

BRIEFS

EC's inflation falls to 3.5 pc
BRUSSELS, Feb 20: The European Community's annual average inflation slowed to its lowest level since June 1988 in January, down to 3.5 per cent, according to provisional figures released Thursday by the EC statistics agency. The EC rate compared to a provisional 1.3 per cent for Japan. The United States registered 2.9 per cent inflation in December but its January figures were not yet available, reports AP.

Libya may get foothold in Europe
ATHENS, Feb 20: A Tripoli-based bank is apparently moving to buy a controlling interest in an Athens bank, banking sources say, which would give Libya a foothold in Europe. According to sources at the National Bank of Greece and the Bank of Greece, the central bank, Libya's Arab-Foreign Investment Bank could triple its 30-per cent share of the Arab Hellenic Bank. If the Libyans acquire a controlling interest, they could open branches across Europe, reports AP.

Boeing to cut 28,000 jobs
SEATTLE (Washington), Feb 20: The Boeing Co, the world's largest aircraft maker, is to axe 28,000 jobs in the next 18 months, 23,000 of them this year, a company source said Thursday. The cutbacks will reduce Boeing's workforce, currently at about 143,000 people worldwide, by 19.5 per cent over the next 18 months, reports AP.

Asian-Americans to rise to 20m in US
WASHINGTON, Feb 20: Asian-Americans are the fastest growing minority group in the United States and will grow to 20 million, or eight per cent of the total population, by the year 2020, according to a new study. The report, released at a news conference here Thursday, calls for more attention to be paid to the needs and political representation of Asian-Americans. "Asian-Pacific-Americans cannot be dismissed as an insignificant minority group," wrote Prof Shirley Hune at the University of California, reports AP.

Stocks close higher in New York
NEW YORK, Feb 20: Stocks closed higher after trading narrowly through most of the day. A burst of buying right before the close pushed the Dow Jones industrial average higher. Traders said stocks were getting support from US bonds, which rallied hard on Thursday in enthusiasm for President Clinton's economic plan, reports AP.

Plan on currency surprises Franco
BRASILIA, Feb 20: Brazilian President Itamar Franco was "unpleasantly surprised" by a proposal for a new currency and knew nothing about it before it was announced, a Franco spokesman said on Thursday. In a sign of apparent disarray in the government, Francisco Baker said Franco has not seen the proposal from Economy Minister Paulo Haddad before the ministry released it late on Wednesday, and still had not received it on Thursday, reports Reuters.

Nikon develops electric sunglass
TOKYO, Feb 20: Japan's Nikon Corp has developed what it claims are the world's first electric sunglasses, allowing users to adjust the shade of the glass at the push of a button, a company spokesman said Thursday. The new "electrochromic" sunglasses feature a tiny button on each arm where a small battery is enclosed. The left button increases the colour density in the glass while the one on the right clears it up, reports AP.

Saudi prince to sell shares of Citicorp
WASHINGTON, Feb 20: A Saudi prince who bought a big stake in Citicorp two years ago said Friday he would sell up to 12.8 million shares of common stock to keep his holdings under 10 per cent. The Federal Reserve Board must approve any individual's acquisition of more than 10 per cent of a bank or bank holding company. In a filing with the Securities and Exchange Commission, Prince Alwaleed bin Talal bin Abdulaziz Al Saud said he planned to sell between 9.2 million and 12.8 million shares of Citicorp common stock over the next three months, reports AP.

Germany, India to Europe, Asia

Help tackle global recession thru' trade

NEW DELHI, Feb 20: Germany and India called Friday on Europe and Asia to tackle global recession through closer economic cooperation, and urged them to help rid the world of nuclear weapons, reports AFP.

The joint appeals came on the first day of a visit here by Chancellor Helmut Kohl aimed at infusing new energy into the German-Indian economic partnership.

The two countries agreed to draw up a 10-month action plan to put their economic relationship on a "fast track," officials said, and to open a bilateral dialogue on arms control and security issues.

Kohl, who arrived late Thursday on the first stop of a tour that will also take him to Singapore, Indonesia, Japan and South Korea, held talks Friday with Prime Minister PV

Narasimha Rao and other Indian leaders.

Describing Kohl as a "champion of international peace," Indian President Shankar Dayal Sharma presented him with the Jawaharlal Nehru award for international understanding in recognition of his achievement in reunifying Germany. Previous recipients include Martin Luther King, Nelson Mandela and mother Teresa.

Sharma called for greater cooperation between the developed and developing worlds, saying "we have also to work together for a world free of nuclear and other weapons of mass destruction."

The 62-year-old German leader, accompanied by a 20-member trade delegation, also took up the theme of international cooperation.

"We are at present witnessing a turning point in history and the beginning of a new era in international politics," Kohl said during the ceremony. "It offers us an opportunity to build a future together in lasting peace."

The European Community should campaign from a common platform in the post-Cold War era against existing nuclear arsenals, he added.

"At a time when there are dramatic changes afoot and an erosion in East-West conflicts, it is important for Europe to speak with one political voice."

But in urging Europe to forge a new economic partnership with the Third World Kohl warned that "a fortress-like approach for Europe should be avoided."

Kohl, who has visited India twice previously, stressed the importance of boosting German business ties with India in the wake of the market-

opening policies introduced by the Rao government since July 1991.

"Through our ties are historical and traditional, relations in other fields like trade should not be neglected," he said.

"Great importance is being given to relations with India not only because of long-standing ties but also because India is emerging as the largest market in the South Asian region," officials quoted Kohl as telling Rao.

Indo-German trade totalled six billion mark (3.6 billion dollar) in 1992, with a slight surplus in Germany's favour. India had a surplus for the first time in 1991.

German investment in India was a negligible 13 million dollar, in 1991, double the 1990 figure, but rose to 30 million dollar last year as India proceeded with plans to liberalise

Its quasi-socialist economy. Indian officials hope investment will soar after Kohl's visit.

Meanwhile, Germany on Friday extended two long-term loans to India totalling 85 million mark (53 million dollar), as German businessmen said New Delhi should allow them to repatriate their earnings from future collaborations in India.

"We hope German companies are given a chance to make money in India" said a German trade delegate after a joint business forum, adding that India's newly free market has good potential.

India opened the gates to foreign capital in 1991 and more than 1,200 overseas investment projects and joint ventures in energy, industry, power, communications and other sectors had been approved as of October.

France to veto GATT deal on agriculture
PARIS, Feb 20: France will veto a GATT deal on agriculture if it is presented for approval at the next European Community farm ministers' council, Agriculture Minister Jean-Pierre Soisson said on Friday, reports Reuters.

France has linked the global General Agreement on Tariffs and Trade deal to its demands for a renegotiation of a US-EC farm trade deal.

Soisson said Prime Minister Pierre Beregovoy had decided on Thursday night to authorise him to use France's veto if the European Commission insisted on bringing a draft accord with the United States on farm trade to a vote at the next meeting.

"I can tell you that the Prime Minister decided last night that France will veto the deal if necessary," Soisson said in a radio interview.

Indian bond scam

Mehta launches offensive steps against media

BOMBAY, Feb 20: Harshad Mehta, the flamboyant broker at the centre of India's biggest financial scandal, has launched a counter-offensive, taking on state television and two national news agencies over alleged false reporting, says Reuters.

Ten months after the exposure of a two billion dollar securities scandal, India is still awaiting the verdict of a parliamentary committee on who was responsible and how the financial system should be reformed to prevent further large-scale fraud.

In a letter to committee Chairman Ram Niwas Mirdha on Wednesday and made available to reporters, Mehta said

he was being deliberately smeared by an official dirty tricks campaign to "paint me as the biggest villain of the piece."

Through his lawyer he has threatened to sue the state television company Doordarshan after it prominently broadcast news about the alleged freezing of his bank accounts in Switzerland.

Mehta, who is out on bail after 110 days in jail on charges of bribery, fraud and currency violations, said he did not have any bank accounts overseas, and he was willing to authorise any bank in the world to reveal if he had an account with them.



LONDON: A group of unemployed men and women display the latest figures in front of the House of Commons in London Feb 17, as British unemployment topped the politically sensitive three million mark in January. Some analysts predict that the total will rise around 3.3 million and stay there for a decade whether or not Britain comes out technical recession this year. — AFP/UNB photo

About 3m jobless in UK

LONDON, Feb 20: British unemployment topped the politically sensitive three million in January, although the seasonally-adjusted total stayed fractionally below the three million figure, reports AFP.

Official unadjusted figures climbed by 78,726 last month to 3,062,065, the highest since April 1987. The seasonally adjusted total rose 22,100 to 2,995 million or 10.6 per cent of the working population.

Unemployment rose steadily in the 1980s, fell back from 1987 to 1990 and has risen steadily for 33 consecutive months. It has leapt by almost 1.4 million or 88 per cent since dole queues started lengthening in March 1990.

The total is expected to break the record high of 3.1 million later this year.

For the unemployed, "all the figures are devastating," said Frank Dobson, employment spokesman for the opposition Labour Party. Employment Secretary Gillian Shepherd admitted she was "very concerned."

Almost thirty people are chasing every advertised job vacancy in Britain, the figures showed. In some areas, an applicant has more chance of winning the national raffle than getting a job, one official admitted.

Some analysts predict that the total will rise to around 3.3 million in mid-1994 and stay there for a decade whether or not Britain comes out of technical recession later this year.

Jobs are particularly under threat in the mining industry, local government and several major manufacturing companies this year, analysts noted.

French economy ends '92 in fragile condition

PARIS, Feb 20: France's economy ended 1992 in fragile condition, with industrial production shrinking by one per cent and manufacturing output down 2.8 per cent in December alone, the national statistics office (Insee) said yesterday, reports UNB.

The socialist government, which looks set to lose heavily in next month's general election, has long prided itself on running one of the few major industrialised economies to have avoided recession during the global downturn.

But economists said in see's data, showing output down 3.7 per cent over the whole of 1992, was one more brick in a growing wall of evidence that France is staring recession in the face.

Nigel Rendell, economist with Brokers James Capel in London, called the data pretty disastrous. "It just highlights the fact that the economy is heading into recession in 1993," he said.

Other private economists, who were also surprised by the depth of the fall in output in December, said they now were sure that the economy shrank in the final quarter of last year.

Reza Lahidji of Banque Indosuez said he was now looking for next Wednesday's Gross Domestic Product (GDP) figures for the fourth quarter to show a fall of 0.5 per cent.

And Darren Williams at UBS Phillips and Drew in London said his forecast of a 0.4 per cent drop may now be too optimistic.

Aside from the seemingly inexorable rise in France's jobless, who now number almost three million or 10.5 per cent of the active population, there have been other signs of slowdown.

The government said this week the brake on activity has eaten into tax revenues, widening 1992's budget gap to around 230 billion franc (41 billion dollar), 75 per cent up on 1991.

Battery-powered heart

BERLIN, Feb 20: Germany's industrial giant Daimler-Benz Friday announced it would help develop a battery-powered artificial heart that could ultimately replace the natural heart of an ailing patient, reports AFP.

The battery's life will practically be infinite, Roland Hetzer, a member of the Stuttgart-based company's management council, said.

"We will devote our know-how to medical research which saves lives," Hetzer said of an agreement signed with the Berlin centre for heart research.

Once implanted the artificial heart would replace the human heart definitively rather than temporarily until a donor heart can be transplanted, as is the case at present.

Fed Reserve Chairman lends support to Clinton's economic plan

WASHINGTON, Feb 20: President Clinton's economic plan won praise Friday from Federal Reserve Chairman Alan Greenspan, whose agency would have the crucial job of preventing an economic downturn in an era of budget tightening, reports AP.

Without making specific promises, Greenspan sought to reassure nervous lawmakers that he would use monetary policy if necessary to offset the negative effects of spending reductions and tax increases totaling 325 billion dollars over four years.

"I can assure you of our shared goal for the American economy — the greatest possible increase in living standards for our citizens over time," he told the Senate Banking Committee.

The Fed "recognises that it has an important role to play," said Greenspan, a Republican who was accorded a seat of honour by Clinton — between the President's and Vice President's wives — for the President's economic address to Congress Wednesday night.

His comments, coupled with his endorsement of Clinton's efforts, were viewed as an implicit pledge that the Fed would stand ready to provide lower short-term interest rates to offset any economic squeeze resulting from Clinton's package.

"He's providing a carrot for Congress to pass the bill," said economist Sung Won Sohn of Norwest Corp in Minneapolis. "He's saying if you pass this, you will see lower long-term and short-term interest rates."

Democrat sought as much as possible to pin Greenspan down on his hints of an easy-money policy. However, Greenspan left himself some out. He said the plan must work as intended and must be followed by health care reforms to continue bringing down the deficit later in the 1990s.

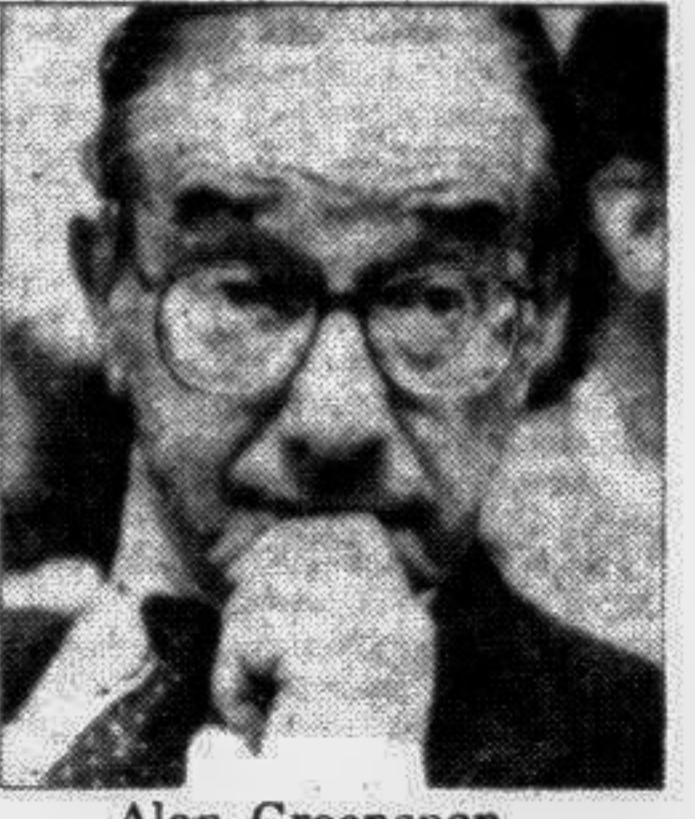
He conceded that beyond this year, after a short-term stimulus programme is spent, Clinton's plan could act as a drag on the economy. But he held out the hope that, in response to the deficit reduction, financial markets would push long-term interest rates lower even without Fed action.

The effects of that, when it filtered through to mortgage rates, could be far more positive for the economy than the drag produced by higher taxes and reduced federal spending, he said.

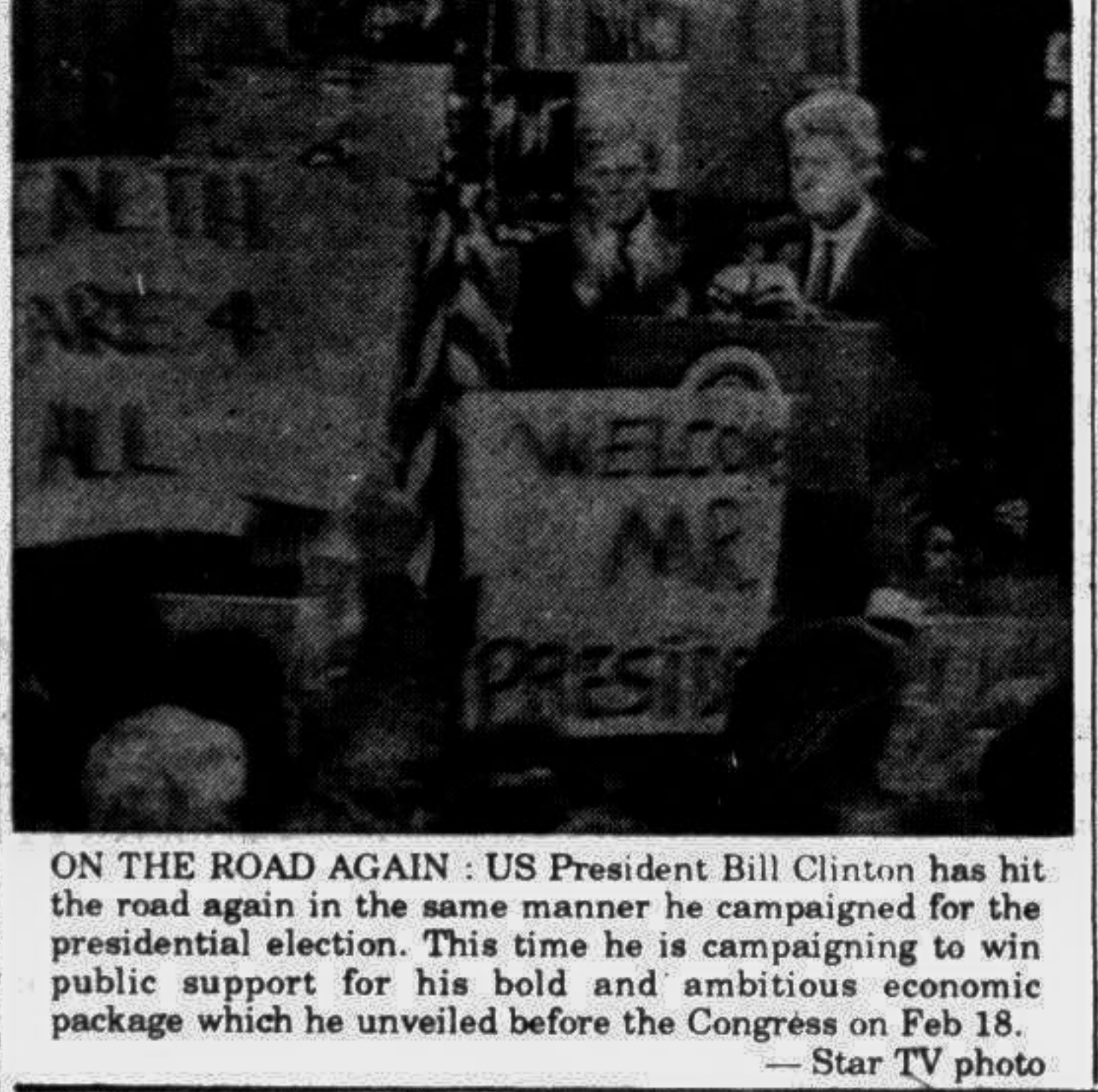
Indeed, in response to a bond market rally this week, 30-year, fixed-rate mortgages fell to 7.65 per cent, the lowest level in 20 years, according to the Federal Home Loan Mortgage Corp.

Greenspan's testimony spurred a rally in the New York bond market, with the yield on 30-year Treasury bonds dropping to a record low 7 per cent because of heavy buying.

Greenspan attributed the recent fall in long-term rates to the "growing awareness that we may be coming to grips with this [deficit] issue for real."



Alan Greenspan



ON THE ROAD AGAIN: US President Bill Clinton has hit the road again in the same manner he campaigned for the presidential election. This time he is campaigning to win public support for his bold and ambitious economic package which he unveiled before the Congress on Feb 18. — Star TV photo

Miyazawa opposes EC's plan on G7 summit

TOKYO, Feb 20: Japanese Prime Minister Kiichi Miyazawa has told the European Community (EC) he opposes its request to bring forward the date of a Group of Seven summit in Tokyo scheduled for July, reports Reuters.

Acting Foreign Minister Yohel Kono told a news conference that Miyazawa had written to European Commission President Jacques Delors, saying it would be technically unrealistic to reschedule the summit of leading industrialised nations.

Miyazawa told Delors, however, that he agreed with the EC that major industrial nations should hasten to work out measures to boost global growth, Kono said.

Delors had asked Miyazawa to hold the summit a few months earlier than planned to tackle the stagnation of the world economy.

Leaders of the G7 — Britain, Canada, France, Germany, Italy, Japan and the United States — are scheduled to meet in Tokyo from July 7 to 9.

China's private sector registered record boom last year

BEIJING, Feb 20: China's private sector enjoyed a boom last year, with the total registered capital of private companies growing 79 per cent and the value of their output climbing 67 per cent, an official news report said Saturday, reports AP.

The Xinhua News Agency said the country now has 139,000 registered private enterprises.

The figure does not include the millions of unregistered people who hawk cigarettes or trinkets, wash cars at street corners, sell tea from curbside stalls or perform other individual services.

It also omits many companies that are actually private but are registered as collectively owned or as subsidiaries of a state company for fear of a shift in government policy. A collective is generally owned by a small community, such as a village or a city neighborhood.

Xinhua said the registered capital of private enterprises reached 22.12 billion yuan (3.85 billion dollar), and output value totaled 20.51 billion yuan (3.57 billion dollar). Private enterprises employed about 2.3 million people, it said.

That is still a tiny fraction of China's urban workforce of about 300 million people. However, Xinhua noted that over the past few months, the government has dropped restrictions on the type of businesses that private entrepreneurs can undertake.

Over the past year, more than 11,000 private businesses have issued stock and more than 200 have set up foreign joint ventures, it said.

On another economic reform front, the official China Daily newspaper said the government plans to further relax price controls this year on grain, edible oil, coal, crude oil, electricity, steel and rail freight.

After more than three decades of setting all prices by government edict as part of a Soviet-style planned economy, China began gradually controlling prices in the 1980s. Only the prices of staple foods, key industrial raw materials and a small number of consumer goods are still controlled.

Regional competitors closing in on ASEAN, warns Singapore

SINGAPORE, Feb 20: The Association of South East Asian Nations (ASEAN) must make a success of its free trade area to counteract potential regional competitors for foreign investments, a Singapore official said yesterday, reports AP.

Labour Minister Lee Boon Yang told the 8th ASEAN confederation of employers conference that the regional grouping was racing against competitors like Vietnam and China for foreign investments.

"These countries are improving their infrastructure and manpower quality to attract more and better quality investments," Lee, who is also second minister for defence, said.

"In the next five to 10 years, when these countries have developed their markets, infrastructure and workforce to a higher standard, they would become strong competitors for foreign investments," Lee said.

ASEAN, which groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand, would lose out if it did not take counteractive measures, he said.

"ASEAN must get our act together — make ASEAN Free Trade Area (AFTA) a success, strengthen our economic fundamentals and competitiveness," he said.

ASEAN heads of government signed an agreement in Singapore a year ago to set up a free trade area within 15 years.

The grouping kicked off a common effective preferential tariff scheme on January 1 to phase in tariff cuts leading to a full-fledged AFTA.

Lee said ASEAN should not only look inwards but seize opportunities that were being generated in the booming economies of East Asia.

He said the Singapore government, as part of its regionalisation thrust, was setting up a regionalisation training scheme to meet the manpower training needs of Singapore-based companies when they venture abroad.

Lee said the government was considering a grant to offset its foreign workers levy on foreign workers to be trained in Singapore.

Singapore imposes the levy to discourage heavy dependency on skilled and unskilled foreign labour in the shipyard and construction industries.

Another report from Manila says: Former Thai Prime Minister Anand Panyarachun warned here that leaders in Asia would have to learn to balance economic development with democracy in order to cope with changing times.

Anand told a management conference in the Philippines capital that Asian societies no longer assumed that strong leaders were essential for growth and were becoming more pluralistic.

"It is no longer in question whether one should opt for economic development or democracy. The twin must proceed together," he said adding that economic growth without democracy would only result in future economic constraints while democracy without growth would lead to disillusionment.

Anand, who headed the interim Thai government following a coup threat toppled prime minister Chatichai Choonhavan, in 1991, said that "the most necessary and appropriate concept of leadership for Asia... is management of political, economic and social issues in a balanced manner."

The former diplomat who resisted manipulation by the military during his term, said Asian societies should be "fine-tuned," to evolve towards democracy and that leaders should work for consensus-building but should not let this result in "excessive caution and... political inaction."

Asked why Thailand was able to develop economically while the Philippines has stagnated even though both countries have experienced a spate of military coup attempts, Anand said: "We didn't have Marcos rule for 20 years so it goes back to having an authoritarian regime."

The late deposed dictator Ferdinand Marcos ruled the Philippines from 1965 to 1986 until he was toppled in a popular revolt. The country's economy suffered from plunder and mismanagement during his regime.