

Tokyo top brass softens line on trade gap with Washington

TOKYO, Dec 27: Top government and ruling party officials agreed Thursday that Japan should do all it could to meet US demands for steps to redress the huge bilateral trade imbalance between the two nations, reports Reuters.

But they remained adamant in opposing any opening of Japan's rice market to imports.

"The US economy is not very good so we want to respond to US requests by doing what we can to cooperate," Chief Cabinet Secretary Koshiro Kato told reporters.

"But there has been no change in our stance on rice," he said after a morning meeting of government ministers and ruling Liberal Democratic Party (LDP) leaders.

A proposal before the Uruguay Round of world trade talks would introduce tariffs on farm imports to replace all other barriers to agricultural trade in theory opening Japan's rice market to importers willing to pay the tariffs.

President George Bush and other US officials have made it clear that the main topic of Bush's January 7-10 visit to Japan will be the US trade

deficit with Japan.

"Japan stands out like a sore thumb in the world trading body," Commerce Secretary Robert Mosbacher said on Friday. "It's the only major trading partner with whom we haven't lowered our trading deficit over the last couple of years."

In fact, Japan's trade surplus with the US dropped to 38 billion dollar in 1990 from a record 52.1 billion dollar in 1987. Economists expect it to have risen to 41 billion dollar in 1991 as Japan's economic slowdown dampened imports.

Bush is facing mounting pressure from domestic critics who charge he has failed to take steps to pull the economy out of recession, and seeking trade concessions from Japan is one way to deflect that pressure, analysts said.

US demands on Tokyo are expected to focus heavily on trade in cars and auto parts, which account for three-quarters of the US deficit with Japan. Reflecting that emphasis, chairman of the big three US carmakers will travel with Bush to Japan.

Only last week, General Motors, the world's biggest car

'A rotten year for British economy'

LONDON, Dec 27: This year has brought the worst collapse of economic and business confidence since the 1930s, Barclays Bank Chairman Sir John Quinlan said on Thursday, reports AFP.

He told the BBC (Radio 4) that "if you ask me, the economy is in a pretty dismal state, and going to stay that way for a while... it's been a rotten year for British industry, for the banks, for the economy generally."

In another development, the Liberal Democrats accused the government of not having kept its promises for Christmas: an end to the recession.

Party finance spokesman Alan Beith said that "recovery has not happened. If in doubt, check the depleted tills of the high street retailers."

ROK prefers stability to expansion in 1992

SEOUL, Dec 27: South Korea will make achieving economic stability rather than expansion a priority next year to curb inflation and a growing trade deficit, economic Planning Minister Choi Gak-Kyu said Thursday, reports AFP.

In a report to President Roh Tae-Woo, Choi was quoted by officials as saying the government had set South Korea's 1992 economic growth target at seven per cent, lower than this year's estimated performance of 8.6 per cent.

The 1992 current account deficit is projected to be eight billion dollar, lower than this year's estimated performance of nine to 9.5 billion dollar.

Inflation rate is projected at nine per cent from this year's estimated performance of 9.5 to 9.7 per cent.

"The government will give top priorities to having each economic sector share the burden and endure lower economic growth and to improving the current account balance," Choi was quoted as saying while reporting about next year's economic plan.

While reducing the total growth of the money supply from this year's 18.8 per cent to below 18.5 per cent to put the brakes on an overheated

Rich's debt to poor

LIMA, Dec 27: Many developed countries have profited from Peru's rich natural resources while Peru has received no benefit from this, a latest joint study report said, according to Xinhua.

This was disclosed here Thursday in a joint study made by the National Natural Resources Evaluation office, the National Meteorological and Hydrological Service and the Peruvian Foundation for Nature Conservation.

The report said that in this respect the industrialized nations are actually in debt to the underdeveloped countries.

Regarding genetic potential, for example, 25 per cent of the drugs used in the United States are derived from plants of the tropical rainforest.

Of the 104 life zones in the world, 84 can be found in Peru. They fall into 28 types of climate and rank second in the world in the number of bird species and third in the number of mammal species, the report said.

It added Peru is one of five countries in the world with the greatest biological diversity. It has one of the greatest centres of germ plasm for domestic species of flora and fauna on earth and one of the most important centres of useful wild species.

Specialists also reported that Peru has between 40,000 and 50,000 species of flora, approximately half of which are still unknown. At Yanachaga-Chemillen national park, 2,854 species of plants have been collected and it is estimated that there are a total of 5,000 to 10,000 species of plants in its 122,000 hectares of land.

They said that Peru is known for its 1,703 species of birds, approximately 1,800 species of slatwater fish, 296 species of reptiles, 235 species of amphibians and 362 species of mammals.

There are in this country approximately 1,200 species of will plants valuable for their fiber, oil, fats, dyes, spices, flavoring, aromas, drugs or gums, among others.

A great number of foods in the world originated from Peru, such as the potato, tomato, sweet potato and maize, they said.

ing economy, the government will also urge companies to keep pay hikes within five per cent next year and limit permits for new construction.

Firms which do not abide by the wage hike limit would face tighter credit lines and restrictions in bidding for government projects, Choi said.

Exports are expected to rise by 12.8 per cent to 81 billion dollar in the coming year, while imports are predicted to grow by 10.6 per cent to 90.5 billion dollar, Choi said.

Gross National Product is expected to rise 14.6 per cent to some 297 billion dollar, with per-capita GNP reaching 6,816 dollar, Choi said.

Meanwhile, AFP adds: South Korea's trade deficit swelled 685 million dollars in November to 10.7 billion dollar on a constant basis for the first 11 months despite slackening imports. The Customs Administration said today.

South Korea exported 6.68 billion dollar worth of goods last month, up 10.8 per cent from the previous November, while importing 7.36 billion dollar, down 2.1 per cent.

It is the first time this year that South Korea has imported less than during the corresponding month last year.

As of November 30, exports amounted to 64.2 billion dollar, up 10.7 per cent, and imports stood at 75 billion dollars, up 18.3 per cent from the same period last year, The Administration said.

South Korea, during the first 11 months, had a 716 million dollar deficit in its trade with the United States on exports of 16.8 billion dollar and imports of 17.5 billion dollar.

In its trade with Japan, South Korea ran an 8.18 billion dollar deficit on exports of 11.25 billion dollar and imports of 19.42 billion dollar, it said.

Russia okays privatization plan

MOSCOW, Dec 27: The Russian Council of Ministers approved Thursday an ambitious plan to transfer control of state enterprises and shops to private entrepreneurs, including foreigners, a news agency reported, according to AP.

The plan would keep railways, civil aviation, and most natural resources under state control. It lists large-scale factories that would be privatized and small enterprises such as shops that would be auctioned off, the Interfax news agency reported.

To become law, the plan requires approval by the Russian legislature or by Russian

President Boris Yeltsin.

The Eastern European experience has shown privatization to be one of the most difficult but essential steps of economic reform needed to increase the amount and quality of goods available as well as stabilize inflation.

Moscow Mayor Gavril Popov on Thursday reversed his decision to resign over his blocked economic reforms after Yeltsin pledged to help the city, which is troubled by chaotic food supplies and other problems.

Interfax quoted Science Minister Boris Saltykov as saying that the plan would offer

Japan's trade surplus soars 300 pc

TOKYO, Dec 27: Japan's current account surplus soared 330 per cent in November compared with a year ago, the government announced Thursday, reports Reuters.

The nation's unadjusted current account - the broadest measure of trade in goods and services - widened to a 7.26 billion-dollar surplus in November from a surplus of 1.69 billion dollar a year earlier and 6.73 billion dollar the previous month, the finance ministry said.

US President George Bush is scheduled to visit Japan less than two weeks from Thursday when the figures were released, with Japan's chronic trade surplus with the United States one of the main items on the agenda.

Recent finance ministry figures show Japan's November trade surplus with the United States was 3.59 billion dollar, up from 3.56 billion dollar in the same month last year.

Dollar changes little

NEW YORK, Dec 27: The dollar closed little changed in very quiet holiday trading, as many dealers extended their Christmas vacations and remained on the sidelines, reports Reuters.

"Nothing is going on. There were so few players that no one reacted to anything," said Matthew Robertson, Vice President at Banque Nationale de Paris. Markets were closed in most of Europe and in Canada, further lowering trading volume.

Market sentiment remains bearish toward the US unit, due to US economic weakness and interest-rate differentials.

The dollar closed at 1.5075/85 mark, up from the opening of 1.5060/70 but down from Tuesday's early finish of 1.5200/10.

The dollar also ended at 126.40/50 yen, down from the opening of 126.55/65 yen and Tuesday's finish of 127.50/60. The close against the yen was the dollar's lowest of the year, surpassing Monday's finish of 126.95/02 yen.

Among the news traders did not react to was a 20,000-person drop in first-time US jobless claims during the week ended Dec 14 to a seasonally adjusted 473,000 on average had forecast a fall of 19,000. Despite the decline, the total number of new claims was still large, Robertson noted.

"Until we see prospects for a US recovery, people will focus on the rapid growth of interest-rate differentials" against the dollar, said Richard Vullo, senior marketing representative for Bank of Montreal in New York.

Last week, the Bundesbank raised German interest rates, while the federal reserve cut US rates.

Also ignored by the market was the official dissolution of the Soviet Union. The Soviet parliament Thursday went through the motions of voting the Soviet Union out of existence. The peaceful transition so far to the Commonwealth of Independent States has prevented the situation from affecting the market.

"I thought that whatever you no call the Soviet Union would be more of a factor (in trading)," Vullo said. "So far, there has been no major effect," he noted.

US President George Bush said his State of the Union Speech in late January will contain some proposals for stimulating the economy. But Robertson said the market will not react until it finds out the substance of Bush's plans.

Until then the dollar is likely to undergo a steady erosion, Robertson said. He predicted the dollar will trade in ranges of 1.5020-1.5100 mark and 126.00-126.80 yen Friday. Vullo sees bands of 1.50-1.54 mark and 126-128 yen next week.

And Earl Johnson, Vice President at Harris Trust and Savings Bank, said the dollar could easily reach 1.48 mark next week.

Sterling closed Thursday at 1.8825/45 dollar, down from the opening of 1.8890/10 dollar, and the Australian dollar at

Malaysia offers credit for palm oil purchase

KUALA LUMPUR, Dec 27: Malaysia said Thursday it was extending two-year credit facilities worth 500 million Malaysian dollar (185.2 million US) to six countries to buy between 1.2 million and 1.5 million tonnes of its palm oil a year, reports AFP.

Primary Industries Minister Lim Keng Yaik said China, India, Pakistan, Egypt, "The New Russia" and Iraq would have to sign up to buy a minimum of 300,000 tonnes of palm oil a year from Malaysia before they could make use of the facilities.

The move is seen by analysts as a strategy by Malaysia, the world's largest palm oil producer, to secure long-term contracts and step up sales of the commodity worldwide.

The credit-line would carry an interest rate based on the

9.8 pc jobless in France

PARIS, Dec 27: Unemployment in France climbed to 9.8 per cent of the workforce in November, or 2,825,600 people, the Labour Ministry reported Thursday, according to AP.

The number of job-seekers rose by 29,500 from a 9.7 per cent overall unemployment rate in October, the ministry announced in a communiqué.

The ministry said that the rise reflected an increase in the number of people applying for unemployment benefits, as well as a steady stream of layoffs.

Taiwan falls behind in world market

TAIPEI, Dec 27: Taiwan's competitiveness in world markets has fallen behind its three major trade competitors in Asia this year, an official from the island's top economic planning body said Thursday, reports AFP.

"Singapore was rated first among the top 10 Newly Industrialized Countries (NICs) followed by Hong Kong and South Korea, with Taiwan last of the four Asian Dragons," a Council for Economic Planning and Development spokesman said.

Quoting a survey by the Geneva-based World Economic Forum (WEF), the official said Malaysia ranked fifth in the survey, followed by Thailand, Mexico, Brazil, Indonesia and India.

The official noted Taiwan needed to improve its economic system in order to increase its competitiveness.

Business Briefs

US extends ban on Libya: President George Bush decided Thursday to extend for a one-year period economic sanctions against Libya that were first put in place by former President Ronald Reagan in January 1986, reports AFP from Washington.

The White House issued a statement which said the sanctions were being kept in effect "because the government of Libya has continued its actions and policies in support of international terrorism."

Indian coffee exports up: India's coffee exports have improved after slumping in the first half of the current financial year, boosting hopes that targeted sales will be achieved, reports AFP from New Delhi.

India sold 23,293 tonnes of coffee in October and November, doubling exports from the last two months of 1990, the Press Trust of India (PTI) said Wednesday.

The improved sales followed a sharp decline in coffee exports in the first half of the 1991-92 fiscal year which started April 1 and ends next March 31.

Tokyo firms to tap Cambodian oil: The Japan Petroleum Exploration Co. (JAPXEC) and Nissko Iwai Corp. signed an agreement Thursday to explore for oil off the Cambodian coast, reports AFP from Phnom Penh.

Exploration will begin immediately at a cost of 11 million US dollar over four years, Japanese executives said at a signing ceremony with the Cambodian government.

"I believe this signing will be a significant event in the developing relations between Cambodia and Japan," said Mo Yabe, Executive Vice President of Japex.

Cuba seeks oil for sugar: Cuba has asked Iran to send it oil in return for sugar, Tehran radio said, reports Reuters from Nicotia.

The barter request was made by Cuba's Sugar Industry Minister Juan Herrera Machado in a meeting with Foreign Minister Ali Akbar Velayati in Tehran.

The radio did not say if Velayati accepted the request but quoted him Thursday as saying "We have no problems in expanding ties with Cuba."

Cuba, Ukraine to barter goods: Cuba says it has signed barter agreements with oil-rich Kazakhstan and the agriculturally bountiful Ukraine as it seeks to salvage the Soviet lifeline, whose cutoff of oil plunged it into a severe crisis, reports AP from Mexico City.

The Havana government also recognized 11 of the independent republics that have emerged from the former Soviet Union and the Commonwealth of Independent States that embraces them.

The official Cuban news agency Prensa Latina said Cuba recognized Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Uzbekistan, Ukraine and Russia.



Finance Minister M Saifur Rahman Thursday laying the foundation stone of a multi-storied accommodation for police officers at Baily Square in City. —PID photo

My advisors wrongly predicted recovery: Bush

WASHINGTON, Dec 27: President George Bush admitted on Thursday his advisers were wrong to predict that the US economy would recover from recession by now and promised to unveil proposals to stimulate economic growth soon, reports Reuters.

Bush also said he was examining "entitlement" spending programmes—that include pensions and funds for the ill and poor—to see what could be done to stop them from growing by "leaps and bounds" and bloating government spending.

And he insisted he would not resort to protectionism despite recent American job losses and a large trade surplus with Japan, saying protectionism would be disastrous for the US economy.

The president spoke at a new conference at which he introduced his choice for US Commerce Secretary, businesswoman Barbara Hackman Franklin. If confirmed by the Senate she will replace Robert Mosbacher, who is leaving to become Bush's 1992 election campaign manager.

"What I've learned from this is that economists can be wrong," the President said when asked why he continued to trust the advisers who told him the recession that began in summer 1990 would be "short and shallow."

The science of economics was "inexact at best," and the economy's recovery had been widely predicted three months ago, Bush said. He said he was not "recriminatory" about his advisers who had erred.

"You go back and look at not just my economic advisers, but the blue chip prognosticators, and I think many, including this non-economist you're talking to, have been wrong," Bush said.

The White House's chief economic guru, Council of Economic Advisers Chairman Michael Boskin, said in the summary that the US economy had emerged from recession and would grow at 2.5 to 3 per cent in the second half of the year.

Other officials including Budget Director Richard Darman and Treasury Secretary Nicholas Brady con-

currred in Boskin's predictions for moderate growth. Many Democrats accused them of "rosy scenarios" for which there was little basis in fact.

The economy grew just 1.8 per cent in the July-September period; well below the forecast, recently Boskin backtracked and said growth, if any, will be slight in the fourth quarter.

White House spokesman Marlin Fitzwater said last week that the economy was for all practical purposes still in recession.

Bush, whose popularity ratings suffered along with the economy this autumn, said his State of the Union Speech in late January would contain "some suggestions that I have already made and some new suggestions on what to do in a stimulatory sense to the economy."

He refused to give details. Later Thursday he met with advisers to discuss the plan before leaving for a trip to Asia and the Pacific December 30.

Bush did suggest that he was considering cuts in the sensitive area of entitlement spending, which affects

American worker's pensions and medical care for the poor and elderly.

"When you take a look at some of the entitlement programmes, there in lies the real expansion of government spending. What can be done about them? We're talking about that right now," he said.

The President also said he intended to stick to at least part of a deal he made last year with Congress on deficit reduction by keeping "caps" on domestic discretionary spending such as money for education and roads.

Another message adds: Bush, mindful of voter concern as he heads into an election year, vowed on Wednesday to tackle US economic problems with the same determination America brought to winning the Cold War.

Bush, who faces a re-election battle next November, sounded the economic campaign theme even as the praised events in Moscow where Mikhail Gorbachev resigned as President.

"These dramatic events come at a time when Americans are also facing challenges here at home," Bush said at the end of a speech hailing the emergence of a new Commonwealth in the Soviet Union's place.

"I know that for many of you these are difficult times, and I want all Americans to know that I am committed to attacking our economic problems at home to with the same determination we brought to winning the Cold War."

Bush went on to warn Americans against isolationism, a jibe at conservative columnist Patrick Buchanan who is challenging him for the Republican presidential nomination. Buchanan is campaigning on a theme of "America first."

According to opinion surveys, most Americans believe Bush spends too much time on foreign affairs to the detriment of the US economy.

Bush said in a televised speech from the Oval office that the United States "will only succeed in this interconnected world by continuing to lead the fight for free people and free and fair trade."

"A free and prosperous global economy is essential for America's prosperity," he added. "That means jobs and economic growth right here at home."

The reference to US economic woes marked the second time in recent days that Bush has used a non-partisan address to sound a campaign theme.

In an earlier Christmas message from the White House, Bush referred to a transport bill he had signed "that will put hundreds of Americans back in good jobs."

He added that he was travelling to Asia and the Pacific next week "to fight for open markets and more opportunities for American workers."

Hurt by the US recession, Bush's approval rating in opinion polls recently dropped below 50 per cent, his lowest point since taking office in 1989.

Bush's popularity hit a peak of about 90 per cent shortly after he organised the multinational coalition that drove Iraq from Kuwait in February.