

**Russian stocks
plunge by
10 pc**

MOSCOW, Aug 20: Russian stocks plunged almost 10 per cent yesterday as the government put off an expected announcement on how it would revive the domestic debt market, whose suspension has sent shares into tailspin, reports AFP.

The main RTS index stood at 90.19, a fall of 9.42 per cent on Tuesday's close of 99.58, itself a 28-month low. The broader RTS-Interfax index, which includes leading blue chip Gazprom, was down 4.35 per cent at 24.19.

RTS volume was a miniscule 8.3 million dollars as investor shunned the market after the government postponed until next week the revival of the bond market, frozen on Monday as Russia technically defaulted on its debt.

"It's not surprising that they delayed the debt restructuring because the idea seemed to be that foreign investors were going to get a worse deal than domestic investors," said Gary Kinsey, a broker with Brunswick Warburg Securities.

"There are a lot of forced sellers, people saddled with gkos who need to raise money for margin calls, so they are selling stocks," Kinsey said.

Trading was suspended twice amid the heavy losses, market leader United Energy System (UES) shed 13.6 per cent to close at 0.065 dollar while Lukoil lost 9.7 per cent to 5.13 dollars.

The rouble meanwhile gave up another 11 kopecks to slip to 6.99 to the dollars, the government freed the currency from its dollar peg on Monday in a de facto devaluation.

The authorities suspended trade in government bonds on Monday and said they would launch a radical overhaul of the market this week, although Deputy Prime Minister Boris Fyodorov said details would not now be forthcoming until Monday.

In an interview given to Russia's major television channels, Prime Minister Sergei Kiriyenko exhorted his compatriots to blow the whistle on any exchange dealers violating tight controls imposed on currency trading, and to give information on retailers hiking prices unduly as a result of Monday's de facto devaluation.

To limit speculation on the rouble, the central bank has imposed a maximum 15 per cent spread on the dollar buy and sell rates.

"Don't hesitate to call the government hotline so we can quickly intervene and put things right," Kiriyenko said. The central bank has also set up its own hotline to field any questions on the government's move on Monday to widen the rouble-dollar corridor and also freeze the government bond market pending a debt restructuring.

The measures prompted crowds of Russians to try to withdraw their roubles from bank accounts and change them into dollars. A further spread of the incipient panic would heap intolerable pressure on the Russian currency and force a further devaluation, analysts say.

Another report says: Prices began rising here yesterday as Russia's shop owners and market traders, faced with a rouble crisis, re-priced goods, locked up stock and cancelled sales.

As the Russian banking system teetered on the brink of collapse and after the rouble's de facto devaluation on Monday, many traders preferred to hoard their stock rather than sell at current prices.

"Prices went up immediately," said Tatiana Alexeyeva, after shopping in the Savelovsky market in the north of Moscow Wednesday.

"I'm not going to panic, I've seen it all before, said another middle-aged shopper referring to price shifts in 1992, when inflation mounted to 2,500 per cent for the year, and in 1993 and 1994 when prices rose by 900 per cent and 300 per cent respectively.

Monday's devaluation has led to fears of a return to skyrocketing prices.

"Everyone is putting up their prices, we have decided to do the same," said Anton, a sales person in a sports goods shop in the capital. At the counter, sales assistants were hunched over a pile of new price tags.

Sales, which started this month, have been cancelled, said director Mark Medvedovsky.

Alexandre Chubayev, manager of a large food store, spent the day on the telephone speaking to suppliers in a bid to settle prices for new stock.

"Deliveries have been stopped for three days. The suppliers just don't know how to react," he said.

Chubayev said he had not yet increased prices, but added that was sure to come. He said the prices of meat and cold cuts would be hit very quickly.

In Moscow, 90 per cent of food products are imported so they will be hit by the devaluation of the rouble.

Even the cost of bread is rising.

A small loaf which yesterday cost 1.5 roubles (23 cents), is 1.90 roubles today," said Baker Elena Belayeva, adding manufacturers of other bakery products, such as cakes, were threatening to raise their prices.

The Daily Rosiskaya Gazeta, which sent reporters to the streets of Moscow talking to shoppers and checking on traders, said some shop owners were clearing their shelves of non-perishable goods, hoping to sell them at higher prices later.

"In total, prices in the markets have risen by between 20 and 30 per cent," the daily reported.

It said the provinces had also felt the change.



SMALL BIRDS BLOCKED THE BIG BIRD: A Qatar Airlines Airbus A 300-600R was stuck in the heart of the runway at ZIA and kept the airport closed for more than 10 hours yesterday. A flock of birds had come in its way while taking off at 7:30 in the morning, forcing the pilot to stop the airliner. The ill-fated plane carrying 226 people including the crew had its wheels burnt from fire due to extreme heat generated by the sudden stop. Hours of non-stop work by technicians could replace the wheels and helped the plane move at around 5:30 in the afternoon. All 216 passengers including two children were mostly unhurt when they were evacuated amid huge smoke outside. — Star photo

**Price spiral in Moscow
Hotlines set up to deal with complaints**

MOSCOW, Aug 20: Russia's government set up hotlines yesterday to deal with complaints from the public about traders and retailers profiting from the country's financial crisis and to field general concerns from citizens caught cold by the economic turmoil, reports AFP.

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Why Russia went for devaluation

MOSCOW, Aug 20: Russia's devaluation of the rouble and suspension of debt payments was a last-ditch effort to avoid a full default, Prime Minister Sergei Kiriyenko said, reports AFP.

"If we were to continue servicing our debt and making payments on treasury bills we would be unable to pay wages and pensions," Kiriyenko said in remarks broadcast by Russian television.

Russia's financial crisis deepened this month as stocks fell sharply and investors fled Russian bonds en masse even though rates soared to 200 per cent.

The Central Bank acknowledged Thursday that Russia's hard currency reserves fell sharply in the days before the devaluation was announced, falling nearly two billion dollar last week — from 17 billion dollar as of Aug 7 to 15.1 billion dollar last Friday.

The government has continually failed to pay wages and pensions to millions of Russians, sparking social protests in several regions of Russia, including a sporadic coal miners' blockade of the Trans-Siberian railway.

Kiriyenko said the suspension of payments on treasury bills would add between 200 and 250 billion roubles (29 and 36 billion dollars) to state coffers over the next 18 months that would help pay back wages.

Unpaid wages grew by 6.5 per cent in July and stood at 75.8 billion roubles (around 11 billion dollar) as of the beginning of this month, but only 20 per cent of that is owed by the state.

The government had initially planned to announce the terms of debt restructuring on Wednesday but postponed it until Monday under pressure from foreign investors who feared that Russia was going to offer them a worse deal than Russian banks.

Kiriyenko said the government was now talking to foreign investors trying to find a compromise. "We're not going to refuse to return this money to them, but act together to calmly and thoroughly analyze the real opportunities we have," he said in a speech before the Cabinet.

The commission was appointed, in March 1997 to examine Myanmar's observance of the 1930 forced labour convention following complaints lodged by delegates at an ILO conference in June 1996.

The commission said its report "reveals a saga of untold misery and suffering, oppression and exploitation of large sections of the population... by the government, military and other public officials."

The report, compiled with the help of non-governmental organisations and 250-witness accounts, stated there was "abundant evidence" showing the "pervasive" use of forced labour, particularly by women, children the elderly and those unfit for work, which was almost never compensated.

Compulsory labour was rife in such activities as pottering, construction, servicing of military camps, agriculture, logging, construction and maintenance of roads and other infrastructure.

For example the commission said porters were often sent ahead in particularly dangerous situations as in suspected minefields, and many were killed or injured this way.

Porters were rarely given medical treatment, and some sick or injured were left behind in the jungle.

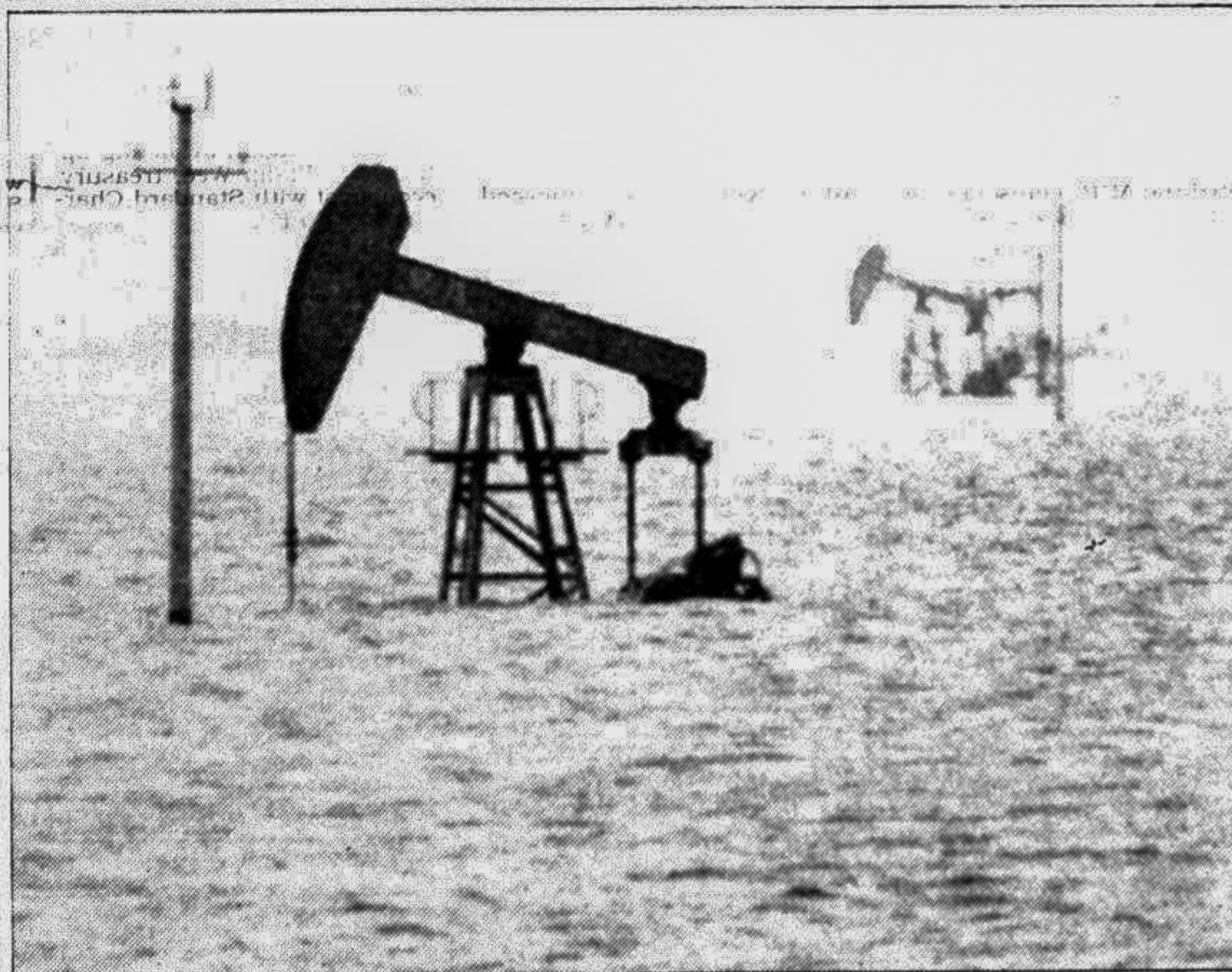
Similarly, on road building projects, injuries were rarely treated and deaths from sickness and work accidents were frequent on the job.

The commission said victims were often extorted for money in exchange for a temporary alleviation of the burden.

Those "unwilling, slow, or unable to comply with a demand for forced labour" were often hit with reprisals including "physical abuse, beatings, torture rape and murder," the commission said.

The commission urged the authorities to end forced labour and to conduct thorough investigations, prosecute and adequately punish those found guilty.

The Myanmar government refused to allow commission members to visit the country.



Oil well towers rise above flood waters Wednesday in the northeast city of Daqing, where 270,000 soldiers, oil workers and volunteers are working night and day to prevent the Nen River from overwhelming the city of 2.3 million people and China's largest oil field. Floods have inundated 1,391 of Daqing's 25,000 oil wells, the official China Daily reported. — AP/UNB photo

Pakistan plans more belt-tightening to breathe life into economy

ISLAMABAD, Aug 20: Prime Minister Nawaz Sharif's government plans further belt-tightening to revive the ailing economy hit by anti-nuclear sanctions and crippled by a 30 billion dollar foreign debt, the deputy chief of Pakistan's Planning Commission said, reports AP.

"We are in a state of shock... We have certainly been affected by these unfair sanctions," Ahsan Iqbal said in an interview Wednesday. Iqbal was recently appointed to run the commission that charts Pakistan's economic future. Sharif is its titular head.

"They never considered that we conducted tests for security in response to India," Iqbal said.

Pakistan faces sanctions from major world powers including the United States and Japan for nuclear tests it conducted in May in response to tests by its arch-enemy India. India was also punished.

The government responded to the sanctions by slapping restrictions on foreign exchange, devaluing the rupee by around 8.2 per cent increasing fuel prices by 25 per cent and cutting spending.

"We were living on borrowed money... these sanctions could serve as a wake-up call for us to mobilise resources and get rid of contradiction in our economy," he said. He said the government would trim its work force and cut non-salary expenses by 50 per cent.

Analysts say the government needed to take more painful steps, including a sharp devaluation, broadening its tax base and raising utility charges.

Economic analysts say investors confidence has been jolted by the economic fallout of nuclear arms race in South Asia and they are unwilling to increase stakes here. Foreign investors are pulling out and chances of their return are dim for the time being.

The Karachi Stock Exchange index plunged to an all time low of 748.03 points on July 10 from around 1,482.48 on May 12 — a day before the Indian tests. It is now trading at 971.96.

Analysts say the country's economy was in trouble even before nuclear tests and the sanctions only escalated the downside.

"It's important for Pakistan to break the cycle of crisis. It hampers long term investment," said Nadim Naqvi, research head of International Asset Management Company.

Iqbal said Pakistan's economy was more vulnerable to sanctions than India's because of its scant foreign exchange reserves.

"We were in a recovery process from the economic mess which we inherited. While India saw economic growth during last few years," he said.

According to central bank figures Thursday Pakistan's foreign reserves stand at 744 million dollar. That is barely enough to meet import bills for three to four weeks.

The International Monetary Fund, prodded by the US sanctions, stalled a tranche of a 1.56 billion dollar loan to Pakistan in yet another blow for the battered economy.

Iqbal said Pakistan has arranged loans from friendly countries and institutions. Pakistan has received \$250 million from Kuwait and more is coming, he said.

Forced labour pervasive in Myanmar: ILO

GENEVA, Aug 20: Forced labour of women, children and old people is pervasive in Myanmar and those who resist are often tortured, raped and murdered, the International Labour Organisation said, reports AFP.

The commission was appointed, in March 1997 to examine Myanmar's observance of the 1930 forced labour convention following complaints lodged by delegates at an ILO conference in June 1996.

The commission said its report "reveals a saga of untold misery and suffering, oppression and exploitation of large sections of the population... by the government, military and other public officials."

The report, compiled with the help of non-governmental organisations and 250-witness accounts, stated there was "abundant evidence" showing the "pervasive" use of forced labour, particularly by women, children the elderly and those unfit for work, which was almost never compensated.

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RBI announces plans to shore up rupee

BOMBAY, Aug 20: India's central bank raised the reserve requirements of commercial banks as it announced measures today to shore up the rupee, which responded by going on a rollercoaster ride, reports AFP.

The Reserve Bank of India said the measures, which included steps to absorb excess liquidity, were being taken in view of "recent developments in the foreign exchange markets."

The rupee, which has lost a fifth of its value in the past 10 months, closed Wednesday at a record low of 43.51 to the dollar. "As a temporary measure the cash reserve ratio to be maintained by scheduled commercial banks is being increased from 10 per cent to 11 per cent from August 29," the RBI said.

The bank also allowed forward cover for 15 per cent of the value of investments by foreign portfolio investors, and warned exporters against delays in repatriating their earnings.

The measures sent the rupee on a rollercoaster ride. After trading as low as 43.70 in the early morning, the currency rose sharply to 42.40 to the dollar, before falling back to 43.00.

The fluctuations continued throughout the morning, with the rupee standing at 42.80 around midday.

The RBI is trying to shore up the rupee by hitting at currency speculators, particularly the foreign banks," said Subhra Subramaniam, an analyst at foreign brokerage Warburg Dillon Read.

Subramaniam said every percentage point raise in the cash reserve ratio locked up 60 billion (1.5 billion dollars) in the commercial banks.

Dealer Mrudul Gokhale, at foreign exchange and travel house Thomas Cook, said: "The RBI is tightening liquidity in the market, but the general feeling is that these measures will have only a short-term effect, say about a month or so."

"The market was very volatile soon after the RBI announcement, but the rupee continued slipping and is expected to close around 43 to the dollar today," she said.

The currency has dropped everyday this week, after Finance Minister Yeshwant Sinha warned Monday that devaluation of the Russian rouble would hit India's trade.

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DHL announces expansion plan in Latin America

DHL Worldwide Express announces a 30 million US dollars expansion plan in its Latin American operations over the next 12 months.

The investments are intended to bolster the company's dominant market share in the region and provide technology and facility upgrades that will enhance customer service throughout Latin America, says a press release.

In addition, DHL announces that the company has recently achieved ISO 9002 certification for multiple DHL facilities in Bolivia, Chile, Ecuador, Peru, Uruguay and Venezuela.

This is the first time that the Geneva-based International Organisation for Standardisation, which governs ISO 9002, has certified an air express company in country within Latin America. It is also the first time in the history of ISO certification that any company has achieved simultaneous, multi-country, multi-site certification in Latin America.

Commenting on the expansion plan and the ISO 9002 certification, Charles Longley, Chief Executive Officer for DHL Asia-Pacific/Middle East, said, "we are confident that our substantial investments in Latin America and our ongoing commitment to the region — as evidenced by the ISO 9002 certifications — will help us maintain our position as the number one air express delivery company in the region."

The London share market gained ground as the Footsie index advanced by 46.1 points or 0.82 per cent on the day to end at 5,694.3 points.

The indicator had dipped after announcement of a 0.9 per cent rise in UK retail sales in July, but the market quickly rallied as economists said the July figure was mainly due to clearance sales and did not cast doubt on the tendency to a slowdown noted previously.

Hence investors have no reason to change their expectations on inflation and monetary policy, they said.

The Paris bourse was sustained in the first part of the Wednesday session, but ran out of steam before the close, which found the CAC 40 index at 4,125.72 points, up a modest 0.06 per cent from the Tuesday close.

The Amsterdam bourse posted a firm gain, the AEX index finishing just below the 1,200-point level at 1,199.94 points, up 1.26 per cent from 1,184.91 points at the Tuesday close.

The Madrid share market was up 0.91 per cent on the IBEX-35 indicator.

The Frankfurt market wants to climb and leave all the doubts resulting from the Asian crisis behind it.

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The 15th AGM of Islami Bank Bangladesh Limited. — Islami Bank photo