Sergei Dubinin had tendered their resignations before the new rouble regime was launched, Russian television reported Tuesday. The Kremlin could not confirm the report.

Yeltsin would not agree to the resignations, the television said. Though he did accept a similar offer from Alexander Livshits, who served as Yeltsin's top administration aide on the economy.

Kremlin spokesman Sergei Yastrzhembsky said Yeltsin had ruled that future government reshuffles "are possible but not urgent," Interfax reported.

Political observers said Yeltsin is unlikely, despite recent threats, to take the axe to a government that went through one sudden make-over last March and had battled a financial storm ever since.

But showing open discontent with recent government policies, Russian newspapers said Yeltsin will keep his team only because the president is too embarrassed to admit he made a mistake by drafting Kiriyenko and his aides into the Cabinet.

"The president will not want to admit to the fiasco of the new Cabinet and of his personal nominee, Sergei Kiriyenko," said the Ruskyy Telegraph newspaper Tuesday. "That is why we should not expect a second

reshuffle of the government this year."

Meanwhile, AP adds from Tokyo: Russian Prime Minister Sergei Kiriyenko has sent a letter to Japanese Prime Minister Keizo Obuchi seeking the speedy disbursement of US\$ 800 million in untied loans, a newspaper reported Wednesday.

The loans are part of a 1.5 billion dollars package that Japan is extending through the World Bank to aid the troubled Russian economy, the Yomiuri newspaper reported.

The daily, Japan's largest, quoted government sources, which it did not name.

Shuichi Tokuda, an official in the Russian Division of Japan's Foreign Ministry, confirmed that Kiriyenko sent a letter concerning untied loans, but would provide no details.

Of the \$1.5 billion total, \$400 million has already been disbursed, with contracts signed for another \$400 million, the paper said.

In the letter, Kiriyenko asked that the loans be disbursed by the end of this year. The existence of the letter was made known Wednesday, the Yomiuri said.

On Monday, Russia's government let the value of its currency, the rouble, drop 34 per cent. The devaluation came just weeks after the International Monetary Fund cobbled together an aid package of nearly \$23 billion to stabilise Russia's financial markets.

UNITED NATIONS, Aug 19: Iraq is expected to fall short of one billion US dollars or 25 per cent in oil revenues needed under a programme aimed at providing food, medicine and other humanitarian goods for its people, UN officials said on Tuesday, reports Reuters.

The decrease in anticipated funds probably will have an impact on upgrading the country's electricity and water sanitation programmes, considered vital in improving healthcare, the operation of hospitals and general living conditions, according to John Mills, a UN spokesman for the programme.

But he said the expected Iraq still would be able to meet increased targets for food and medicine in the current six months phase of the so-called "Oil-for-Food" programme that began on May 30 and ends on November 25.

Iraq has been allowed to sell oil to buy food, medicine and other supplies under strict UN monitoring since December 1996 as an exception to the sweeping sanctions imposed after Baghdad's troops invaded Kuwait in 1990.

After numerous reports that medical conditions had deteriorated and food supplies fell

short of what the average Iraqi needed, the Security Council earlier this year raised the amount of oil Iraq could sell every six months from two billion dollars to 5.25 billion dollars.

The conditions in Iraq brought calls from around the world for sanctions to be eased or lifted. In March, Iraq and the United Nations reported that malnutrition in children remained high despite 5.6 million tons of food purchased since 1997.

But Iraq said it could not reach the 5.25 billion dollars target because of the dilapidated state of its oil industry and low oil prices. Instead it aimed for four billion dollars in oil revenues over the current six months phase.

A third of all oil revenues is automatically deducted by the United Nations for victims of Iraq's 1990 occupation of Kuwait and UN costs for running the programme.

Iraq blames part of the shortfall on the Security Council's sanctions committee — particularly the United States and Britain — for delaying approval of contracts on spare parts to upgrade its oil industry.

**40,000 more Thai workers  
may lose their jobs**

BANGKOK, Aug 19: Thousands of Thai bank workers were in limo today fearful that sweeping financial sector reforms unveiled last week would leave them on the country's burgeoning lists of unemployed, says AFP.

On the second working day after the industry shakeout, some staff at the most affected banks were in tears as they contemplated their future, while others mobilised in protest against the measures which labour leaders claim could add 40,000 skilled workers to the jobless queues.

"It is not fair for us. I am old — how can I find a new job?" Bangkok Bank of Commerce Plc (BCC) staffer Rungthip Sriarong said as she broke into tears during an interview with ITV television.

The rising jobless rate has prompted some analysts to warn of social unrest as inflation hovers around 10 per cent and wages shrink.

The government has promised to re-train or find new jobs with state-run institutions for most of the bank employees affected, but the committee to coordinate and solve bank employee joblessness says the new positions will not suit the qualifications or experience of those made redundant.

The workers fears follow Friday's "once-and-for-all" restructuring to clean up the shattered banking and financial sectors through large-scale mergers and nationalisation of debt-laden institutions.

Two nationalised banks — including BBC — will be merged with a state-run institution and another nationalised bank

eventually will be privatised in an amalgam with 12 nationalised finance firms as part of the reforms.

In total, four banks and 12 finance firms will be effectively closed through mergers.

The BBC was engulfed in fraud and mismanagement scandals and nationalised in 1996, one of Thailand's first financial casualties as the cracks in the economy started to widen.

One BBC worker in the northern provincial capital of Chiang Mai, Sukit Inka, said the government had made provisions for some banks' employees to be given jobs UN state-run institutions while others would be left to fend for themselves.

"Did we do anything wrong? The government doesn't care about us," he said.

The labour ministry Tuesday agreed to meet two representatives from each BBC department to negotiate possible relocations of staff expected to be made redundant in the coming weeks, officials said.

A government spokesman on Monday said: "The government has done everything possible to prepare for this but we have to wait for mergers to be completed."

"We admit that the labour ministry has little experience with relocating white-collar workers."

The labour ministry is expected to provide a detailed report on the situation to today's weekly cabinet meeting.

There were 114,000 Thais working in the country's 15 commercial banks before Friday's announcement.

**BOT offshore debts  
to be settled  
this month**

BANGKOK, Aug 19: The Bank of Thailand (BOT) will settle by the end of August the last one billion US dollars of offshore debt it accumulated during last year's failed defense of the country's currency, the central bank governor said Wednesday, reports AP.

The previous central bank administration squandered nearly all of the country's foreign reserves defending the currency, the baht, from repeated attacks by speculators.

That forced the government to unmoor the baht from its fixed exchange rate and let it float, a de facto devaluation.

The move touched off a regional economic crisis and forced Thailand to accept a 17.2 billion dollars rescue package from the International Monetary Fund.

As of Aug. 7, the central bank still had 11.3 billion dollars in forward obligations, most in onshore markets, out of more than 23 billion built up in the failed defense of the baht.

The baht has dropped 37.8 per cent against the dollar since the central bank abandoned a basket-pegged exchange mechanism on July 2 last year.

The news helped the baht rise on Wednesday. Other factors that pushed the baht higher were the Japanese yen's rise against the dollar, and a statement by Standard and Poor's credit rating agency.

Standard and Poor's voiced support for the government's financial sector restructuring plan, and affirmed ratings on five state-owned or state-related institutions affected by the plan, dealers said.

At 11:58 am (0358 GMT), the baht was trading at 41.59 to the dollar, up from 41.72 to the dollar at the close of Asian trading Tuesday.

**Howard's new tax  
plan facing  
criticism**

CANBERRA, Aug 19: Welfare and church groups on Wednesday attacked as unfair a new tax plan that conservative Prime Minister John Howard has made the central plank of his re-election strategy, says AP.

Opposition from those groups helped sink a previous tax reform plan and insure defeat for the conservatives in 1993, when they lost the supposedly "unlosable" election against the highly unpopular Prime Minister Paul Keating.

Australia's biggest welfare lobby, the Australian Council of Social Services (ACOSS), and the church-based welfare organization the Brotherhood of Saint Laurence said the plan offers too many tax breaks to the rich and would hurt pensioners, the unemployed and the poor.

Howard tried to pre-empt their criticism, saying Tuesday that ACOSS had not accepted his offer of an expert briefing on the plan by the Treasury officials who had helped to put it together.

But ACOSS president Michael Raper said that offer only had been made late Monday, less than a day before his organization was to release its detailed assessment of it.

Although Raper said Howard's offer would now be accepted, he said his own organization's assessment of the plan still stands.

"After careful consideration, ACOSS has concluded that the government's tax package is unsustainable, unbalanced, unfair and therefore unacceptable in its present form," Raper said.

In particular, he attacked the government's plan to include food in its proposed 10 per cent goods and services tax, the centerpiece of the tax reform plan.

Raper said this would mean that low and middle income people would pay for any tax cut they might get at supermarket checkout counters throughout the nation.

His assessment was endorsed by the Brotherhood of Saint Laurence. But Howard insists that his plan is fair to all and would in fact overcompensate the poor for any price rises due to the proposed goods and services tax.

The plan includes major compensation measures for the poor and new family payments, which offer most help to single income families with small children.

Voters have given it a cautious but generally positive initial reaction.

The first full opinion poll taken since Howard announced his plan last week showed that his government had opened up a 5 point lead over its Labour opposition.

Howard's coalition had previously been trailing Labour for months.

Howard must call an election by March 1999, the end of his government's three-year term.

**Pisciculture  
course held  
in Magura**

From Our Correspondent  
MAGURA, Aug 19: One day training course on pisciculture organised by Magura District Fisheries Department was held here recently.

Fishermen, NGO workers, and unemployed youths of the district took part in the course. The officials of the Fisheries Department gave them training on scientific method of the pisciculture.

**Rouble loses further ground  
Russian stocks hit 28-month low**

MOSCOW, Aug 19: Russian stocks lurched to 28-month closing lows and the rouble lost further ground against the dollar, a day after the government's de facto devaluation of the rouble and effective default on its debt, reports AFP.

The rouble changed hands at 6.885 to the dollar in interbank trade on Tuesday from 6.43 on Monday, though volumes were still thin, indicating a continued liquidity crunch. The central bank later fixed the currency at the interbank rate, though the dollar was fetching more than nine roubles in street exchange booths.

Stocks meanwhile gave up nine per cent, closing at their lowest levels since April 1996, with traders waiting anxiously for the government to tell investors exactly what it plans to do with the billions of dollars' worth of domestic debt frozen in Monday's desperate move.

At 6:00 pm (1300 GMT), the leading Russian trading system index stood at 99.58 down 9.01 per cent from Monday's close having breached the 100-point level at which the index was launched in September 1995, the all-time low was set on March 18, 1996 when the index closed at 66.69.

"It's difficult to see where we're going," said Gary Kinsey, a trader with Brunswick Warburg Securities, adding that some investors had been forced into selling positions because they could not liquidate bond positions, due to the freeze of treasury bills, or GKOs announced Monday by the government.

"We still need to wait for the exact terms of the GKO restructuring and whether the run on the rouble will get worse," Kinsey said. "If households start selling up their roubles and buying dollars, then it's a disaster all round."

Oil major LUKOIL, which has led the market in recent days as one of the prime companies likely to benefit from devaluation through its strong exports, closed down 11.3 per cent at 5.5 dollars.

Russian equities have shed 75 per cent of their value this year in the world's worst performing market as confidence and capital fled alarmingly from the country due to chronic fears of devaluation and debt default.

The domestic bond market being frozen, all eyes turned to the state of Russia's foreign debt instruments, many of which were trading near default levels, according to traders.

"Prices on Minifins and Eurobonds have plummeted to default levels," said Eric

Jayaweera, a fixed income analyst with the MFK Renaissance financial group. It's all a big mess."

He said the market was ripe with rumours of how the government planned to restructure its huge domestic debt.

"There are a lot of rumours," Jayaweera said. "I don't think the government itself knows what will be announced."

One plan apparently involves the government issuing a new four-year bond into which all domestic debt will compulsorily be switched, as well as a longer-dated bond for any foreign institutions holding domestic bonds.

But private citizens holding the debt will be reimbursed in line with the original terms of the issue, ITAR-Tass reported, citing a finance ministry official, a GKO to the value of 4.7 billion roubles (680 million dollars at the interbank rate) is due to mature on Wednesday.

In addition, the state is to issue new seven- and 14-day bonds to try and get some liquidity back into the system.

"The new bonds would probably find a market, although investors will naturally have been put off Russia, Jayaweera said. "But what else could the government have done? They had nowhere to hide."

**Nerve-soothing  
suggestions  
for Russians**

MOSCOW, Aug 19: Hold your nerve. That was the advice to Russians Tuesday from the popular daily Komsomolskaya Pravda which published a survivor's guide to help consumers through the country's financial crisis, reports AFP.

The paper advised readers: 1. Imagine you have been caught up in a whirlwind. Don't struggle, wait. When its force dies down a bit, you'll be able to float.

2. If you have roubles, don't rush to change them. If you, me and everybody does, that will bring a definitive end to the currency.

3. If you saved to buy something, buy immediately. If you don't have enough money, borrow. If you can't borrow, buy something cheaper.

4. If you have saved some money, spend it fast. Go to the market and buy non-perishable foods.

5. If you have a banker's card, check to see if your account is in dollars or roubles. If it's in roubles, fill out the necessary documents and have it changed to a hard currency account.

6. If your savings are in a strong, hard currency, you have just wasted your time reading this list.

**American Airlines  
orders 15 more  
Boeing 777s**

Boeing Commercial Airplane Group confirmed an order by American Airlines for 15 more Boeing 777-200 ER (extended range) jets worth an estimated \$2.1 billion, says a Boeing press release issued yesterday.

Deliveries of the jets are scheduled to begin in March 2000 and continue through August 2001.

With this order, the American Airlines will have a total of 34 Boeing 777s on order — all powered by Rolls-Royce Trent 800 engines.

In November 1996, the airline identified Boeing as its preferred airplane supplier by announcing orders for Boeing jetliners over the next 20 years, cementing in Thailand, said scientists in the past, some experts have criticized the rice varieties developed by the institute because they needed more fertilizer and pesticides, which hurt the environment and are sometimes too expensive for poor peasants.

Recent events in Indonesia, perhaps, are an example of where economic chaos and food scarcity brought political instability, and can bring down governments and cause civil strife," he said.

Boriboon Somrith, senior rice expert at the Department of Agriculture in Thailand, said scientists in his country have not yet duplicated the Philippine center's results but are hopeful about its prospects.

"The plant type is a welcome development, but it needs to improve some more in grain

**Iraq may fall short of  
\$1b in oil revenue**

UNITED NATIONS, Aug 19: Iraq is expected to fall short of one billion US dollars or 25 per cent in oil revenues needed under a programme aimed at providing food, medicine and other humanitarian goods for its people, UN officials said on Tuesday, reports Reuters.

The decrease in anticipated funds probably will have an impact on upgrading the country's electricity and water sanitation programmes, considered vital in improving healthcare, the operation of hospitals and general living conditions, according to John Mills, a UN spokesman for the programme.

But he said the expected Iraq still would be able to meet increased targets for food and medicine in the current six months phase of the so-called "Oil-for-Food" programme that began on May 30 and ends on November 25.

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short of what the average Iraqi needed, the Security Council earlier this year raised the amount of oil Iraq could sell every six months from two billion dollars to 5.25 billion dollars.

The conditions in Iraq brought calls from around the world for sanctions to be eased or lifted. In March, Iraq and the United Nations reported that malnutrition in children remained high despite 5.6 million tons of food purchased since 1997.

But Iraq said it could not reach the 5.25 billion dollars target because of the dilapidated state of its oil industry and low oil prices. Instead it aimed for four billion dollars in oil revenues over the current six months phase.

A third of all oil revenues is automatically deducted by the United Nations for victims of Iraq's 1990 occupation of Kuwait and UN costs for running the programme.

Iraq blames part of the shortfall on the Security Council's sanctions committee — particularly the United States and Britain — for delaying approval of contracts on spare parts to upgrade its oil industry.

Washington, Aug 19: The US trade deficit narrowed in June from a record high in May, but bilateral gaps with recession-racked Asian nations kept growing and showed no signs the worst was over, the Commerce Department said yesterday, reports Reuters.

The overall monthly deficit was down 8.9 per cent to 14.15 billion dollars from an all-time peak of 15.54 billion dollars in May, but the improvement stemmed mainly from cheap imports, like oil, as exports dropped for a third month in a row.

Analysts said the report highlighted the contrast between stagnation in Asia, which accounts for about one-third of US sales, and a vibrant domestic economy beginning to feel the drag from rapidly fading foreign markets.

The gap in goods and services trade during the April-June second quarter soared to a record 44 billion dollars over-taking the previous quarterly

**US trade gap shrinks  
by 8.9 per cent**

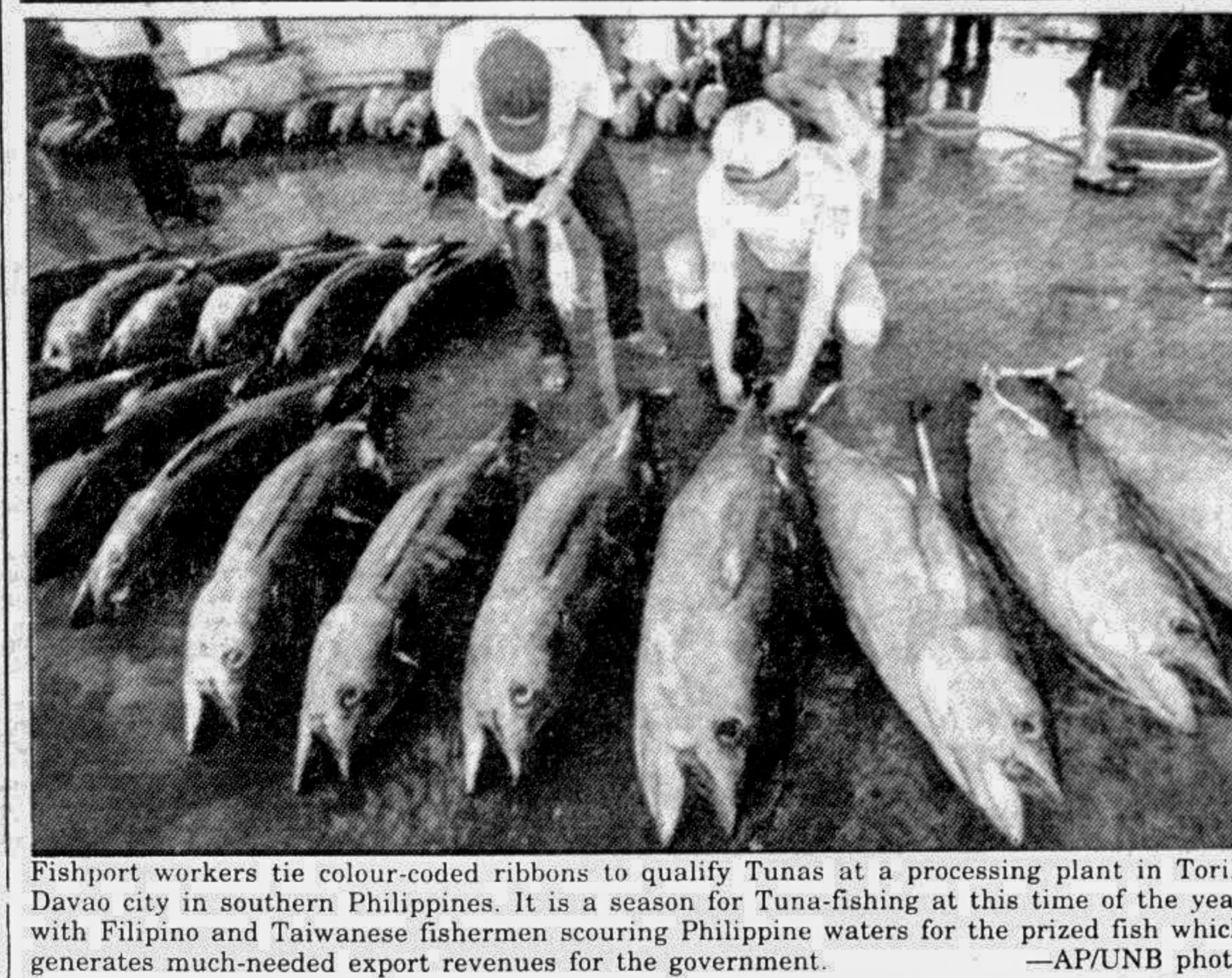
record deficit of 38.8 billion dollars set more than a decade ago in the final three months of 1987.

"We should expect continued deterioration in our trade with Asia," cautioned Commerce Department chief economist Lee Price, noting that exports to South Korea, Indonesia, Thailand and Hong Kong have plummeted this year.

Asia's woes have cheapened imports in part because the US dollar has appreciated in value against other currencies but also because demand for products like oil has fallen overseas.

A separate report on Tuesday showed US consumer prices rose only a moderate 0.2 per cent in July after a 0.1 per cent pickup in June, implying muted inflation pressures that were expected to keep interest rates steady.

Financial markets went their different ways on the economic reports.



Fishport workers tie colour-coded ribbons to qualify Tunas at a processing plant in Toril, Davao city in southern Philippines.