

Success a fifty-fifty chance : Tokyo official

Crucial EC-US GATT talks today

BRUSSELS, Apr 21: The European Community and the United States are on a collision course over cuts in farm subsidies at a key meeting tomorrow despite urgent appeals to bury their differences for the good of the world economy, reports Reuters.

The fate of the Uruguay Round of global trade talks, stalled over the subsidy row, is expected to dominate President George Bush's Washington meeting with European Commission President Jacques Delors and Portuguese Prime Minister Anibal Cavaco Silva, whose country holds the rotating EC presidency.

It's going to be nasty, one senior European official predicted at the weekend.

The failure of the two trading giants to agree on the size and speed of cuts in agricultural export subsidies has brought more than five years of Uruguay Round talks under the General Agreement on Tariffs and Trade to a standstill.

Talks Chairman and GATT Director-General Arthur Dunkel says that without a deal on agriculture— which accounts for only 10 per cent of world trade— up to a dozen of the 108 nations involved will walk away from other prospective agreements on textile quotas, protecting patents and global banking rules.

German Chancellor Helmut Kohl, Chairman of the Group of seven rich nations, failed in talks with Bush last month at the president's Camp David retreat to settle the farm prob-

lem. Dunkel's latest deadline for ending the trade round began at the Uruguay resort of Punta Del Este in 1986 and due to have ended in December 1990, passed on Sunday without a deal.

The world's other economic giant, Japan, last week revealed it had written to the United States and EC complaining about the delays.

The criticism angered some in Brussels and Washington who pointed to Tokyo's refusal to open its rice market to imports.

But it delighted Dunkel, who said Japan spoke for a silent majority of trading nations asking themselves when these two big elephants... are going to get their act together so that we can conclude the Uruguay Round.

Business groups worried about the flagging world economy, have added their voices to the calls for a deal.

The negotiations are stalled because of domestic politics. If this persists, it will threaten the very existence of the contractual GATT multilateral trading system, warned American, European and Japanese business organisations in a joint statement issued on Monday.

Officials said the toughest Transatlantic differences over agriculture boil down to just two: US demands for a volume limit on subsidised EC exports and French arguments against duty-free imports to the Community of grain substitutes

from the United States. A pessimistic senior EC official on Saturday denied reports from Paris that the two sides were discussing a compromise linking the two problems — if US exports of grain substitutes increase, volume limits on EC exports would be eased.

EC export subsidies are blamed by exporters from Argentina to New Zealand for disrupting markets and undermining prices.

The US seems ready to clear away a third dispute, conceding that the EC can reformist controversial common agricultural policy by making direct income payments to farmers to compensate for cuts in price supports.

Another report from Tokyo adds: Japan's chief negotiator at the GATT Uruguay Round of world trade talks said on Monday there was only a fifty-fifty chance of success because of the row between the United States and the European Community.

"Personally, I think it's fifty-fifty now. The summit talks between the US and the EC on April 22 will be a key point," Minoru Endo, Ambassador for International Economic Affairs at the Foreign Ministry, told a symposium on GATT.

"But several high-level talks have been considered chances to bring a breakthrough and failed. I just want to listen to good news after the US-EC meeting."

The United States and the EC are widely seen to hold the

key to compromise in the Uruguay Round of talks under the General Agreement on Tariffs and Trade. The round began in 1986 and is already almost 18 months overdue for completion.

EC Commission President Jacques Delors and US President George Bush meet in Washington on Wednesday for what is seen as a major chance to advance the process after months of deadlock.

"If the April 22 talks fail to break the deadlock, the next targets (for concluding the Uruguay Round) should be this summer and the year-end, Endo said.

Bid to include China, Taiwan

Another despatch adds: Japan is working hard to find a formula to allow China and Taiwan to join the General Agreement on Tariffs and Trade (GATT), officials said on Tuesday.

Officials of the Ministry of International Trade and Industry (MITI) spoke after their Minister, Kozo Watanabe, returned from China on Monday after a four-day visit.

One official said Japan and other countries were searching for a formula, including the problem of what name Taiwan would use, that would allow both sides to join GATT.

GATT is considering applications by both China and Taiwan, which has applied not as the republic of China but as a customs area covering the land which the Taipei government controls.

Japan is wanted to lead an Asian trade bloc

TOKYO, Apr 21: Japan should play the role of Asian Pacific regional leader, according to 70 per cent of businessmen and academics polled in other countries across the region, an influential newspaper reported Monday, says AFP.

The Nihon Keizai Shimbun said in its weekly edition that majorities hostile to such a role for Japan were found only in China, where 78 per cent of respondents were opposed, and in South Korea, where 54 per cent were against it.

But majorities in favour of the idea were found in all the other countries — Taiwan, Hong Kong, Singapore, Malaysia, Thailand, Indonesia, the Philippines, India and Australia.

approximately 500 economic officials polled backed the creation of an "Asian Economic Community" similar to the European Community (EC), with 90 per cent of them wanting it to include Japan.

Sixty per cent said the EC and a North American trading bloc comprising the United States, Canada and Mexico, constituted a menace to Asia.

An "Asian Economic Community" would, however, be different from both of these by being more concerned with regional development, 63 per cent of respondents said.

For them Japanese leadership should first of all take the form of investment in the region, an opening of its markets and greater technological assistance for other countries, particularly the transfer of Japanese technology.

But in China, Taiwan, Hong Kong and Singapore, the majority of the businessmen and academics asked said Japanese acknowledgement of guilt for its role in World War II was at least as important as current business issues.

Yet the South Korean respondents, whose country was occupied by Japan between 1910 and 1945, judged technology transfers more important than the extraction of such a confession.

Asked about the most probable form of evolution in Asia's communist countries by the end of the century, 30 per cent said they would all have adopted open door economic policies by then.

In a separate article published in the English-language Japan Times, Yukio Ohnuma,

General Manager of Information and Policy Analysis at C. Itoh and Co, one of Japan's biggest trading companies, said without a doubt, the economic destinies of Japan and the other nations of Asia are intertwined.

In the future, other nations in Asia— some of them home enormous segments of the world's population— will be seeking alternative policies to those prescribed by western-style capitalism, Ohnuma added.

They will be looking to Japan as an elder brother, to set the example.

He said the secrets of Japan's success stemmed from a specifically Japanese form of capitalism which produced social harmony and an absence of unemployment.

Thai garment income may hit 100000m baht this yr

BANGKOK, Apr 21: The value of Thailand's garment exports is expected to reach a record level of 100,000 million baht (25 baht equal one US dollar) this year, reports Xinhua.

This is the estimate of Vitroj Amatakulchai, President of the Thai Garment Manufacturers' Association, and is based on increasing demand for Thai products in their principal and new markets.

The Thai news agency quotes Vitroj as saying that Thailand exported garments worth about 20,000 million baht in the first quarter of this year. If the trend remains stable for the rest of the year, the export value will exceed 100,000 million baht.

That garment exporters, he said, have successfully diversified their export markets to non-quota countries, which represented 53.93 per cent of the total export value in 1991.

Poland has emerged as a major export market for Thai garments and was worth 8,922 million baht last year, an increase of 71 per cent over the figure for the previous year.

Exports to Japan reached 4,000 million baht in 1990 and 7,100 million baht in 1991, and are expected to rise to 10,000 million baht at the end of this year.

Vitroj says Indonesia will most likely become a major competitor of Thailand in the next few years. Many foreign investors have started to relocate their factories there because of the lower labor costs.

Yemen hopes to become trade centre of East Africa, Arab

SANAA, Apr 21: Yemen, pinning hopes on its Red Sea location and free market reforms, is hoping to become a trade and manufacturing centre serving East Africa and the Arab world, reports Reuters.

Officials said incentives included exemption from customs duties for up to 15 years, free transfer of hard currency, low cost services, tax free salaries for foreigners and the elimination of Yemen's impenetrable bureaucracy.

"We mostly need industrial projects and Yemen is in a strategic area from which it can export a lot to East Africa and neighbouring Arab countries," Industry Minister Mohammad Said Al-Attar told Reuters in an interview on Saturday.

"The focus now is on investment and the future promises Yemen a big leap in economic development," said Attar, who was also appointed Chairman of Yemen General Corporation for Investment (YEGCI) formed last month.

Yemen, still suffering from the impact of the 1990-91 Gulf crisis, hopes that recent big oil and gas finds will encourage investment.

Attar expected Sanaa would export around 400,000 barrels per day (BPD) of oil in the next two years. He also said Yemen was negotiating with US companies Hunt and Exxon to exploit between 12 and 13 trillion cubic metres of gas for exports and to set up a petrochemical industry.

YEGCI last week signed a contract worth 245 million riyals (20.4 million dollar at the official rate) with Yemen Telecommunications (Yemtel), a joint venture between the private and public sectors and Britain's Cable and Wireless, to build international telephone and telex lines, Attar said.

It also approved the setting up of a 120 million riyal (10 million dollar) residential and trade complex, a joint venture between Libyan and Yemeni private investors. Negotiations to set up four pharmaceutical plants will be completed soon, he added.

G-7 will try to avert world recession

WASHINGTON, Apr 21: The United States and its rich allies are expected to try to thrash out ways to avert a global recession at a meeting of economic policy-makers this weekend, Western diplomats and private economists said, reports Reuters.

They said Japan's collapsing stock prices, Europe's slumping growth and the fragile US recovery all argue for stronger action by the Group of Seven to promote growth.

They should be trying to work out a global growth package, said C Fred Bergsten, a former US official who is now Director of the Institute for International Economics Think Tank here.

Agreeing on a growth package is exactly what the United States has been trying to persuade its G-7 allies — Britain, Canada, France, Germany, Italy and Japan — to do for the past year, with limited success.

At the group's last meeting in January, Washington won the grudging acceptance of its G-7 partners that world growth was too slow. But it failed to persuade them to shift their policies from fighting inflation to promoting growth.

While the US economy has begun to show more signs of life since then, the economic outlook for Europe and Japan has turned more sombre. That has heightened fears in President George Bush's administration that weak growth overseas could sabotage the hesitant US recovery ahead of the November presidential election.

US Treasury Secretary Nicholas Brady has already signalled that he intends to push for G-7 action to boost growth when the group gathers in Washington at the weekend for the semi-annual meeting of the International Monetary Fund and World Bank.

While economic growth is improving in several major industrial countries, it remains slow in Germany and Japan, Brady said earlier this month.

We believe there is room for a further easing of monetary policies and other measures to promote growth.

Japan seems the most likely to yield to US pressure, economist said Japanese economic growth has slowed to a halt and the recent plummet in Tokyo stock prices has undermined business confidence

there even further.

Tokyo unveiled an emergency package on March 31 to get the economy moving, and more steps may be coming before upper house parliamentary elections in July.

"We have to improve (economic) prospects ahead of the election", Tamiyuki Watanuki, Secretary-General of the ruling Liberal Democratic Party, said last week. If needed, we must take additional steps to boost the economy.

Economists said the measures could take the form of more government spending on roads, bridges and other infrastructure projects, rather than further interest rate cuts.

Further rate cuts would only serve to make the Japanese yen less appealing to international investors, weakening the currency and increasing Japan's competitiveness on world markets at a time when its trade surplus is already climbing, Bergsten, of the Institute for International Economics, believes that the yen is already undervalued by 30 per cent against other currencies.

He thinks the G-7 should

launch a concerted drive to push up the value of the yen on world currency markets, similar to the action it took in 1985 to knock down the dollar, in order to help bring down the rising Japanese trade surplus.

Currency action could also prove the key to unlocking faster economic growth in Europe, some economists believe.

European growth has slowed largely because Germany's central bank has kept interest rates high to rein in inflation fuelled by ballooning government subsidies to the former East Germany.

In Europe, the main problem is high German interest rates, said Robert Hormaats, a former US official and now Vice Chairman of Goldman Sachs International.

Because their currencies are linked to the German Mark through the European Monetary System (EMS), other European countries have felt compelled to match Germany's tight monetary policy although their economies are weak. Their only alternative would have been to accept a devaluation of their currencies against the mark within the EMS.

ADB to focus on population problem

MANILA, Apr 21: The Asian Development Bank (ADB) plans to direct more money towards family planning and will encourage regional cooperation to protect the environment, the ADB said in its annual report Monday, reports Reuters.

The Manila-based regional bank said it planned to focus greater attention on projects to curb widespread poverty in Asian which continues despite the region's rapid economic development.

In the report released ahead of the 520-member Bank's annual meeting in Hong Kong to be held on May 4-6 the ADB said there was "growing recognition that attention to education, health and population concerns has not thus far been adequate."

"It is increasingly recognised as incongruous," the report said, "that the Asian and Pacific region, which has ex-

perienced dramatic rates of economic growth, has three-fourths of the world's illiterate adults and children without access to primary education and areas of extreme poor health."

The 1991-92 report, assessing the Bank's first 25 years as a regional financial catalyst, said that providing "quality basic education for all, improving delivery of health services and increasing control over population growth are major challenges for the region and the Bank."

Trading carefully in relation to a sensitive subject, the report said the ADB aimed "to increase its involvement in family planning within the context of individual country circumstances." It did not give details.

Family planning in Asia, the world's most populous region, ranges from the strict one-

child policy of China to the almost total lack of state-sponsored controls in the predominantly Roman Catholic Philippines.

The Bank said that rapid population growth "dilutes and, in some cases, impedes economic development."

"Rapid population growth often increases poverty by straining resources while poverty, through its adverse impact on access to education and decreased prospects for child survival, encourages larger families," the report added.

The Bank said that its overall lending and investments in 1991 reached 5.0 US dollar billion, 25 per cent higher than in 1990.

Over the past 25 years, the Bank had approved loans totalling 37 billion US dollar. It estimated that every dollar put up by the Bank generated an

extra 1.50 dollar from the borrowing country or co-financing, so that the total capital involved exceed 90 billion US dollar.

It said that while Asia was undergoing rapid industrialisation, its population was still predominantly rural, and its food security balance remained fragile, with land being taken over for housing and industry.

"There is still hunger and malnutrition in many countries. The challenge today is how to produce adequate quantities of food while promoting equity and environmental sustainability," report stated.

The Bank said it would initiate and encourage regional cooperation on environmental issues and trying to develop projects to tackle common environmental problems.



TOUR UNDER WATCH: A police officer takes a high vantage point to watch tourists along the heavily crowded Badaling section of the Great Wall of China on April 19. The country's tourism industry is experiencing a sharp revival from the slump after the June 1989 crackdown on pro-democracy movement. —AFP photo

Hyundai Electronics goes to US

NEW YORK, Apr 21: South Korea's Hyundai Electronics Industries will transplant its personal computer operations to California's Silicon Valley, the New York Times reports in its Monday edition, according to Reuters.

The newspaper, which also said Hyundai has hired former IBM Executive Edward Thomas as the new head of its computer operations, said the company is making the move to keep up with the industry's breakneck pace.

The newspaper said Hyundai planned to transfer all of its principal computer operations, including design, marketing, manufacturing and administration, to the United States.

The newspaper quoted Thomas as saying that while he would base design and marketing functions in the San Jose area, the hub of the US computer industry, he would consider relocating the manufacturing operation elsewhere because of the high costs there.

Poor jobless old man!

HONG KONG, Apr 21: An unemployed Hong Kong building worker who sneaked into his former flat for a shower fell four floors to the ground as he climbed back to his new home on the roof, police said, reports Reuters.

The 52-year-old man, who had moved to the roof of the building when he could not pay his rent, climbed through a window of his former home to take a shower on Sunday, the oriental Daily News said.

He lost his balance when he tried to climb out and plunged four floors to the ground, police said. The man, identified only as Mr Cheung, was admitted to hospital in poor condition.

Delhi waives duties on capital goods imports

NEW DELHI, Apr 21: The Indian government Monday announced major concessions exempting import of capital goods and components from customs and auxiliary duties under the Export Promotion Capital Goods Scheme, reports PTI.

Three notifications for the purpose were tabled in the Lok Sabha by the Minister of State for Finance, Shantaram Potdhuke, before the house rose for the day.

The first notification seek to prescribe a concessional rate of customs duty of 25 per cent ad valorem on capital goods imported under the export promotion capital goods scheme subject to specified conditions.

Under this notification, a duty of 25 per cent ad valorem will be levied on an importer undertaking an export obligation equivalent to three times the CIF value of the capital goods over a period of four years under para 38 of the Import-Export Policy.

A duty of 15 per cent ad valorem will be levied on an importer undertaking an export obligation equivalent to

four times the CIF value of the capital goods over a period of five years under the same para of the policy.

The explanatory memorandum said the concessional rate of 25 per cent ad valorem would be available to an importer undertaking an export obligation equivalent to three times the cost in freight value of the capital goods over a period of four years.

The 15 per cent ad valorem concessional rate would be available to the importer undertaking an export obligation equivalent to four times the cost in freight value of the capital goods over a period of five years.

The capital goods should be imported in accordance with the license under the export promotion capital goods scheme in terms of the export and import policy.

The capital goods would include any plant, machinery, equipment or accessories required by an importer for manufacture of goods and machinery for packing goods, testing equipment and equipment required for research and development activity.

Lack of common stance on environment may harm LDCs

KUALA LUMPUR (Malaysia), Apr 21: If the Third World countries can't agree on common goals before the Earth Summit in June, rich nations will blame them for pollution and impose stringent limits on their growth, a Malaysian official said Monday, reports AP.

Peter Chin, Deputy Minister of Science, Technology and Environment, commented to reporters as Kuala Lumpur prepared to play host to an April 27-29 meeting of ministers from 50 developing nations seeking to work out a joint stand for the summit.

Prime Minister Mahathir Mohammad has said he will not attend the Earth Summit

in Rio de Janeiro if it is to become a forum just to blame the developing countries for pollution problems.

Chin said Mahathir will decide at the end of next week's meeting whether he will attend the summit or not. Other government officials, however, said Mahathir will attend.

Senior Malaysian government officials said that if the developing nations did not take a strong joint stand at the summit, developed nations would end up blaming them for pollution and imposing stringent conditions on them.

Mahathir has said logging is regulated by plans and cut areas are reforested.

Business briefs

OPEC won't pursue fresh output cut: OPEC ministers are not expected to order New production cuts when they meet in Vienna, despite prices that are three dollar below the cartel's target, the Middle East Economic Survey reported Monday, according to AP from Nicosia.

Although some members of the Organization of Petroleum Exporting Countries favour new cutbacks to nudge oil prices up, the oil market has been strengthened by the possibility of oil sanctions against Libya and Iraq's failure to resume production.

Abu Dhabi to assess water, power needs: The Gulf Emirate of Abu Dhabi plans to invite international experts to assess its water and electricity needs over the next 20 years, local dailies reported Monday, according to AFP from Abu Dhabi.

They said the Abu Dhabi Executive Council, the emirate's governing authority, had approved the plan, which stretches until the year 2010. He did not mention costs.

Bangkok for better trade with neighbours: Thailand's new Foreign Minister will continue the policy initiated by the previous elected government of improving economic links and cooperation with the country's immediate neighbours, reports AFP from Bangkok.

Pongpol Adireksarn outlined his strategy in an interview published Monday by the English-language The Nation newspaper.

Fate of BCCI creditors hangs in the balance

WASHINGTON, Apr 21: From a British school teacher who lost his life savings to a Beverly Hills millionaire who fears he may lose his home, claims are rolling in for the millions forfeited by the Bank of Credit and Commerce International, reports AP.

Gerald Bolton, a Briton living in Qatar, says he had about 100,000 dollar in a savings account at BCCI's home branch in Luxembourg.

"This humble petitioner... pleads with the court to enable me to retrieve the money I have deposited," Bolton wrote. "This is my entire life savings from my work teaching English to Arab students here in the Middle East."

Bolton and other individuals, banks and private companies hope to convince a federal judge to grant them a share of the BCCI money.

BCCI agreed to turn over

550 million dollar in US assets when it pleaded guilty in January to a federal racketeering charge. The bank's international operation was taken over last July by liquidators after an audit uncovered widespread fraud.

Under the plea agreement, about half of the money would be put in a contingency fund to shore up financially troubled US banks that BCCI now admits it illegally controlled. The rest would go into a worldwide fund to compensate depositors and other investors caught up in BCCI's demise.

But first, federal law on forfeiture of racketeering proceeds allows people to claim a legal interest in the money.

US District Judge Joyce Hens Green, who approved the plea agreement, must decide if these individuals and companies may recover their money now or whether they must get

in line with all the other worldwide claimants — who are seeking nearly 30 billion dollar against assets of two billion dollar.

SA Reza Shekarchian of Beverly Hills, Calif, said BCCI holds a net 1.2 million dollar of his money and a lien on his family residence and business property.

"The Shekarchians are one of the innocent victims whose economic security has been greatly distressed and afflicted by the fraud and mismanagement of BCCI," his court papers said.

Shekarchian said he deposited the money with BCCI in London to secure a lien of credit at the Los Angeles branch for real estate and business investments.

Another claim was a class-action suit filed in California on behalf of all BCCI individual depositors. Their lawyer,

William Lerach, said that would be about one million people with claims "certainly in excess of five billion dollar."

Some of those making claims said they were victims of mistakes or bad timing around the time of the July 5, 1991, international takeover of BCCI.

The World Bank said it sent 1.65 million dollar to the government of Pakistan as a loan to modernize its telecommunications system. Unfortunately, the money was sent to a BCCI Overseas branch at Security Pacific International Bank in New York on July 15 — 10 days after the takeover. The money has been frozen ever since.

Those racketeering crimes (admitted by BCCI) were completely unrelated to the Pakistan development loan and the money should be released, the world Bank's claim

said.

The Congregation of the Holy Ghost, a Roman Catholic missionary group based in Bethel, Pa., said it was sending 10,000 dollar to the Middle East to buy auto parts for missionaries in Africa. But its bank transferred the money to a BCCI branch at the Bank of New York on July 17 — and now it can't get it back, according to the claim.

"It was just incredibly bad timing" that the money was sent through BCCI after the takeover, Father Donald McEachin, the group's treasurer, said in an interview. "I feel bad for our guys, who are out not only the money but the essential car parts."

"We're a very small operation. We don't know anything about international banking," McEachin said. "BCCI to us is just another bank."