

## EUROPEAN NEWS

# Bulgaria puts up prices, cuts imports in austerity package

BY OUR VIENNA CORRESPONDENT

THE BULGARIAN Government has announced drastic austerity measures with sharp price rises to overcome the combined effects of a serious crisis in agriculture and in the energy sector. Imports of some goods including food and some beverages are also to be significantly curtailed.

The prices of petrol, diesel fuel, drinking water, electricity and a wide range of food and other consumer products are all rising to "compensate for the losses inflicted on the national economy by the natural calamities of 1984 and 1985," the Bulgarian Telegraph Agency (BTA), the official news agency, said yesterday. The measures were agreed by the Council of Ministers on Sunday and became effective yesterday.

Petrol and diesel fuel have been increased by 35 per cent. A litre of

high grade petrol, which until yesterday sold at about 1 Lev (\$1 at the official rate), will now sell at about \$1.35, making it one of the most expensive in Europe. Diesel fuel for domestic heating is going up by 8 stotinki (100 stotinki to the lev) per litre.

Drinking water for industry is going up by more than 260 per cent from 11 stotinki to 40 stotinki, and for domestic use by more than 66 per cent from 6 stotinki to 10 stotinki. The price of electricity has risen by an average of 58 per cent and by 41 per cent for domestic users. Domestic electrical appliances have gone up by 30 per cent and cars by an average of 12 per cent.

Imports of spirits are to be limited and their price substantially increased. Some imported goods and other products manufactured locally under licence have also been

increased including cigarettes, beer, coffee, special sugar and chocolates, special cheese, pork, chopped meat, canned food and special sausages.

The price of some construction materials has gone up by 20 to 38 per cent and the price of services by an average of 13 per cent.

Western diplomats say that the measures had been expected following recent comments by senior government officials and Mr Todor Zhivkov, Bulgaria's leader, about large-scale wastage in agriculture and in the use of energy. Agricultural and energy production have both suffered from the effects of a harsh winter and from a severe drought since.

The drought has caused considerable damage to agriculture, ruining some major export crops.

# Romania aims to clear all debts

BY PATRICK BLUM IN VIENNA

ROMANIA INTENDS to repay all its foreign debts by the next two or three years and will have repaid

This year, Romania planned to repay \$1.7bn of principal in addition to \$600m interest, but this may be an over-

foreign debt at one time.

"We realised that the excessively high interest rates and high

# Poland works fight merger

By Christo in Warsaw

POLAND'S co-makers are resisting centralisation.

It is proposed to give 60 independent and related large companies making contracts. Such a reform runs counter to decentralisation in the past without provoking workers' control. They are ready to approve any

The council introduced under the reform effect disappears the reorganised industry, by Friday to

The council works in elected last 70 per cent already