

Yen soars to 14-month high

Asia-Pacific currencies mixed

HONG KONG, Dec 29: Asia-Pacific region currencies had a mixed week against the dollar, with the Japanese yen rising to another 14-month high and the South Korean won dropping to a 45-month low, reports AFP.

Up with the yen were the Singapore dollar, Malaysian ringgit, Philippine peso and Thai baht.

The Australian, New Zealand, Hong Kong and Taiwan dollars all fell against the Greenback, while the Indonesian rupiah ended the seven days unchanged.

Japanese yen: The yen hit a 14-month high against the dollar of 125.70 Friday before closing the week at 125.75, up 2.57 yen from a week earlier.

Market players remained wary of the Greenback due to the slow US economic recovery, dealers said, but trading was limited because of the holiday season.

The Japanese currency opened the week 1.45 yen higher at 126.87 yen and steadily gained ground against the battered dollar.

On Friday, the Greenback slipped below 126 yen for the first time since October 1990 with the market anticipating a further decline in US interest rates, dealers said.

Australian dollar: The Australian dollar weakened through the holiday-shortened trading week as investors sold amid speculation of an imminent cut in interest rates, dealers said Friday.

In the local market, which closed Wednesday and Thursday for Christmas, the currency finished Friday at 76.09 US cent, down from the

previous week's 76.72 US cent, Macquarie Bank said.

The currency weakened in offshore trading overnight Monday, falling to a six-month low of 75.98 US cent before recovering later. It had stood at 75.78 US cent in June.

Prime Minister Paul Keating's cabinet reshuffle, in which he named John Dawkins as treasurer, was widely anticipated and the currency barely moved on the news.

The trade weighted index closed Friday at 56.0 from the previous week's 57.5 points.

Hong Kong dollar: The Hong Kong dollar ended the week at 7.7785-7.7795 to the US dollar, down on last week's 7.7725-7.7735.

The Hong Kong currency has been officially pegged at around 7.80 to the Greenback since October 1983.

Its effective exchange rate closed Friday at 109.2 down from 109.5 the previous week.

Dragged down by the sliding US dollar, the rate has fallen steadily in recent weeks, with the local unit hitting its deepest lows of 1991 against the German mark and pound sterling.

Indonesian rupiah: The Indonesian currency opened trading Monday at 1,989 to the dollar, one rupiah up on its Friday close, but then weakened through the four-day trading week to close again at 1,990.

Malaysian ringgit: The ringgit Friday ended the holiday-shortened week at 2,7475 to the dollar, up on last week's 2,7420 following intervention from Bank Negara, Malaysia's central bank, dealers said.

The bank sold about 40 million US dollar Friday to stem

the ringgit's possible decline in the face of heightened local demand for Greenback towards the end of the week.

The central bank's rather aggressive presence and a generally weaker Greenback overseas helped steer the ringgit to a higher close this week, one dealer said.

Trading in the week ahead is likely to remain dull as most traders will be away for the year-end holidays, dealers said.

New Zealand dollar: The New Zealand dollar last week continued its downward drift to close Friday at 54.45 US cent compared with 54.67 seven days earlier and 55.80 the previous week.

Dealers reported very light trading during the holiday period. There's no volume going through so the movement is not very relevant, one said, adding that "The overall tone is steady rather than weak."

Westpac Bank dealer Paul Kammel said the Kiwi had hardly traded offshore and should stay steady.

Philippine peso: The Philippine peso strengthened from its previous Friday's 26.70 to the dollar to 26.65 Thursday, where it remained through closing Friday.

Singapore dollar: The Singapore dollar strengthened further against the US currency over the week to end at 1.6270 Friday against 1.6465 the previous week.

The US dollar has slipped against the local currency for the last two weeks, and last Tuesday hit a record low of 1.6250.

Dealers here said the Greenback was likely to fall further, and even predicted

that the Monetary Authority of Singapore, the country's de facto central bank, was likely to intervene and prop up the Greenback.

The Singapore dollar was up against most other major Asian currencies, including the Malaysian Ringgit, which hit an all time low against the local unit Friday.

South Korean won: The won continued its slide against the dollar through the week as South Korea's trade deficit continued to grow, ending Friday at 760.20, its lowest level in three years and nine months, down from 758.70 the previous week.

Taiwan dollar: Taiwan currency slid 0.25 cent over the week from its close seven days previously to end Friday at 25.7525 to the US dollar.

After opening Monday at 25.75, the local unit fluctuated between 25.75 and 25.7525 in hectic trading as the Central Bank of China attempted to halt in further rise in the Taiwan currency.

Following the US Federal Reserve December 20 discount rate cut, the central bank was reported to be considering similar action to reduce the interest rate differential between the local and US dollars.

Thai baht: Thai currency strengthened slightly against the Greenback over the week to close Friday at a mid-rate of 25.27 baht to the dollar, up from last week's 25.37.

The baht rose after the increase in German interest rates, a Bangkok bank official said, adding the upward trend was expected to continue in the coming week.

India needs big sums for oil import

NEW DELHI, Dec 29: India goes into the new year with the onerous task of raising massive resources for meeting the enhanced imports of crude and petroleum products giving virtually no respite to an economy already battered by the Gulf War, devaluation of the rupee and alarming drop in oil production, reports PTI.

Oil imports are expected to jump by another six million tonnes in 1992 entailing an additional expenditure of at least Rs 5000 crore.

India's total oil import bill could be anywhere in the range of Rs 15,000 to Rs 16,000 crore plus, a tall order for a country whose exchange resources have just begun to buoy up through a series of liberalised economic measures unveiled by the Narasimha Rao administration.

India's foreign exchange position has now firming up to Rs 8,000 crore plus from the abysmal Rs 2,600 crore in the earlier part of the year.

Can India find the resources of this magnitude to meet its rising demand for petroleum products? This question looms large considering the country faced a mounting trade deficit, tough balance of payments position and a whopping external debt of over 70 billion dollar (about Rs 1.80 lakh crore).

Baghdad short of food, medicine

LONDON, Dec 29: The Iraqi capital of Baghdad is still desperate short of food and medical supplies, 10 months after the end of the Gulf War, a British Red Cross worker said Saturday, reports AP.

Charles Eldred-Evans, who flew to Baghdad on Christmas Day with 400,000 pounds 720,000 dollars medicines and baby food, said people were selling their possessions to buy food.

He said surgery was halted by lack of anaesthetics.

Inflation is rife. The prices of basic foodstuffs — eggs, milk, wheat and meat — have increased dramatically. Eldred-Evans said in a telephone call from Baghdad to Press Association, Britain's national news agency.

Better days ahead for Asian airlines

SINGAPORE, Dec 29: Asia-Pacific airlines look set for a prosperous 1992 with passenger traffic rebounding after being held down by worldwide economic problems and the Gulf War, Merrill Lynch (Singapore) brokers said, reports AFP.

The company said in its quarterly Asian Investment Strategy review that carriers such as Singapore Airlines, Malaysian Airlines and Hong Kong's Cathay Pacific are likely to see relatively strong growth.

Traffic intra-Asia, Europe-Asia and trans-Pacific is expected to grow by 10-15 per cent next year, compared to 5-10 per cent in 1991, Merrill Lynch said.

It said economic recoveries in the United States, Europe and Australia, as well as regional tourist promotions, should boost leisure traffic. Business travel, interrupted by the Gulf war, should be brisk with growing investment and trade opportunities in Asia.

Asia airlines will also benefit from liberalisation of travel restrictions in the region as well as the opening up of new markets in Eastern Europe, Vietnam, South Africa and, eventually, south America.

Booming intra-regional traffic should help fuel the growth of smaller Asian carriers such as Korea's Asiana, Eva and Foshing of Taiwan, Vietnam Airlines, Indonesia's Sempati and Singapore's Tradewinds,



Industries Minister Shamsul Islam Khan (L) and Labour and Manpower Minister Abdul Mannan Bhuiyan addressing at the installation ceremony of newly elected executive committee of BSCIC Officers Association Saturday.

Disappointing dollar leaves US officials stony-faced

WASHINGTON, Dec 29: The dollar dropped sharply with the end of the year, a victim of the recession and cuts in the cost of credit in the United States, but while this weakness unnerved Europe, US officials remained stony-faced, reports AFP.

Washington sees the slipping dollar as a way to fire up the US economy's anemic growth rates by making exports more affordable abroad at a time when President George Bush has made the slogan "Exports mean jobs" a centerpiece of his re-election campaign.

The drop in the US currency began in July, but sped up in the last several weeks. While the slide has taken place in a relatively organized fashion, the damage has been severe.

In six months, the dollar plunged 18 per cent against the German mark, with a

seven per cent drop just in the month of December. The dollar marked comparable slides against other major European currencies with a 17 per cent drop against the French franc and 15 per cent against the Swiss franc. The dollar has been stronger against the yen, but still saw a more than 10 per cent drop since July.

Behind the dollar's slide is the extreme weakness of the US economy, now in the midst of a recession that had been expected to end months ago. But the real reason for the dollar's drop has been the tool used to end the recession: Extended downward pressure on interest rates. Every drop in interest rates makes it more likely that investors will choose not to put their money in US instruments.

While interest rates were going down in the United States, the opposite was taking place in Germany, where rates

were being pushed up in an effort to fight inflation.

The result is that short-term interest rates in Germany are currently at least five points higher than US rates, the largest spread ever. With this differential, it's no surprise that panicky investors are going overseas.

And investors do not expect the differential to shrink — especially since US rates could go down even more — so the US currency will likely continue its slide over the next few months, experts said.

The dollar, which is now just above the psychological barrier of 1.5 German marks, could fall to 1.45 in January, according to a trader with a major European bank in New York. The dollar could stabilize at that level — very near the 1.4425 level set last February — because the market fears intervention of central banks, the trader said.

Japan budget targets 3.5 pc growth

TOKYO, Dec 29: Japan has finalized a draft budget for the coming fiscal year that slashes growth in defence spending, boosts foreign aid and delivers on a promise to Washington that Tokyo will stimulate domestic demand, reports Reuters.

The cabinet endorsed a 72.2 trillion yen budget for the year starting April 1, 1992, up just 2.7 per cent from an initially planned 70.3 trillion yen in the current fiscal year, marking the lowest budgetary growth rate in the past five years.

The budget will be sent to parliament in January for expected approval by the end of March.

Prime Minister Kiichi Miyazawa told cabinet ministers on Saturday that the 1992/93 budget should help improve public confidence in the health of the domestic economy. His remarks were reported by Finance Minister Tsumoto Hata who gave a press conference after the cabinet meeting.

The government's Economic Planning Agency (EPA) said measures in the 1992/93 budget to boost the

economy included proposed expansion in public works spending and low-interest government loans to smaller companies. The EPA also cited cuts in Japan's discount rate in July and November as recent stimulative measures.

EPA Minister Takeshi Noda told reporters, "We want the public to understand that the economy is not at rock bottom. If people gain confidence, Japan will be able to achieve a government target of 3.5 per cent growth (in real Gross National Product) in 1992/93."

The allocation for public works projects, such as bullet trains and promotion of housing projects, will rise to 8.1 trillion yen in 1992/93, up 4.5 per cent from 1991/92.

The government loans and investment programme, excluding revenues from postal savings, pension and other funds, will see double-digit growth for the first time since 1979/80.

The programme gets 32.2 trillion yen in 1992/93, up 10.8 per cent from 1991/92 levels.

These steps will help prevent the economy from slumping and enable Japan to fulfil

its pledge to the US to spend 430 trillion yen at home over 10 years from 1991/92, Ministry of Finance (MOF) officials said.

The pledge was a product of the bilateral Structural Impediments Initiative (SII) talks concluded in 1990, in which Washington urged Japan to open markets and spur domestic demand to help reduce trade imbalances.

Under the government's target of achieving sustained economic growth without inflation, the loans and investment scheme will help firms with their capital investment plans, and facilitate housing construction, the officials said.

The 1992/93 budget also features a high allocation for aid to the world's poorest countries and the lowest growth in defence spending in three decades. The Official Development Assistance (ODA) budget will grow a sharp 7.8 per cent to 952 billion yen in 1992/93 from an initial 1991/92 budget level.

The defence budget in 1992/93 will increase 3.8 per cent to 4.55 trillion yen from 1991/92, the lowest growth rate since 1960/61.

To make up for falling tax revenues, the MOF plans to raise 7.2 trillion yen through construction bond issues in 1992/93, up 2.7 per cent from 1991/92.

The MOF estimates Japan needs to make up for a revenue shortfall of 2.2 trillion yen in 1992/93 due to a slowdown in economic growth since the third quarter of this year.

The percentage of funds government bond issues generate as a portion of total budget revenue will grow to 10.1 per cent in 1992/93 from an initial 7.6 per cent in 1991/92.

Paris launches relief for CIS

PARIS, Dec 29: France Saturday launched continuous humanitarian relief to the Commonwealth of Independent States, reports Tonjug Poll.

Two airplanes carrying medicaments took off for Moscow and St Petersburg Saturday, and more aid will

Business Briefs

Russia bank has no reserve: The Russian central bank has only two days of currency reserves with which to meet its needs, Interfax news agency said Saturday quoting bank Chairman Georgi Matyukhin, reports AFP from Moscow.

It said he was speaking Saturday to the president of the Russian parliament. According to Matyukhin, the bank had been short of 12 billion rouble for the month of December.

India ponders rupee-rouble relation: India is studying various options on the future pattern of trade and continuation of the rupee-rouble arrangement, following the disintegration of the Soviet Union and formation of the Commonwealth of Independent States, reports PTI from New Delhi.

The ministries of finance and commerce are currently engaged in an exercise to assess the impact of the fast paced developments in the past few weeks on Indo-Soviet trade and the existing commercial tie ups.

PIA incurs \$ 4.7m loss: Pakistan International Airlines (PIA) suffered an operating loss of 117 million rupee (4.66 million dollar) despite a 10.3 per cent increase in revenue during the year to June 30, airline officials said, reports AFP from Karachi.

Presenting the airline's audited annual report, Managing Director Nawaz Tiwana promised a return to profitability by the end of the current fiscal year next June, despite industry estimates that airlines will lose an estimated four billion US dollar in 1991.

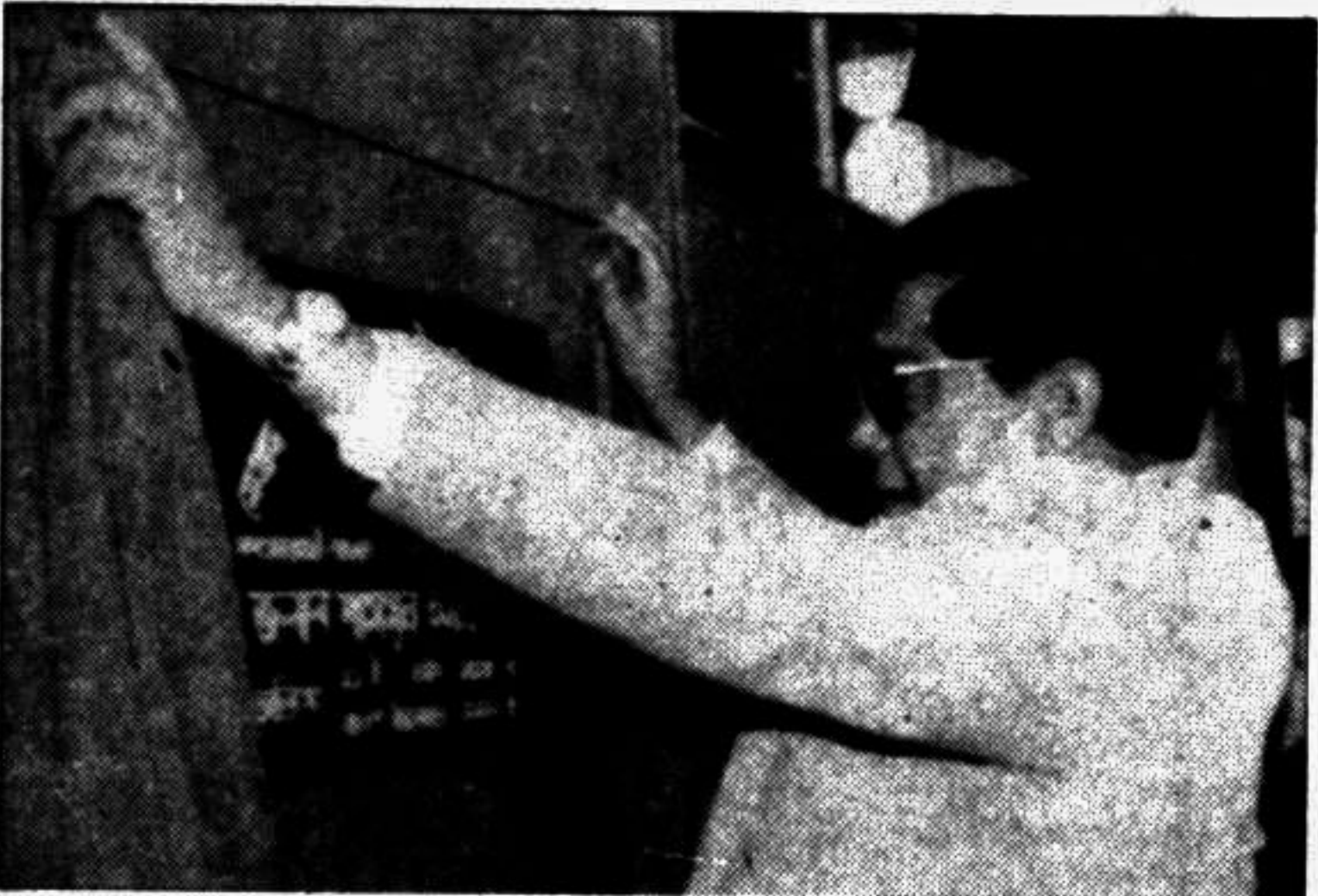
WB gives \$15m to Pak Rly: The World Bank (WB) has provided 15 million dollar to the Pakistan Railways out of a 105 million dollar loan agreed in May, the official Associated Press of Pakistan (APP) said Saturday, reports AFP from Islamabad.

The agency quoted the General Manager of the Railways, Zahoor Ahmed, as saying the released amount was being used to purchase spare parts for locomotives obtained in the past from the United States and Canada.

Housing scheme behind schedule: A Bonn-funded housing programme for the huge Soviet army withdrawing from eastern Germany is way behind schedule, (the troops' commander said in a newspaper article published Saturday, reports AP from Bonn.

Under a bilateral treaty that helped pave the way for German unity, Bonn pledged 7.8 billion mark (5 billion dollar) to build housing for the soldiers in their homelands. Full withdrawal is to be completed by 1994.

But of 36,000 planned apartments, not one is ready yet, Gen. Matvei P. Burlakov, Supreme Commander of the former Red Army in eastern Germany, wrote in the Bonn-based newspaper Die Welt. "Hopefully we'll receive 2,000 apartments soon," Burlakov wrote.



Minister for Industries Shamsul Islam Khan inaugurating the Golden Cables Industries in the Industrial Estate of BSCIC in Pabna on December 26. BSCIC Chairman Mohammad Maniruzzaman Chowdhury was present.

Top varsities, radio, even a casino out to hook Gorbachev

BOSTON, Dec 29: The Harvard and Stanford universities lined up early to pitch job offers at Mikhail Gorbachev. Even radio disc jockeys and a Laughlin, Nev. casino operator have joined the chase, reports AP.

Gorbachev has said little about his plans since resigning the presidency of the defunct Soviet Union. What he has said points to his staying in Russia and remaining actively interested — if not directly involved — in political affairs.

Nevertheless, Gorbachev has received a stack of US job offers that include a one million dollar fee for a casino owner.

"You don't joke about one million dollar," said Don Laughlin, founder of the booming southern Nevada gaming community that bears his name. "It is a very serious offer."

In Arkansas, Little Rock radio station wondered if Gorbachev might be interested in being a traffic reporter. Two

morning radio personalities joked they probably couldn't match the million-dollar offer from the casino.

Laugh if you want, but the one million dollar salary puts to shame the 40 dollar per month pension Gorbachev will receive from the Russian government.

From the silly to the substantial to the historic, the offers poured in.

California's prestigious Stanford University was among the first to offer Gorbachev a position. The Soviet leader visited Stanford last summer and established ties with its Center for Security and Arms Control.

Boston University President John Silber, in Moscow in the weeks before the Soviet Union's demise, reportedly sought out Gorbachev to invite him to Boston.

Silber has pulled off several academic coups. Two years ago, both President Bush and French President Francois Mitterrand spoke at the university commencement.

Harvard University is interested in having Gorbachev deliver a speech and perhaps serve a stint at the John F Kennedy School of Government.

The University of Minnesota and Johns Hopkins University are among the other well-known schools to invite Gorbachev to teach or lecture.

Retired University of Virginia President Frank L Hereford said that universities have for years sought famous writers, scientists and public officials to teach, lecture or preside over think tanks.

There was William Faulkner as writer-in-residence at Virginia, Albert Einstein at Princeton's Center for Advanced Studies, and Dwight Eisenhower as President of Columbia.

But seldom has the competition been so fierce.

"It's probably more of a trend now than it was," Hereford said.

Often the visiting celebrity speaks to small, select semi-

nars or perhaps makes no public appearances at all. The goal, in some cases, may be to raise the university's prestige and help with fund raising, Hereford said.

Every indication from Moscow is that universities needn't worry about making classroom space available for Gorbachev anytime soon.

Gorbachev has said he's weighing some job offers, but he is expected to start out as head of a think tank founded after the failed August coup.

The Fund for Socio-Political Research, dubbed the "Gorbachev Fund," employs about 200 people and concentrates on preparing political, economic and social analyses for Russian and former Soviet officials.

In a Moscow reception following his resignation speech Wednesday, Gorbachev indicated that his future is in his homeland, not at some far-flung honorary post.

"I am not leaving the political scene," the 60-year-old

former president pledged, saying he would like to maintain links to the new Russian government.

In an interview last week on the American CBS news programme "Face the Nation,"



Gorbachev: High demand Gorbachev said the university offers are "serious and interesting" but that he plans to stay in his home country.

The disclaimers did little to douse the international recruiting effort.

George Mason University in Fairfax, Va, added a new twist by offering teaching positions to both Gorbachev and his wife, Raisa.

Former President Carter invited Gorbachev to be a visiting professor at Emory University in Atlanta. South Africa's Anglican Archbishop Desmond M Tutu has a four-month teaching assignment at Emory's theological school. Carter has also served as a part-time professor at Emory.

Through it all, Laughlin remains convinced that he and his Nevada gaming empire have the inside track.

"He's had offers from universities and other places, but nothing of the magnitude we've offered," Laughlin said. "We wanted to hit him in the darkest hour of his political career with the good news: you're not president anymore, but you can be a millionaire if you want to."