

Bush calls for open Japan market

OSAKA (Japan), Jan 7: President Bush on Tuesday called for open Japanese markets and said more Americans should learn to speak Japanese, while American auto executive Lee Iacocca declared, "We're the leaders of the world", reports AP.

Bush, travelling with Iacocca and 17 other top US businessmen on a politically charged crusade to improve the sale of US goods in Japan, declared "I come as a friend" to a group of Japanese students in Kyoto.

The US president underscored the trade theme of his visit the last stop on a 26,000-mile trip — saying, "I want to increase access for American goods and services in these Japanese markets."

Bush told the students America needs more people who can speak Japanese "and who understand the workings of the Japanese marketplace."

He said he had some ideas he would discuss with Japanese leaders in talks opening Wednesday in Tokyo.

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Bush opened his visit by touring the Imperial Palace in Kyoto, the ancient capital of Japan. Joined by his friend, former Prime Minister Toshiki Kaifu who met him at the airport, Bush watched a demonstration of Kemari, a traditional game in which several people form a circle and kick a ball. The game was widely popular among court nobles from the 8th to 14th centuries.

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Kemari players looked on.

With pressure building in both Tokyo and Washington, there were fresh signs that Japan was readying trade concessions to try to make Bush's trip a success.

Japanese Prime Minister Kiichi Miyazawa said Monday that his country must be a "friend in need" to an economically struggling United States and that he would do everything he could to help US automakers improve their sales in Japan.

As Bush began his visit to four Japanese cities, there was a stark reminder from home of the problems that confront him: on this trip as US automakers reported big sales declines.

The Big Three US automakers confirmed their worst sales year since 1983. Ford Motor Co, said its 1991 sales dropped 13.6 per cent from the year before and Chrysler Corp, reported a 14.7 per cent drop. General Motors Corp,

the world's largest automaker, was still to report its figures.

Sales of Japanese autos also dropped, but by much less.

Autos account for about three-fourths of the 41 billion dollar trade gap between Japan and the United States.

Bush left Seoul for Kyoto, Japan early Tuesday on the final leg of his four-nation Pacific tour.

In South Korea, the administration revealed it had privately approached North Korea about holding talks within a week or two on the issue of Pyongyang's nuclear weapons potential.

North Korea replied that it was interested but wanted a delay, officials said.

Shortly after Bush left Seoul, the Defense Ministry announced cancellation of the 1992 annual joint US-South Korea military exercises to encourage North Korea to sign a nuclear safeguards agreement.

On Monday, Bush said he and Itoh had agreed to cancel

the exercises called "Team Spirit" if the North fulfills its pledge of a nuclear-free peninsula.

North Korea has long viewed the military exercises as an act of aggression.

The emphasis on security issues overshadowed disputes with South Korea on economic barriers.

Treasury Secretary Nicholas F Brady flew to Tokyo on Monday to join Bush in his trade talks with the Japanese. Brady decided to make the trip over the weekend, according to Deputy Secretary Claire Buchanan, who said she was unaware of any unexpected development that contributed to the decision.

The stakes are high for Bush and Miyazawa.

Both face crucial election tests this year, and each man is suffering sagging popularity ratings. Both sides seem determined to find a formula allowing Bush to declare a victory from his visit.



Communications Minister Oli Ahmed Saturday visiting Syedpur railway workshop. — PID photo

Farmers protest demand

TOKYO, Jan 7: Slogan-chanting farmers staged rallies throughout Japan Tuesday to protest visiting President Bush's demand that the country ease its ban on rice imports, reports AP.

Japan's powerful farm lobby also pressed its case to keep out foreign rice by taking out a full-page newspaper ad addressed to the US President.

"Welcome to Japan, President Bush," read the bold heading above the firm but polite message.

The demonstrations included a rally of 500 farmers at Sendai in northern Japan and a march by 350 farmers in the western city of Saga, according to the Central Union of Agricultural Cooperatives.

More rallies and demonstrations are to follow during Bush's four-day state visit.

The farmers wanted to tell Bush that they oppose US demands that Japan lift its ban on rice imports, said Santa Kobayashi, a spokesman for the Central Union of Agricultural Cooperatives that bought the advertisement.

Japan has opposed opening its markets up to imported rice on grounds that it needs to retain self-sufficiency in the staple food. But officials have hinted some concessions may be made if needed to reach a successful conclusion to the Uruguay Round of international trade talks.

The 18 million yen (140,000 dollar) ad in the Nihon Keizai newspaper, Japan's leading economic daily, juxtaposed two photos — one of an American pastoral

landscape including a barn and windmill, the other, geometrically patterned Japanese rice paddies.

The message, written in both English and Japanese as an open letter to Bush from the group's president, Misugu Horiuchi, was that agriculture deserves special trade protection because of its cultural importance.

Japanese auto makers plan concessions to US Big-3

TOKYO, Jan 7: Major Japanese auto makers, responding to American pressure, plan to open their domestic dealerships to the Big Three US auto makers and even set sales targets for US cars in Japan, company spokesmen and media reports said Monday, reports AP.

The proposals apparently would round out a package of concessions by Japanese government and industry to the troubled US auto makers, who were expected to announce their worst sales figures since 1983 later in the day.

Japanese executives planned to propose the package before a one-hour meeting Thursday with the chairman of General Motors Corp, Ford Motor Co, a Chrysler Corp, who are accompanying President Bush during his summit talks this week, a Nissan Motor Co spokesman said.

"I know that the American people treasure the farming region in the Midwest as their heartland," Horiuchi wrote.

"I also know that the frontier spirit born in the farming regions that include Texas, the President's home state, is an integral part of the American heritage."

Kobayashi said the union, which represents eight million members, chose a polite tone to address Bush "because he is an important guest."

Reuter adds: US President George Bush flew to Japan today but a leading Japanese newspaper told him that if, as announced, his trip was aimed at creating American jobs, he should have stayed at home.

An editorial in the economic daily Nihon Keizai Shimbun acknowledged the political pressures on Bush, but said Asia was the wrong place to look for solutions to the US economic slowdown, the causes of which were primarily domestic.

The exports which the US government was counting on to create jobs were in fact already strong.

Therefore, the "job creating trip" ought really to have been made inside the United States, the editorial said.

Nihon Keizai said since the US market was the most open in the world, truly competitive products should sell well there.

If American products don't sell as expected in their own market, the cause is probably the lack of competitiveness of the American products themselves, the daily added.

Japanese become the bogeymen?

NEW YORK, Jan 7: The 41 billion dollar trade deficit with Japan has been blamed for a range of afflictions in the United States, from joblessness to indebtedness to the death of industries unable to compete, reports AP.

But many economists challenge the reasoning behind this emotion-charged argument.

They say President Bush's visit to Japan this week has tended to distort the dangers of buying more from the Japanese than they buy from the United States.

"Human nature leans toward conspiracy theories, simple explanations, looking for bogeymen," said William Sterling, an international economist at Merrill Lynch and Co, the big Wall Street brokerage. "With the Soviet threat gone, the Japanese have become the bogeymen."

Sterling and others argue that 41 billion dollar, while an enormous figure, is the lowest US deficit with Japan in years because the Japanese are buying more American goods and selling less in the United States.

Moreover, the figure doesn't include service industries such as tourism, law and finance, in which the Japanese are net buyers from the United States.

Some economists also contend that 41 billion dollar pales in significance to some other important measurements of the American economy that are far larger and give a more accurate assessment of the total picture.

The value of all US goods and services produced in 1991, for example, totalled nearly six trillion dollars. Against that, 41 billion dollar represents about two days' worth of output.

"True, Toyotas and Hondas crisscross US highways and Sonys and Hitachis jam the department store shelves, the most highly visible symbols of Japan's export dynamo in areas the United States once monopolized.

But many of these cars and electronic products are now assembled in the United States, providing thousands of jobs in this country.

Many Americans also don't

realize the Japanese are key buyers of US commercial aircraft, computer chips, medical diagnostic equipment, electronic instruments and agricultural goods ranging from tobacco to Florida grapefruit.

So why are Bush and his accompanying troop of American business executives, including the Big Three automakers, making such an issue over the trade question?

For decades, a trade deficit was thought to be a sign of economic weakness, an indication that a country consumed more than it produced and was borrowing against the future to live for today.

The price would be exacted in high debts, unemployment and declining standards of living. A frequently quoted government calculation asserts that for every one billion dollar in additional net imports, 20,000 jobs are lost.

But many economists now argue that in the global trade picture, a deficit with one country is meaningless if there's surplus with other countries that make up for it.

A large number of foreign nations now are net buyers of US goods, which has pushed the 1991 trade deficit below 100 billion dollar for the first time in eight years. The European Economic Community, for example, is running a 25 billion dollar deficit with the United States, vs a surplus a few years ago.

"We shouldn't care if we run a deficit in, say, bananas," said Sterling. "We don't make them and we like to eat them. If we can make something else that somebody else wants, that's great."

Allan Meltzer, an international economist at the American Enterprise Institute, a Washington-based research concern, says the receding American trade deficit also shows US products are getting more competitive, not less. But he said this trend has been obscured by Japan's supremacy in such areas as carmaking, which is causing highly visible pain among the Big Three automakers.

"The deficit has become a big political issue in the United States, and people are unaware of the facts," he said.

'It's managed, not free trade'

TOKYO, Jan 7: US President George Bush is making a call for more open Japanese markets the banner of his visit to Japan, but economists say the result could well look more like managed trade than free trade.

The Americans want it both ways — they want it to be free trade but with managed results, and they're putting more emphasis on results than process," said Peter Morgan Chief Economist at Barclays de Zoete Wedd Securities (Japan) Ltd.

Bush, under heavy pressure at home to prove he can find ways to boost the sputtering US economy, has turned his Japan trip into a high profile campaign to create US jobs by opening the Japanese market to more American exports.

Topping his agenda are demands that Japan do something about its large surplus in car and car part trade, which accounts for about three-fourths of Tokyo's estimated 41 billion dollar trade surplus with Washington. Japanese trade officials feeling the diplomatic heat have proposed that an "action plan" to be unveiled during Bush's visit include specific figures for expected increases in imports by Japanese companies.

The "action plan" to be announced along with a Tokyo declaration setting the frame-

work for future US-Japan ties, is expected to include Japan's responses to specific economic demands which have come to dominate Bush's agenda for Japan.

"These figures will not be promises, but will be the aggregate of forecasts made by companies," a Ministry of International Trade and Industry (MITI) official told Reuter.

MITI is proposing that the plan include forecasts by 23 car, electronics and machinery makers to boost their imports by about 10 billion dollar in the fiscal year from April 1, 1993 from about 16.2 billion dollar in 1990-91.

About half the increase in imports would be likely to come from the US, the MITI official said.

The 23 firms, including top Japanese car makers, are among the 88 companies and 22 business groups that have already announced import boosting plans in response to a request from the trade ministry.

While Japanese officials deny such plans constitute managed trade, economists say they are part of a trend which over the years has seen export restraints imposed on steel, cars and machine tools and a trade agreement reached setting a market share target for US microchip sales in Japan.

"The big problem is that free

trade is politically correct for a republican president, but de facto ... wherever you look there are trade agreements being worked out rather than the invisible hand of market forces," said Jasper Koll, economist at S G Warburg Securities (Japan).

MITI Minister Koza Watanabe said yesterday Japan was unlikely to further reduce car exports to ease the friction over auto trade. Japan, however, has exercised "voluntary restraints" on its auto exports to the US since 1981-82 and imposes a limit of 2.3 million units in the current business year. Exports have fallen below that level for the last four years.

Since 1984, Japan has also imposed restraints on steel exports to the US, although the European Community, Japan, the US and other steel producing nations are now discussing replacing such bilateral agreements with a multinational one.

Last June the US and Japan agreed a new accord on semiconductor trade under which Tokyo said it would try to boost its purchase of foreign-made microchips to 20 per cent of its market. The pact replaced an expiring 1986 agreement.

In December Bush ordered the continuation of import restrictions on machine tool imports from Japan and Taiwan. The restraints were first negotiated in 1986.

Marriage of voice and picture

NEW YORK, Jan 7: AT and T on Monday introduced a dollar 1,500 telephone, that sends moving pictures of callers as well as their voices. The device will be available to consumers by spring, reports AP.

The AT and T Videophone 2500 sends and receives video calls over existing telephonic lines for the same price as standard voice-only calls.

American Telephone and Telegraph Co said it was the first company to offer picture phones that operate on standard phone lines. Other systems, which start at about 20,000 dollar, require special digital phone lines and are aimed at business users.

Robert M Kayne, who heads AT and T's communications products division, called the marriage of voice and pictures "a profound change in communications."

AT and T first publicly demonstrated a picture phone at the 1964 World's Fair in New York City.



Duncan giving away certificates.

Dollar falls in NY

NEW YORK, Jan 7: The dollar closed lower in quiet trading, as the market's negative psychology toward the currency reasserted itself, reports Reuter.

"Sentiment is overwhelmingly bearish," said Matthew Robertson, Vice President at Banque Nationale de Paris. The bearish sentiment stems from the weak state of the US economy. The dollar had gained late last week in what traders called a technical rebound. But few signs of strength were evident Monday for the US unit.

The dollar closed at 1.5155/65 marks, down from the opening of 1.5200/67 and Friday's finish of 1.5425/35 marks.

The dollar also ended at 123.30/40 yen, down from the opening of 124.40/50 and Friday's finish of 124.60/70 yen.

"The January buying effect is pretty much over" for the dollar, said David Gilmore, senior analyst at MCM Currency Watch. With traders trickling back to work after the new year's holiday, the market's focus returned to economic fundamentals, he said.

"The outlook for the US economy is sour," Gilmore said. Most analysts expect the economy will remain in recession until the second half of the year.

Russians force down prices

MOSCOW, Jan 7: Increasingly angry Russian shoppers have forced authorities in several cities to roll back the hefty price increases imposed less than a week ago as a first step toward a market economy, reports AP.

In Stavropol in the northern Caucasus, people smashed store windows to protest the soaring prices of meat and sausages, the Tass news agency reported. After death threats were phoned in officials quickly lowered the price.

There were no other details immediately available on the incident, which Tass reported late Monday.

There have been no reports of price-related violence in Moscow.

Moscow radio reported "milk disturbances" in Vladimir in central Russia in which the police was called out in response. Officials lowered the price, but many people still refused to buy milk in protest.

In Kirov in Russia's north-east, prices were lowered on a number of items, including chicken, which fell from 90 roubles to 70 roubles a kilogram. Tass reported. The old state-controlled price was 34 roubles a kilo.

Monthly wages in Russia now average between 350 and 650 roubles.

In the northern port of Murmansk, a kilo of fried cod

cost 27 roubles on Monday, down from the 120 roubles, charged Sunday.

Fish sausage costs half as much as it did immediately after the price increase. Still, Tass noted, the prices were almost 10 times higher than they were just a week ago.

Most reports suggest that in the first week of the new system, people were doing more price shopping than buying and there has been no flood of goods onto state store shelves.

Moscow radio, however, said consumers are now seeing a greater choice of goods, including some items most Russians had seen only at exhibitions.

On Jan 2 Russia freed price controls on most goods, forcing Ukraine and most of its fellow former Soviet republics to follow along or risk seeing their still-subsidized goods snapped up by Russian shoppers.

Reuter from Bonn adds: Germany, alarmed by reports that huge quantities of food and medicine donated by Russia have been stolen, urged the European Community (EC) to directly supervise distribution of aid.

Government spokesman Dieter Vogel told a news conference that Bonn was sending 10 logistics experts to Russia immediately to report on ways of ensuring help reached the truly needy.

BTC trainees awarded certificates

By Staff Correspondent

RMIH Duncan, Managing Director, Bangladesh Tobacco Company Ltd (BTC) distributed Sunday certificates among three trainees who completed its "Management Development Programme."

The programme is designed to promote management skills among the fresh recruits. It highlights business and personal management, and fundamentals on computer use and communication techniques.

BTC is first to undertake such kind of programme.

Underground economy shares 20pc of Taiwan's GNP

TAIPEI, Jan 7: Huge sums are loaned out by shadowy businessmen operating under false names. Backyard factories churn out goods for export. Street stalls and night markets form a vast, unregulated retail sector, according to Reuter.

Taiwan's underground economy is booming, despite government efforts to crush it. Analysts estimate it is about a quarter of the size of the officially recorded economy.

"No one can get a precise estimate but 25 per cent is a rough figure," said Chyan Chuan-Beng, manager of the economic analysis department at state-owned Bank of Communications.

This would mean the underground economy generated

some 45 billion US dollar of wealth last year in addition to the island's official Gross National Product of about 180 billion, Chyan and other analysts said.

"Our underground economic activities are among the world's largest, if not the largest, as a proportion of the overall economy," said Norman Yin, economics professor at National Chengchi University.

The underground economy operates outside government taxation, record-keeping and regulation. It is financed by a huge illicit financial sector.

Underground finance houses and individuals make loans at interest rates two or three times the level of legal banks.

Illegal securities houses operate an underground stock trading system where turnover has approached volume on the real stock market, analysts say.

A study by central bank officials estimated that private businesses and individuals borrowed about 807 billion Taiwan dollar from unlicensed bankers in 1989, about 32 per cent of the island's overall borrowings.

The existence of the underground economy hinders authorities' attempts to control the money supply, fulfill promises to trading partners to crack down on copyright piracy, and collect taxes.

Chyan estimated that unregistered businesses evaded taxes of between 100 and 150 billion Taiwan dollar a year.

The government launched a crackdown on underground banks in 1989, forcing dozens out of business. The most notorious was the giant Hung Yuan group, which at its height ran gold and foreign exchange operations and had overseas offices.

Senior executives of Hung Yuan were jailed, and it was declared bankrupt last May after illegally accepting an estimated 3.6 billion US dollar from depositors, who are expected to get only a small fraction of their money back.

But many underground finance firms survived and new, more secretive ones sprang up to take the place of the high-profile firms.

"The crackdown on under-

ground economic activities is a long-term effort. We are unable to eliminate them. We can only curtail them because we are short of manpower," Vice Economics Minister Wang Chih-Kang said in an interview.

Analysts say the underground financial sector exists partly because it satisfies demand for capital from small firms that are often ignored by the legal, state-nominated banking sector, which is geared towards large conglomerates.

"Unless the banking system is developed, the underground finance companies will remain because they are the only option for small businesses and individuals who cannot borrow from licensed banks," said

Shea Jia-Dong, Economic Research Fellow at the Academia Sinica.

The underground financial industry is expected to shrink slowly in future because of the creation of 15 new commercial banks licensed last year.

The new banks say they will grow by lending to small firms, taking the place of illegal banks.

But most analysts believe the underground economy will remain a feature of Taiwan's business world for many years.

"Whether the government likes it or not, underground economic activities will continue to thrive," said the leader of one illegal money lending company, which said it offered loans of up to about five million US dollar.

Business Briefs

Indian rupee devalued: The Reserve Bank of India (RBI) announced a downward revision of 0.54 per cent in the exchange value of the rupee vis-a-vis the pound sterling here late afternoon Monday making the British currency twenty-six paise dearer from morning levels, reports PTI from Bombay.

Earlier in the day the RBI had adjusted the rupee upwards by 0.52 per cent.

Turkey inflation 71 pc up: The 1991 annual inflation rate in Turkey reached 71 per cent, compared with the 60.4 per cent rate registered in the previous year, the Daily News reported here, says Xinhua from Istanbul.

According to figures released by the Turkish State Institute of Statistics (SIS) consumer prices were increased by 71 per cent and wholesale prices jumped by 59.2 per cent last year.

Japan's reserves soar: Japan's foreign exchange reserves rose 1.04 billion dollars from a month earlier to 68.980 billion dollar at the end of December, the finance ministry said Monday, reports AFP from Tokyo.

The holdings represented the fourth month-on-month increase in a row, the ministry said in a report.