

BRIEFS

Executives see no recovery in Japan

TOKYO, Oct 20: Most top executives in Japan expect to see no recovery in the country's economy for at least six months, and even after that they fear it will be only slow and gradual, the Yomiuri Shimbun said Tuesday. The paper polled the heads of 100 major companies between October 7 and 16. More than 80 expected no upturn before the April-June quarter at the earliest, reports AFP.

Meet on industrial hazards in Bhopal

BHOPAL, Oct 20: Activities from nine countries on Monday opened a four-day meeting to demand justice for victims of industrial and other man-made disasters. The conference, hosted by the Permanent People's Tribunal on Industrial and Environmental Hazards and Human Rights, opened in Bhopal, the site of the world's worst industrial accident seven years ago, reports AP.

Australia revises grain forecast

CANBERRA, Oct 20: Australia revised its forecast of this year's wheat harvest upwards to 13.8 million tonnes on Tuesday, only a month after persisted drought forced it to cut its estimate. The Australian Bureau of Agricultural and Resource Economics (ABARE), said "weather conditions have changed markedly" since September, when the forecast was downgraded from 15.3 million tonnes to 12.8 million tonnes, reports AFP.

Iran's aim 4.5m BDP oil output capacity

NICOSIA, Oct 20: Iran is aiming to have a sustainable oil production capacity of 4.5 million Barrels Per Day by the end of March, the Middle East economic survey reported Monday. It would be made up of four million from on shore and 500,000 B/D from offshore fields, reports AFP.

Cold wave in Ukraine disrupts gas supply

MOSCOW, Oct 20: Russia's gas marketing concern Gazprom on Monday blamed an early cold wave in Ukraine for temporary cuts in natural gas supplies to Germany and other Western European customers. Cold temperatures last week in Ukraine disrupted natural gas deliveries because Ukrainian consumers took more than their regular share of fuel, a senior Gazprom official said in an interview, reports AP.

Dollar gains slightly in Tokyo

TOKYO, Oct 20: Share prices on the Tokyo Stock Exchange were mixed Tuesday morning trading, as the US dollar rose slightly against the Japanese yen, the 225-issue Nikkei Stock Average gained 9.23 points, or 0.05 per cent closing the morning session at 16,913.04. On Monday, the average fell 466 points, or 2.68 per cent, closing at 16,903.81—its first closing below 17,000 since falling to 16,541.65 on Aug 26, reports AP.

Stock prices higher in NY

NEW YORK, Oct 20: Stock prices advanced moderately Monday, resuming last week's rally as Wall Street marked the fifth anniversary of the crash of 1987. Five years ago the Dow Jones industrial average fell 508 points, or more than 22 per cent, on Black Monday Oct. 19, 1987. Monday was given over in part to recollections of that debacle and appraisals of subsequent efforts to modernise and strengthen the mechanism of the market, reports AP.

Political funds jump in Tokyo

TOKYO, Oct 20: Funds collected by political groups in Tokyo last year jumped 27.5 per cent from a year earlier to 21.17 billion yen (176 million dollars), topping 20 billion yen for the first time, officials said today, the figure was based on reports made by 3,468 political groups, including major parties, to the metropolitan election administration commission, the city officials said, reports AFP.

NAFTA threatens Asia's export-led economy

MANILA: Despite assurances from the United States and Canada, Asia's trading nations are still suspicious of the emerging North American Free Trade Agreement (NAFTA) is nothing but a protectionist fortress.

Such fears are unlikely to wane soon as many Asian capitals seem to have privately concluded NAFTA will hurt their export-driven economies by drawing trade and investment away from the region.

The debate is over how to cope. Some like Malaysia say East Asia must build a bloc of its own. Others like Indonesia say it is best to embrace the competition and seek some sort of accommodation.

Asia's apprehensions surfaced in this September's ministerial meeting of the Asia Pacific Economic Cooperation (APEC) forum a consultative of 15 Asia Pacific states that account for half the world's economic output.

Significantly Japan led the chorus of Asian countries voicing fears that NAFTA may

turn protectionist. "The Japanese were very vocal in their concerns," said a Philippine diplomat who attended the meeting. "For that matter, all the countries raised their concerns."

Added Philippine Trade and Industry Secretary Rizalino Navarro: "In spite of the assurances of the US and Canadian delegations, Asian participants in the APEC meeting remained concerned that NAFTA may become protectionist and be incompatible with GATT."

GATT, is the General Agreement on Tariffs and Trade, the multilateral body under which global negotiations for free trade rules are held.

"The problem is nobody has seen the final text of the agreement," said Philippine foreign affairs official Victoria Batacan. "They say it is going to be about 2,000 pages long."

Asian countries suspect assurances that NAFTA will be GATT-friendly will be negated by its fine print. One particular concern is NAFTA's stiff local-

content rules. To qualify for preferential treatment, products must be 62.5 per cent made of materials sourced from NAFTA member-countries.

This would disqualify Japanese products made in North America that use a lot of Japan-made material. Southeast Asian countries meanwhile fear the Japanese, Taiwanese and South Korean investments they seek will go to Mexico instead, boosting that country's exports.

The Philippines, for example, feels its major exports to the US market — garments, electronics, gift items and other products — are under threat.

The rift over NAFTA has put APEC on the spot. Launched in 1989 as a loose grouping to promote regional trade and investment, APEC links Australia, New Zealand, China, Hong Kong, Taiwan, South Korea, Japan, the United and Canada.

It also includes the Association of South-East Asian

Nations (ASEAN) — Indonesia, Malaysia, Thailand, Singapore, Brunei and the Philippines.

As first proposed by Australia, APEC was supposed to be composed of Asia Pacific states — except for the United States and Canada. That idea floundered when Washington put up stiff opposition and got Tokyo's backing.

Malaysian Prime Minister Mahathir Mohammad revived the idea of an all-Asia grouping with his proposal for an East Asian Economic Group (EAEG), later renamed East Asian Economic Caucus (EAEC). But Washington loomed hard to push APEC and to scuttle EAEC.

The Indonesians agree with the Malaysians that NAFTA poses a protectionist threat. But they also agree with Washington that the United States should be in APEC.

With its non-confrontation bent, Jakarta hopes APEC will link NAFTA and the Asian Free Trade Area (AFTA). Both aim to eliminate tariff barriers among their members in 15 years.

The Indonesians argue this makes economic sense. In a recent study, University of Indonesia's Iwan Azis says while intra-regional trade in Asia Pacific has grown tremendously in recent years, much of that growth has been in the trade between the United States and Asia.

APEC critics counter that the emergence of NAFTA makes an APEC with NAFTA members of little use in promoting Asia's economic interests in a world that seems to be splitting into rival economic groupings.

When NAFTA gets off the ground, they warn, it is only a matter of time before the rest of Latin America will press to join the free trade area.

"Asia will then be facing huge trading bloc covering both American continents," said one Philippine national security analyst. "The (North) Americans have after all long considered South America as their backyard." — IPS bulletin

EC finance ministers for currency turmoil probe

LUXEMBOURG, Oct 20: European Community finance ministers called Monday for a probe into the currency turmoil that has shaken the community since September, EC Finance Commissioner Henning Christophersen said, says AFP.

The study is to be done by the presidents of EC central banks and the community's monetary committee which comprises national treasury directors plus deputy central bankers.

German Secretary of State for Finance Horst Kohler said the monetary committee would hold a special meeting in Berlin on Friday, but he ruled out any new realignment of EC currencies.

He said the meeting would look at the economic problems of German reunification, which has been blamed for the high interest rates breaking economic growth in other EC countries.

There was no immediate need for a currency realignment, Kohler said in a bid to dampen speculation that the

monetary committee was meeting to consider such a move.

Last month, uncertainty around the EC's controversial Maastricht union treaty disrupted financial markets and forced the Italian lira and sterling out of the community's Exchange Rate Mechanism of linked currencies.

At the same time the Spanish peseta was devalued by five per cent in the biggest financial shake-up experienced in the European monetary system since it was set up in 1979.

Since then, the weaker currencies left in the system, particularly the peseta, the Portuguese escudo and the Irish punt, have been under pressure from speculators expecting more devaluations against the German mark.

The turmoil has aggravated reports that the community might be unable to reach its target of a single currency before the turn of the century — a central element of the Maastricht treaty.

British govt decides to delay mass closure of coal mines

LONDON, Oct 20: The British government announced a substantial reversal of plans to close more than half of Britain's coal mines, saying it would close only 10 soon and delay further shut-downs until early 1993, reports Reuter.

Trade and Industry Secretary Michael Heseltine told parliament, the government had decided to change the basis on which British Coal could restructure the industry. Last week the government said British Coal planned to shut down 31 of its 50 mines over the next five months, shedding 30,000 jobs.

In what political sources said was a further attempt to cushion the enormous public backlash against the coal mine

closure programme, Heseltine also announced improved training and regional development assistance to affected areas.

British Coal, he said, would be allowed to go ahead now with the closure of 10 of its loss-making pits which it believed had no prospect of viability in the foreseeable future. All other proposed closures would be postponed until early in 1993, pending negotiations with electricity generators.

Delays in negotiations with privately-run British electricity generators have been at the root of much of British Coal's problems, industry analysts say. Many electricity companies are turning to natural gas rather than coal.

Heseltine said it was un-

likely British Coal be able to sell more than 40 million tonnes of coal a year for electricity generation beyond next April, down from 65 million tonnes now.

Heseltine's announcement of delays in the closure process and extra help for affected areas followed a two-hour emergency meeting of the cabinet and a top-level ministerial meeting called by Prime Minister John Major on Sunday evening.

Heseltine said he regretted the way the original announcement had been handled but said the coal industry had gone through even harsher decline in the 1960s and 1970s. It had to become internationally competitive, he said.

Opposition Labour Party politicians accused the government of trying to destroy a precious and strategic national mineral resource and ignoring the fate of dozens of small mining towns.

Heseltine said the government would offer immediate help with retraining and would create several new "enterprise zones" offering incentives to attract new investment into areas hit by the mine closures. Other towns would get regional aid in a package worth a total 165 million pound, he said.

"I understand the anguish that will be caused for the coalfields concerned but there is no economic alternative," Heseltine told a rowdy session of parliament.



Michael Heseltine, UK Trade and Industries Secretary declaring the cut in coal mine closure to ten instead of 31 at the parliament on Monday while the mining leaders (right) are waiting at a cafeteria to know government decision. —Star TV photo

EC to free held-up loans to Russia

LUXEMBOURG, Oct 20: European Community finance ministers agreed Monday to release a loan of 349 million European currency units (557 million dollars) to Russia that had been held up by Moscow's refusal to provide security for the loan, reports AP.

The loan to Russia is part of the EC's 1.25 billion Ecu (1.63 billion dollar) facility for countries of the former Soviet Union. The ministers said the EC would release the funds by means of a direct loan to the Soviet Bank for Foreign Economic Affairs, or Vneshekonombank.

Vneshekonombank is acting as debt manager for the nine ex-Soviet republics that have agreed to assume the ex-Soviet Union's foreign debt.

The minister said in a statement they were releasing the funds despite Russia's failure to provide "the sort of legal security which normally ac-

companies Community loans to states," because the loan in intended mainly as a form of humanitarian aid.

The ministers levelled three conditions on the loan, however.

First, that Russia is up to date with its repayments on 500 million Ecu (655 million dollar) of EC credit guarantees. Second, that the loan is accompanied by an adequate, though unspecified, guarantee on the part of the Russian government. Third, that individual purchases of agricultural, food or medical produces using loan funds be vetted and approved by the EC.

Reuter reports from Moscow: Russian officials will meet representatives of the Group of Seven industrialised countries on October 21 to talk about rescheduling the multi-billion dollar debts of the former Soviet Union, a senior officials said.

The talks would probably be followed by a meeting of the Paris Club of creditor nations on October 29, Alexei Mozhin told Reuters in a telephone interview.

Mozhin heads the Russian government's department for liaison with international organisations.

Mozhin said he hoped agreement on a full-scale debt rescheduling deal could be reached by the end of November, giving Russia more time to pay its share of 70 billion dollar debts built up by the former Soviet Union.

The first question which will have to be solved is what we are capable of paying next year and in 1994," he said.

AFP reports from Abu Dhabi: Gulf Arab states should press the European Community to increase imports from the region to out a widening gap in their trade balance an official regional group said in a report

obtained Monday, says AFP.

EC narrow gap on cohesion funds

Reuter adds from Luxembourg: European Community finance minister narrowed their differences this morning on some of the key details of a cohesion fund they plan to establish to help poor EC members catch up with their richer neighbours, reports Reuter.

No final decisions were taken, but EC Economics Commissioner Henning Christophersen said a large majority favoured limiting access to the fund to Greece, Ireland, Portugal and Spain.

These countries would be eligible, just as they are for the EC's structural funds, because their Gross National Product as measured by purchasing power parties is less than 90 per cent of the community average, Christophersen told reporters.

Goldrush in Singapore

SINGAPORE, Oct 20: Singaporeans are rushing to their goldsmiths ahead of the lunar new year festivities as gold prices dip to their lowest in 14 years, dealers said here, writes AFP.

"People are buying ahead for the Chinese new year in January and for weddings which are popular in the next two months," a spokesman from Poh Kong Chye goldsmiths said.

Many local jewellery shops, especially those in Chinatown, reported roaring business with sales up 50 per cent over the last three months.

The low prices are mainly due to the weakening of the US dollar against the Singapore currency, dealers said.

\$2m assets seized from Indian stock brokers

NEW DELHI, Oct 20: Indian revenue officials have seized more than two million dollar worth of assets from stock brokers in recent raids conducted across India, the Press Trust of India (PTI) said Monday, reports AFP.

Many of the brokers were suspected to be involved in India's 1.3-billion dollar scam in which brokers in collusion with officials from a number of banks, including a few foreign financial institutions, were alleged to have siphoned off huge amounts of money for stock market operations.

The news agency did not say if Harshad Mehta, the central figure accused in the scam, was among the brokers.

Pakistan's trade balance improves

KARACHI, Oct 20: Pakistan's balance of trade improved during the first quarter (July/September) of the fiscal year 1992-93 with exports increasing by 6.83 per cent and imports falling 1.9 per cent over the same period last year, officials said reports AFP.

Exports were worth 1,413.55 million dollar and imports 2,132.56 million dollar marking a 622.31 million dollar trade deficit in the three months, down from 760 million dollar in the corresponding period last year.

Commerce Minister officials said the rise in exports was "remarkable in view of the worldwide recession."

Kuala Lumpur tables key security commission bill

KUALA LUMPUR, Oct 20: The Malaysian government today tabled a key bill to form a new securities commission to regulate the securities and futures industry, reports Reuter.

Under the bill, a new nine-member commission will be appointed by the Finance Minister.

Malaysian Finance Minister Anwar Ibrahim had said the new bill would serve as the umbrella legislation to existing laws including the securities industries act and the companies act.

The bill, tabled on the first day of a new parliament session, must be approved by the house before becoming law.

Officials have said a new bill was needed as Malaysia's booming stock exchange expands in line with a government privatization programme

and the planned introduction of financial futures trading.

The commission would be empowered to regulate the issue of securities, unit trusts, designation of futures contracts and takeovers and mergers of companies, the bill said.

The commission will advise the finance minister on "all matters relating to securities and future contracts industries", it said.

The commission will be responsible for supervising and monitoring the activities of any exchange, clearing house and central depository, the bill said.

It would also "promote and encourage proper conduct amongst members of the exchanges and all registered persons", it said.

Iran to eliminate 3-rate system from March next

NICOSIA, Oct 20: Iran is preparing for unification of its exchange rate system — the major goal of its economic reform programme which could double some prices and send shock waves through the war-battered economy, reports Reuter.

Some ministers have said the three-rate system — which set the dollar at 64.5, 600 and 1,437 rials today — would be eliminated from March 21, the start of the new Iranian year.

Central Bank Governor Mohammad Hossein Adeli said this month that "all preparations" had been made for unification, which amounts to a sharp devaluation of the rial.

But bank officials have carefully avoided confirming a date for the switch or any target for the unified rate beyond saying the bank is committed to achieving a single rate by the end of the five-year economic plan on March 20, 1994.

Unifying the exchange rate is the most important goal of President Hashemi Rafsanjani's reforms designed to end turmoil caused by the 1979 Islamic revolution and the 1980-88 war with Iraq and put the economy on a sound footing.

Much of Iran's import-dependent economy, especially the private sector, has already switched to the 1,437-rial "floating rate" or the free-market rate which closely shadows it.

Some industries and services get their dollar at the "competitive rate" of 600 rials, while the official rate of 64.5 rials applies only to important imports like wheat and fuels.

Ministers have said that in next year's budget, ministries would be allocated only rials and would have to buy any dollars they needed from banks.

7.5 per cent of their income tax bill.

The levy would last for 10 years, raising about 23 billion mark (15.5 billion dollar) annually towards infrastructure projects, such as motorway building. At the end of the 10 years, the money would be gradually paid back without interest, although with inflation taken into account.

The president of the Free Democratic Party (FDP), Otto Lamsdorff, whose party holds balance of power, told German Radio Monday that he still opposed the idea, demanding instead sterner economy measures before any tax hike.

German govt considering imposition of forced loan

BONN, Oct 20: Chancellor Helmut Kohl's government is secretly contemplating imposing a forced loan on taxpayers to help pay for German unification, even though Kohl dropped the idea last month, the daily Bild reported Monday, says AFP.

The mass-circulation daily said the coalition cabinet could decide as early as Wednesday whether to push ahead with the proposal, which is widely disliked by the public.

Bild, which is often well-informed, said that under the proposal taxpayers would annually hand over a sum equal to

US economists see Bill Clinton as their next President

NEW YORK, Oct 20: An overwhelming number of wall street economists surveyed by Reuters — 28 out of 30 — expect Bill Clinton to win the US presidential election, reports Reuter.

While 23 of them expect consumer confidence to improve with a Clinton victory, most saw growth remaining sluggish until at least the middle of next year.

Only five saw US Gross Domestic Product (GDP) growth reaching three per cent by mid-1993, a level economists say is needed to promote significant jobs growth.

Seventeen of those surveyed believe the US recovery will continue to be unusually slow, what Gross Domestic Product remaining below three per cent until the second half of 1993. A further seven saw growth staying below that level until 1994 or longer. A few economists tied their forecasts to what the government did to boost growth.

A few said the economy would probably recover by itself, given the low level of US interest rates.

Of these, one saw low short-term interest rates spurring business activity and hiring in the second-half of 1993.

But most of the seven economists who saw growth slow throughout 1993 tended to agree that the high level of public and private debt, and accompanying slow credit activity, was the major impediment, rather than interest rates.

"We have a lot of debt burden problems that plague growth right now," said one economist. He believed it may take until 1995 until the problems can be worked through.

Asked what the new administration should make its top priority in its first 100 days in office, answers mostly focused on either stimulating the economy, or cutting the budget deficit.

Sixteen of the economists believed that getting the US economy moving again should be the new administration's top priority in its first 100 days in office.

But those favouring a stimulus package as

the way to do this said the government should make any such plan only temporary, and then start to address the problem of the budget deficit as soon as possible.

Of those making stimulus the first priority, eight said it should be done through spending on infrastructure, providing a much-needed boost to the job sector. Such a programme would also raise productivity later on.

Many economists believed infrastructure spending would be the quickest route to growth. But Philip Braverman, chief economist at DKB Securities, said the government should first address sluggish demand and the credit crunch. With 8.5 trillion dollar in private sector debt even a one percentage point increase in the current two per cent growth rate in debt could have a major impact on the economy, he said.

As for the government, debt remains a dirty word for most economists. Any stimulus leading to "accelerations of spending should be temporary so the budget deficit is not lifted to a new plateau," said one economist.

Ten economists said cutting the federal budget deficit, rather than spurring the economy, should be the first concern.

"I think everything should be on the table" in terms of possible cuts, said Steven Riechuto, chief economist at Barclays de Zoete Wedd Government Securities Inc.

Of the 10, seven said the main way to do this should be to cap or cut entitlement programmes, including social security.

One economist said the main priority should be to speed legislation needed to shut down ailing thrifts. She estimated it was costing the government up to 100 million dollar a day to keep insolvent thrifts running.

A total of 23 of the 30 economists believed consumer confidence initially would rise most if Clinton won. Three said it would improve more under Perot, one said it would gain most under either and three said it would make no difference.

DPRK announces new foreign investment laws

TOKYO, Oct 20: North Korea announced new foreign investment laws Tuesday in its latest move toward ending the hard-line Communist regime's economic isolation, reports AP.

North Korea's largely symbolic Supreme People's Assembly adopted the laws to expand the country's limited economic and technical exchanges, the official Korean Central News Agency said in a report monitored in Tokyo.

North Korean officials told reporters visiting Pyongyang last spring that they were in the process of drafting a legal framework to enable foreign companies to operate in their nation's centralized economy.