Japan's slow economy

creates unemployment TOKYO, Dec 26: Japan's economic slowdown has sent unemployment soaring to its highest level in almost four years. Japan's seasonally adjusted unemployment rate rose to 2.3 per cent in November from 2.2 per cent in the previous month, the government's management and coordination agency said in a report released on Friday, says Reuter.

#### Talks on global trade in 1st week of Jan

NEW DELHI, Dec 26 Government is likely to start informal consultations with leaders, of major political parties in the first week of January to formulate India's viewpoint on the draft Dunkel proposals on global trade issues. The matter has assumed urgency with the trade negotiations committee of GATT meeting in Geneva in the middle of next month to wrap up the outstanding matters in the seven year old Uruguay Round of multilateral trade negotiations, reports

### 'Yslav economy to plunge further'

BELGRADE, Dec 26: Yugoslavia will plunge further into economic crisis next year, the Belgrade market research institute said on Thursday, It said that hyperinflation, already clocking an annual 20,000 per cent, will soar even higher next year in the remaining two republics of the rump Yugoslavia, Serbia and Montenegro, reports Reuter.

### DPRK to take up N-uplift plan

SEOUL, Dec 26: A critical shortage of petroleum is forcing North Korea to continue its nuclear development programme despite international pressure to stop it, analysts say. The Communist North's nuclear programme of being used for weapons development and is considered a major threat to stability in Northeast Asia. Although the North is still unable to use its nuclear technology to generate power, it may be forced to turn to atomic power bea cause of a shortage of coal and petroleum, industry analysts-say, reports AP.

#### Russia's defaults on US loans jump

WASHINGTON, Dec 26: Russia's defaults on US agricultural loans jumped on Thursday to 95.7 million dollar as six American banks filed default notices totalling 27.4 million dollar, the agriculture department said. Russia has been suspended from the department's food credit programme since late November for failing to make scheduled payments on loans that enabled it to buy millions of tonnes of US grains and other food, reports Reuter.

#### Hyundai to sack **UPP** members

SEOUL. Dec 26: The nation's largest conglomerate announced Saturday it will sever relations with the its founder's political party, which lost in last week's presidential election, Hyundai's top executives have decided to ask all employees to quit the United People's Party founded by Chung Juyung early this year, the group said in a statement, reports AP.

### Steel conglomerate set up in Shenyang

SHENYANG, Dec 26: An iron and steel conglomerate was set up Friday in this capital city of northeast China's Liaoning province. The Anshan Iron and Steel (group) incorporation consists of 51 enterprises led by the Anshan Iron and Steel Company, the biggest iron and steel producer of China. The conglomerate is expected to be able to produce 10 million tons of steel by the mid of the century, reports Xinhua.

### Japan's jobless reaches 3-yr high

TOKYO, Dec 26: Japan's seasonally adjusted unemployment rate stood at 2.3 per cent in November, the highest in three and a half years, the Management and Coordination Agency said Friday. The rate — which has narrowly ranged between 2.0 per cent and 2.2 per cent. since June 1989 - represented a 0.1 percentage point increase from October. "Japan's economic slowdown has shown its impact on the unemployment rate, which lags behind other indicators in reflecting economic conditions," an agency official said, reports AFP.

Contracting Contra

# Russia's new overlord of reforms to retain Gaider's policies

MOSCOW, Dec 26: The new overlord of Russia's economic reforms said on Friday that he wanted to retain the radical policies of former cabinet chief Yegor Gaidar, reports Reuter.

Former Russian Finance Minister Boris Fyodorov, now Deputy Prime Minister responsible for overseeing the country's economic plan, told Itar-Tass news agency he would make the struggle against inflation his priority.

"He stressed that there was no need to write new economic programmes to take the country out of its crisis. The general line which the government followed under Yegor Gaidar should be continued."

Gaidar launched his reform plan at the start of the year, freeing prices and promising

Income from

petrochemical

in China up

income of the China national

petrochemical industrial cor

poration hit 97 billion yuan

this year, with pre-tax profits

amounting to 19 billion yuan,

the overseas edition of the

This year, the corporation

People's Daily reported today,

earned one billion yuan in for-

eign exchange from export. It

processed 106.36 million tons

of crude oil and produced 56

million tons of refined oil and

1.72 million tons of ethylenes,

The remarkable achieve

ments stemmed from the cor-

poration's efforts in adjusting

product structure and expand-

ing the domestic and interna-

tional markets, land expert

reports Xinhua.

the paper said.

pointed out.

BEIJING, Dec 26: The sales

to sell off state-owned firms. The big privatisation drive gets fully under way next year when more than 5,000 major firms will be offered up for sale.

"I think that the main danger for the country is inflation, devaluation of the rouble and, as a consequence, the impoverishment of the people," Tass quoted Fyodorov as saying.

Fyodorov resigned from the Russian government in 1990, accusing it of sliding into oldstyle command methods of

cconomic control He worked in London with the European Bank for Reconstruction Development until last month when he was appointed Moscow's governor at the World Bank, the Washington based bank which Russia

joined this year. President Boris Yeltsin reluctantly dropped radical freemarketeer Galdar last week under heavy pressure from

centrists and hardliners in the Russian parliament. The new Prime Minister is Viktor Chernomyrdin, á more conservative leader who was previously responsible for the

Chernomyrdin's appointment sparked fears that Russia could abandon the radical reforms mapped out by Gaidar and welcomed in the West.

fuel and energy sector.

Gaidar has said the appointment of Fyodorov as Deputy Prime Minister in charge of reforms had increased the chances that Russia would stay on course towards a market economy.

Fyodorov said government support to state-owned industry was necessary during companies' transition to market

- Business

"The state sector has not yet adapted to the market. It should be helped at this stage in order to soften the blow from the market," he said.

Fyodorov was one of the authors of the so-called 500-Day Plan - a bold attempt to transform the Soviet economy into a free market system which was ultimately rejected by then-Soviet President Mikhail Gorbachev.

He told Tass on Friday that the main author of the plan, liberal economist Grigory Yavlinsky, had agreed to coopcrate with the new govern-



PRESIDENTIAL CHRISTMAS: US President-elect Bill Clinton fills the trunk of his limousine with Christmas presents late Dec 24. Clinton spent the afternoon shopping after -AFP/UNB photo naming the last members of his cabinet.

# X-mas brings no cheer for Japanese

TOKYO, Dec 26: Christmas brought no cheer for the Japanese economy, only another serving of discouraging data, reports Reuter.

Official figures released on Friday show that unemployment rose in November, while retail sales, construction orders, and industrial production all declined.

The only bright spot was the sixth consecutive month of year-on-year gains in housing starts, but analysts said even that was tinsel instead of gold.

"Housing starts are usually a good leading indicator," said an analyst at a brokerage research institute. "But rising private and rental housing starts skewed the data. Stillflect the real property mar-

Overall housing starts rose 8.2 per cent in November from a year earlier, the sixth month of year-on-year gains. But while new construction of private and rental home rose 2.5 and 21-6 per cent respectively, condominium starts fell 14.4 per cent.

Analysts said private home starts rose due to low-interest loans introduced earlier this year. Rental housing starts increased because of planned tax credits on rentals.

Condominium starts, which analysts said reflect current demand for housing, have been falling since April /1991.

In other news, sales at

stores and supermarkets fell 3.2 per cent from a year carlier, the sixth consecutives month of year-on-year decline.

Roders received by 50 major construction companies fell 8.1 per cent from a year ago, the eighth monthly drop . industrial production, fell

8.0 per cent form a year carlier, the 14th straight monthly

And Japan's scasonally adjusted unemployment rate rose to 2.3 per cent, the highest level since May 1989, as the jobs-to-applicants ratio fell to 0.93, meaning there were 93 job offers for each 100 applicants.

Management and Coordination falling condominium starts re- Japan's major department Agency, which complies the ment," he said.

jobs, data said the rise in unemployment was only a small fluctuation and the rate was still low.

"It is too early to judge if

unemployment is on an upward trend only by seeing the data for a single month," he Minister of International

trade and Industry Yoshiro Mori told reporters the deteriorating jobs-to-applicants ratio reflects Japan's, current economic situation.

"I don't feel inventory adjustments are proceeding. Because the jobs-to-applicants ratio reflects a fall in final deofficial of the mand, it also reflects Japan's economic situation at the mo-

# Intellectual property protection and liberalisation go together

WASHINGTON, Dec 26: While more rigorous international efforts to protect intellectual property have been a priority among industrial nations for some time, there is evidence suggesting that the most effective protection occurs spontaneously when a country decides to liberalise its trade policies.

When a country opens its domestic markets to foreign competition, domestic firms need access to the latest technology if they are to compete effectively, argues William Gruben, senior economist at the Federal Reserve Bank of

To support his argument, Gruben looks at the overseas response to the tightening of US intellectual protection laws first in the 1984 Trade and Tariff Act that explicitly designates weak intellectual property protection as grounds for withdrawing trade concessions, and second in the 1988 Omnibus Trade and Competitiveness Act, which requires US trade officials to identify countries with weak intellectual property rules and to specify timetables for investigation of infringements of rights.

Gruben points to follow-up studies of the effects of these measures that show the reaction has been mixed. By the end of 1990 some countries, such as Mexico and South Korea, had taken relatively strong steps to strengthen their intellectual property laws, while others, such as Brazil and Thailand, had not done so.

The debt problem also may have played a role, Gruben argues. "At the same time that foreign debt problems had led many developing countries to seek new avenues to earn foreign exchange, these countries were suffering from increasing technological backwardness...The debt problem and technological backwardness were important factors that affected Latin America's ability to respond to foreign competition, and they may also have been important in changing developing nations' responsiveness to US initiatives concerning Third

World intellectual property protection."

Trade liberalization means that foreign products incorporating and produced by the latest technology will be competing in domestic markets. "If developing country producers wish to replicate this latest technology," Guben says, "they will often have to pay for it. The latest technology is often harder to acquire by subterfuge than are processes that have been longer in the market in some form."

He adds that even if firms are willing to pay for technology the policy of governments in nonprotecting countries may inhibit access. "When dealing with firms in such countries, foreign producers of technology are cautious about selling it because the prospective buyers may violate purchasing

agreements with impunity."
On the other hand, a country following protectionist policies might not be affected by such concerns. When most Latin American countries, for example, followed a trade policy of import substitution, their manufacturers had little incentive to buy the latest technology because trade barriers prevented foreigners who had the technology from competing in their markets anyway. In these countries, Gruben points out, manufacturers could always buy older technology without paying for the patent or copyright.
He also notes US survey results that suggest that protec-

tion stimulates innovation. "At least in the United States there also appears to be a high social rate of return to innovation, considerably higher than the rate of return to the innovator,

He concludes that the direct effect of US trade policies on Third World intellectual property protection efforts may not be as strong as the indirect effect of simply encouraging lower trade barriers. "It trade liberalism motivates intellectual property conscrvatism, then pressures for trade liberalism are pressures for tight intellectual property protection," -Washington Economic Reports Gruben writes.

## Tokyo urged to reject trade bloc with Asia

TOKYO, Dec 26: Japan should reject attempts to build a regional trade bloe in Asia because the region depends heavily on trade with the United States and Europe, a blue-ribbon government panel urged Friday, reports AP.
The panel added its voice to

the chorus of concern in Japanese official circles that emerging free-trade areas in Europe and North America could lock out Japan and developing Asian nations.

But in a report to Prime Minister Kitchi Miyazawa, the 18-member Committee said, "It is clear that attempts to build walls to isolate this region from the rest of the world are inherently ill-suited to this region."

It said "maintenance of a free and open trading system in the western Pacific" was the best way to stop protectionist tendencies viable in the European Community and the North American Free Trade Agreement.

NAFTA, signed by the United States, Canada and Mexico, is aimed at removing tariffs and other trade barriers among the three nations, though US critics say the agreement would benefit large corporations and hurt the environment.

Malaysian Prime Minister Mahathir Mohamad has proposed a loose Asian trade grouping, but the idea has vet to win support from Tokyo.

The report also called for more dialogue in Asia about security, saying post-Cold War ethnic and religious problems "could explode into regional conflicts.

The report said a continued US military presence in Asia will continue to be instrumental in the preservation of

## A noble gesture indeed

NICOSIA, Cyprus, Dec 26: A woman donated her house worth about 40,000 Cyprus pound (80,000 dollar) in response to a pre-Christmas radio appeal for famine relief, a Cyprus Broadcasting Corp spokeswoman said Thursday, reports AP.

"Other people walked into our studios and gave up their gold wedding rings, bracelets and other jewellery. Children offered their piggy banks," said Athina Violari.

More than 100,000 pound (200,000 dollar) was collected during the two and a half hours special appeal, "Save a Starving Child" programme, broadcast by the state-run network Wednesday night, Violari said.

The woman who donated her house wished to remain anonymous and it has already been put up for sale, the spokesman added.

## India earns \$322m thru' second round disinvestment

NEW DELIII, Dec 26: The Indian government has carned 11.84 billion rupee (322 million US dollar) through sale of 310.6 million shares of 12 companies in the second round of disinvestment by Indian Public Sector Units (PSU), reports Xinhua.

The local newspaper Hindu said Saturday that the successful bidders were financial institutions like the Bank of India Mutual Fund, the Canbank Mutual Fund, Punjab National Bank, and the PNB Mutual

The Indian government had earlier called for tenders for the sales of 462.7 million shares of 14 central public sector undertakings. The tenders were opened on December 22.

This was the second auction by the government this financial year (1992-93). The first was in October when the sale fetched 6.78 billion rupee (245 million US dollar).

# India, Israel will take steps to raise trade

NEW DELHI, Dec 26: The Federation of Indian Export Organisations (FIEO) has decided to take special measures to increase trade between India and Israel, reports Xinhua.

The measures, discussed during a meeting between FIEO delegates and Israel Ambassador Ephraim Dowek here Thursday, include the use of Israel as a base for promoting Indian exports, particularly to the United States and the European Community coun-

Similarly, it was agreed that Israelt businessmen would pursue the possibilities of setting up high-value export-oriented joint venture projects in

With a relatively limited domestic market, Israel has over years built up a significant export trade as a result of

which half of its GNP is directed towards exports.

This has constituted a major attraction for Indian exporters and manufacturers who wish to use that country as a springboard for exporting their products to Western Europe and the United States.

The items identified at the meeting for the kind of tie-ups in exports through Israel include finished garments, chemicals and pharmaceuticals, leather goods, engineering items, gems and jewellery, and software items.

### Indian garment exports up by 44pc

Another report adds: Indian garment exports during April-October 1992-93 reached 43 billion rupee (1,658 million US dollar), an increase of 44.3 per cent over the same period in 1991-92.

# Taiwanese '92 investment in China totals \$2.5b

BEIJING. Taiwanese are estimated to have invested 2.5 billion dollar in mainland China this year, an official newspaper reported Saturday, says AP. Exact figures for Talwanese

investment are unavailable because much is funnelled through Hong Kong or other countries. But the 1992 investment is believed to be double last year's figure, the People's Daily (Renmin Ribao)

Taiwan was the mainland's second-largest source of investment funds in 1992, after Hong Kong.

This year, Taiwan authorities lifted formal barriers to direct investment on the mainland, recognizing that many companies were ignoring the rule. The ban on direct trade still stands, keeping twoway trade in 1992 to eight billion dollar, the paper said.

More than one million Taiwanese out of a population of 20.5 million, visited the mainland in 1992 and nearly 10,000 mainland traveled in the opposite direction, the pa-

Taiwan an island province of China, has been politically separate since 1949 when the Nationalist government took refuge there after so long a civil war. 'The Nationalists' still claim to be the rightful rulers of all China, in rivalry with the Communist government in

China selling rice to Russia, Rumania, Bulgaria Another report adds: China has signed agreements to sell a total of 8,500 tons of rice to

Bulgaria, Russia and Rumania,

the China Daily newspaper said Saturday. The official newspaper said Bulgaria is buying 5,000 tons, Russia 2,500 and Rumania 1,000. It did not say how much the sales were worth or how

were paying for the rice. China is a net importer of grain but good harvests for the past three years have given it a rice surplus that has overflowed storehouses.

the three cash-poor countries

# Tokyo-Hanoi trade climbs to \$1.15b this year

HANOI, Dec 26: Trade between Vietnam and Japan climbed 4.7 per cent to 1.15 billion dollar in 1992, with crude-oil exports making Vietnam one of few countries enjoying a trade surplus with the archipelago, according to figures published Saturday, reports AFP.

Victnam had exported 810 million dollar worth of goods to Japan by mid-December while importing 340 million dollar worth, according to figures published by the semi-official Vietnam Investment Review (VIR) weekly.

In all of 1991, two-way trade was worth 874 million dollar, with Vietnamese exports worth 719 million dollar and imports 155 million dol-

Japan buys more than two-

thirds of Victnam's crude-off production, set to hit 5.5 million tonnes this year. The off purchases have helped make Japan Victnam's secondlargest trading partner behind Singapore, with the balance in Victnam's favour since 1989. Investment by Japanese

firms has lagged behind trade, with 30 Japanese projects worth 305 million dollar licensed by mid-November, only half the total of Taiwan, the largest foreign investor here. Several major Japanese in-

vestment projects are expected to come on line in 1993, however, now that Japanese businessmen have been emboldened by Tokyo's announcement in early November that it was resuming official economic aid to llanoi.

# Japan's aid to Third World to grow by 6.5pc

TOKYO, Dec 26: Japan's official aid to developing countries will grow by 6.5 per cent to 1.01 trillion yen (8.2 billion US dollar) next year, exceeding the trillion-yen mark for the first time, Foreign Minister Michio Watanabe said on Friday, reports Reuter. About a quarter would be

set aside for grant-in-aid to the the form of yen loans.

Japan's from 1991.

pressure both at home and abroad to improve ODA quality

and ensure efficient use of

poorest of the developing countries, Watanabe told reporters. The rest will come in Overseas

Development Assistance (ODA) totalled 952.2 billion yen (7.74 billion US dollar) in the current year, a rise of 7.8 per cent Japan has come under

Government auditors said earlier this month they had discovered unused grants and medical equipment in five ODA programmes worth 23.7 billion yen (192 million US dollar).

The Foreign Ministry insisted on a sharp increase in the ODA budget, considering it vital for Japan's diplomacy.

Newspaper reports said Japan's overall budget for the next fiscal year, beginning April, would stand at 72.35 trillion yen (588 billion US dollar), representing a mere 0.2 per cent growth from the current year. The austerity budget was caused by the continuing economic slump and expected revenue shortfalls.

# ends '92 on somber note, braces for a difficult '93

ROME, Dec 26: The Italian economy is ending the year on a somber note, and forccasts say 1993 will also be a bad one for

the economy, reports AFP. This year has been marked by rising unemployment, lower industrial output, ever higher business debt, a sharply depreciated lira, a depressed stock market, and red ink splashing all over pubic finance -- through at least there has been a little progress in the anti-inflation battle.

All of the sum-ups, economic studies and forecasts published as the year drags to a close agree on the essentials, whether they are made by banks, employers or international agencies such as the Organisation for Economic Cooperation and Development (OECD) or the International Monetary Fund (IMF). In the wake of the long political crisis that

paralysed Italy for many weeks in the spring. an economic crisis has taken over, with deep and lasting effects. The westerness throughout the supplement monthless

the public debt having reached the amazing figure of 1.15 trillion dollar at the end of September, making a per-capita debt of 20,000 dollar for the country's 57 million people. The budget deficit for this year is

expected to run 100 to 110 billion dollar, and the bank of Italy (central bank) burned up a large part of its foreign currency reserves in a vain effort to prop up the slumping lira before it was forced out of the European Monetary System's exchange rate mechanism last September.

After an initial seven per cent lira devaluation in September and then its forced exit from the EMS, the currency continued a marked devaluation, losing value against all strong European currencies as well as against the dollar. The Milan stock market, whose MIB index

has plunged at times this year to levels 30 per

cent below the start of the year, staged a mild

many to Desember But the weakness of its

capitalisation, low volume and archaic procedures make it a second-class bourse that has not attracted many foreign investors. The dirge was joined this week by

Cofindustria, the main Italian employers' organisation, which warned that industrial output will show a six per cent plunge this month, with orders plummeting by eight per Mediobanca Merchant Bank takes an equally grim view, noting that the debt load of the 20

leading industrial groups rose by 4.6 trillion lire (3.2 billion dollar) this year, while profits were down by 1.8 trillion lire, reducing businesses' internal financial possibilities. The report, bearing on 180 companies

accounting for more than a third of the industrial sector, 30 per cent of Italian jobs and more than half of banks' and insurance companies' turnover, points to a profound crists and a trend toward recession.

The decompand notices of the passenger long

shown up everywhere in lower household consumption, particularly evident during the year-end holiday period as stores have had to move up clearance sales to attract buyers.

But it is also hitting workers to an increasing extent, and Italy, whose social fabric is already based on an under employment system, now has an unemployment rate of close to 11 per cent.

The only positive feature of the economy is that inflation is being held to five per cent this year, but that is well above levels in numerous other European countries, such as France and Germany, and Italian experts expect inflation

It will be necessary to wait for the end of next year to see whether government austerity measures adopted in the fall will help Italy meet the "convergence criteria" demanded for European and economic and monetary union with respect to inflation, the budget deficit and makes dake

## Cabinet okays Japan's next year budget

TOKYO, Dec 26: The Cabinet approved Saturday a tight budget for the coming fiscal year that would expand Japan's forcign aid and slow defense spending to the lowest level of growth in 33 years, reports AP. Under the Finance Ministry

plan, total spending would be held to 72.355 trillion yen (585.12 billion dollar) up only 0.2 per cent from the current

fiscal year. The budget's overall growth

rate, the lowest in six years, reflects official predictions of shrinking tax revenues resulting from the slowing of Japan's economy.