

BRIEFS

UK economy worse despite interest cuts
LONDON, Feb 23: Britain's economy was still on its knees at the end of last year with the big cuts in interest rates in the wake of September's sterling crisis having no material impact, official figures showed Monday. Gross Domestic Product (GDP) rose 0.2 per cent in the fourth quarter from the third, mainly as a result of high North Sea oil and gas output, but for 1992 as a whole it fell 0.5 per cent, says Reuter.

Iran's Lavan Port resumes operation
NICOSIA, Feb 23: Oil export installations at Iran's Gulf port of Lavan, heavily damaged during its eight-year war with Iraq, have started operation again, the Iranian news agency Irna said on Monday. It said the installations were put into tentative operation and would handle oil from the offshore Saiman oilfield. The agency said reconstruction and modernisation operations at Lavan would be completed early in the next Iranian year, which starts on March 21, says Reuter.

Smoking banned in health care areas
MANILA, Feb 23: Philippine Health Secretary Juan Flavio Velasco Monday banned smoking in the health department compound and ordered visitors to level their cigarettes, matches and lighters with guards before entering. He also ordered that all official stationery bear the warning "smoking is dangerous to your health." Local ordinances prohibit smoking in buses, cinemas and other public places in Manila but police, many of them smokers themselves, rarely enforce the ban, says Reuter.

Chinese have nothing to buy from shops
BEIJING, Feb 23: Beijing residents, flushed with cash from Deng Xiaoping's economic reforms, have apparently run out of things to buy. For every 100 households in urban areas of the Chinese capital, 101.4 have colour television sets, 109.5 refrigerators, 96.1 washing machines, 77.2 cameras and 41.7 video recorders, the China Daily reported Monday, says a Reuter report.

2 executives of Fiat arrested in Italy
MILAN, (Italy), Feb 23: Two senior executives of the giant industrial group Fiat were arrested Monday as a spreading corruption scandal reaches Italy's highest levels of private business as well as politics. The Milan stock exchange reacted by selling off Fiat stock in panic, writes AP.

Clinton's plan to boost electronics output
SAN JOSE (California), Feb 23: President Bill Clinton on Monday announced a package of measures to boost the US electronics and computer industry through closer cooperation between business and government. Clinton told 200 workers at a plant in Silicon Valley, the heart of the US electronics industry, that his plan for a partnership with the private sector was designed to keep the United States on the cutting edge of things, says an AFP report.

Formation of bankers' association urged
ANKARA, Feb 23: Turkey's Banks Association (TBB) has proposed setting up a confederation of banks and bankers associations to assist banking sectors in the Black Sea and Balkan countries. The confederation will provide collaboration between countries in the region and organise a joint banking directory so that banks in these countries can be identified and assessed by international investors. TBB head Erhan Yasar told Reuters.

Kohl ready to talk Clinton on aircraft subsidies
NEW DELHI, Feb 23: German Chancellor Helmut Kohl on Monday shrugged off US criticism of Europe's subsidised aircraft industry and said he was prepared to discuss the issue with President Bill Clinton, reports Reuter. "What about subsidies they give to their arms industry among others," Kohl told a news conference in New Delhi at the end of a four-day visit. "In any case it is time that we stopped talking about each other and began to talk to each other," he said.

Yens' sudden surge mixed blessing for Japan

TOKYO, Feb 23: The yen's advance to record highs against the dollar yesterday, representing an unusually steep appreciation of almost seven per cent in barely two weeks, is a mixed blessing for Japan, reports AFP.

For many Japanese companies battling to cope with the worst economic slowdown in two decades, it could not have come at a worse time. Major exporters Sharp Corp, Toshiba Corp, and Honda Motor Co. Ltd. all issued statements Monday expressing alarm at the yen's sudden advance.

And Japanese steelmakers, among the hardest hit in 1986 when the yen almost doubled against the dollar, called on monetary authorities—which were notably absent in Monday's trading—to intervene to support the dollar.

But for the country's trading partners, the stronger yen provides Japan with a chance to narrow last year's record trade surplus with increased imports. A higher yen will also enable Japan's troubled banks to meet more easily international capital requirements by reducing the dollar value of their assets.

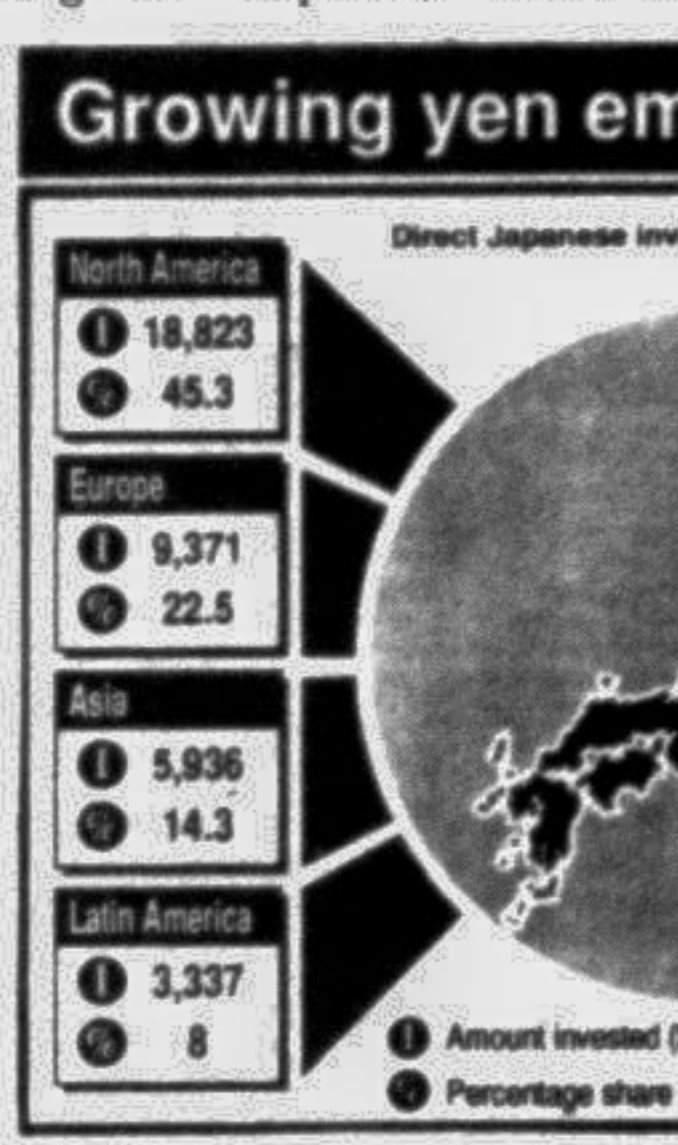
117 yen for the first time ever came only days before a meeting of finance ministers and central bank governors from the Group of Seven (G-7) industrial countries in London this weekend.

It followed a weekend meeting in New York of deputy finance ministers of the G-7—the United States, Japan, Germany, France, Italy, Britain and Canada—and US Treasury Secretary Lloyd Bentsen's call Friday for a stronger yen. Japan's Prime Minister Kichi Miyazawa told reporters that the yen's appreciation was a bit too fast. And Finance Minister Yoshiro Hayashi, speaking at a news conference after his deputy Tadao Chino returned from the New York meeting, said the currency's advance was a little bit too erratic.

But both men remained vague about whether or not the Bank of Japan would take coordinated action with other G-7 central banks to support the dollar. "I'll leave that to the authorities," Miyazawa told Japanese reporters.

Hayashi said the monetary authorities would monitor currency markets more closely from now. But he otherwise repeated what he has said since returning from a meet-

ing with Bentsen in Washington earlier this month—that currencies should reflect the economic fundamentals of each country. "It's a double blow for all Japanese companies depending on exports," said a



spokesman for Nissan Motor Co. Ltd. which relies of exports from half its revenue. "The timing is really bad."

workforces through early re-arrangements, some economists reckon the stronger yen could lead to accelerated labour cut-backs.

"If the trend continues, it is inevitable that Japanese companies will take drastic

streamline measures including substantial reductions in their employees," said Nobuyuki Saji, an economist at Nikko Securities Co. Ltd. Saji said the present trend was even more severe than 1986 when the yen's value al-

most doubled against the dollar. "Japanese companies had extra energy to fight the move then, but not now," he said.

Nikko said over the weekend that growth in Japan's gross national product (GNP) would be cut by four-tenths of a percentage point if the dollar fell to 115 yen. GNP is projected by the government to grow 3.3 per cent in the coming fiscal year compared with estimates of less than two per cent this year.

Gaishi Hiraiwa, Chairman of the powerful federation of economic organisations of Japan, was quoted as saying Monday that the yen's advance was "too high-paced" and "unfavourable to the Japanese economy."

A further surge in the yen will seriously affect our future business, he said, adding that overseas projects might have to be rearranged.

Pioneer Corp, which like Sony relies on exports for more than half of its sales, expressed similar concern. "Many Japanese companies including ourselves will have to think about increasing overseas," a spokesman said.

"Unless the government announces further economic measures soon, many companies will not be able to get through this critical situation," he said, referring to growing demands by Japanese companies for income tax cuts.

EC, C American states sign new trade accord

SAN SALVADOR (El Salvador), Feb 23: Despite commercial squabbles and political complaints, the European Community and the countries of Central America on Monday signed a new, five-year trade and aid agreement, reports AP.

A summary of the agreement released to the press included promises of European aid for refugee resettlement, anti-poverty programmes and job creation.

It also urged broader commercial, investment and technological cooperation between the two regions and included a commitment to human rights and democracy. Representatives of the 12 European nations and six Central American states met amid a bitter row over European restrictions on bananas and criticism of some Central American human rights records. But their agreement omitted reference to the dispute over this month's Community decision to limit imports of bananas from Latin America in favour of those from current and former European colonies in the Caribbean.

France threatens to exercise veto right to block EC-US farm deal

PARIS, Feb 23: Premier Pierre Bérégovoy has warned European Community officials that France will use veto right next month to oppose a proposed oilseeds agreement between the United States and the EC, his office said Monday, reports AP.

"It is time for Europe to send a warning to the rest of the world and to the United States," Bérégovoy said at a socialist rally in western France. "We must start the ... negotiations over from zero, from a position of European solidarity, with everything on the table."

The Nov 20 agreement, which stopped fears of a trade war with the United States, is expected to be discussed March 8 at a meeting of EC foreign ministers and could be submitted to a vote.

"France serves notice that it can totally block the negotiations," Agriculture Minister Jean-Pierre Soisson said. "This accord is contrary to the interests of France. This accord must be renegotiated," Soisson said in a radio interview. "Never since the creation of the European Community has France turned to the veto. But the interests of our agriculture is in danger and so I hope the veto will be used."

Farmers Monday disrupted rail traffic, especially in Brittany, central and southwest France, in some cases blocking tracks with railroad ties in a surprise "day of action."

The state-run railroad noted disturbances in stations at Tours, Chartres, Orleans, Montargis, Livron, Pierrelatte, Toulouse, and several stations in the Brittany region. In Paris, the Austerlitz station cancelled morning trains headed southwest. Other train stations out of Paris were experiencing delays. Railroad officials put a bus service into place in some areas, including out of Toulouse. "We will maintain pressure until the veto is used," said Pierre Hugon, of the Rural Coordination, the movement organizing the protests, in the Gers region near Toulouse.

In letters written Friday to Prime Minister Poul Nyrup Rasmussen of Denmark, which currently holds the EC presidency, and EC Commission President Jacques Delors, Bérégovoy warned that France would use "all means" to block the agreement, parts of which he said, run counter to the EC's Common Agricultural Policy.

The oilseeds agreement is but a section of a larger agricultural accord still being worked out in the framework of crucial world trade talks. Bérégovoy said in his letters that it would be "reasonable" to remove the subject from the agenda of the March 8 meeting, so that it could be examined when a compatibility study on the agreement and the CAP are completed. The accord also calls for cuts in subsidised exports of oilseeds.

Clinton announces steps to boost high technology industries

SAN JOSE, California, Feb 23: President Bill Clinton announced a package of measures Monday aimed at helping high-tech industries through new business incentives and research funds redirected from defence projects, reports AP.

In an appearance in California's Silicon Valley, the heart of the US computer industry, Clinton said his plan would represent a partnership with the private sector to "keep the United States on the cutting edge of things."



MARJES ZOUHOUR, (LEBANON): Palestinian deportees distribute fresh vegetables they received Feb 22 from Islamic groups in the area, on the occasion of the first day of the Ramadan. — AFP/UNB photo

New peso results price-hike in Mexico

Tens of millions of millionaires lost their exalted status on January 1 when Mexico sliced three digits from its national currency, creating the New Peso.

The controversial switch to the new money, promoted by Mexican President Carlos Salinas de Gortari as a neutral accounting change rather than a devaluation, is also having some unpredictable effects, fuelling inflation and opposition arguments that Salinas is both re-writing history and paving the way for closer ties to the United States.

The new peso was released at an exchange rate of 3.17 to the dollar. Before the change, it took 3,170 old pesos to match the US currency.

swap as an unwelcome reminder of the boom of the 1950s when the peso and the dollar had a single-digit relationship. One US trade official told the daily El Financiero, Mexico's national business newspaper: "The change makes the peso look like a stronger currency."

Responded columnist Alberto Calvo: "This is just like putting make-up on our depreciated currency."

Mexicans fondly recall an era when eight pesos equalled the dollar and the currency

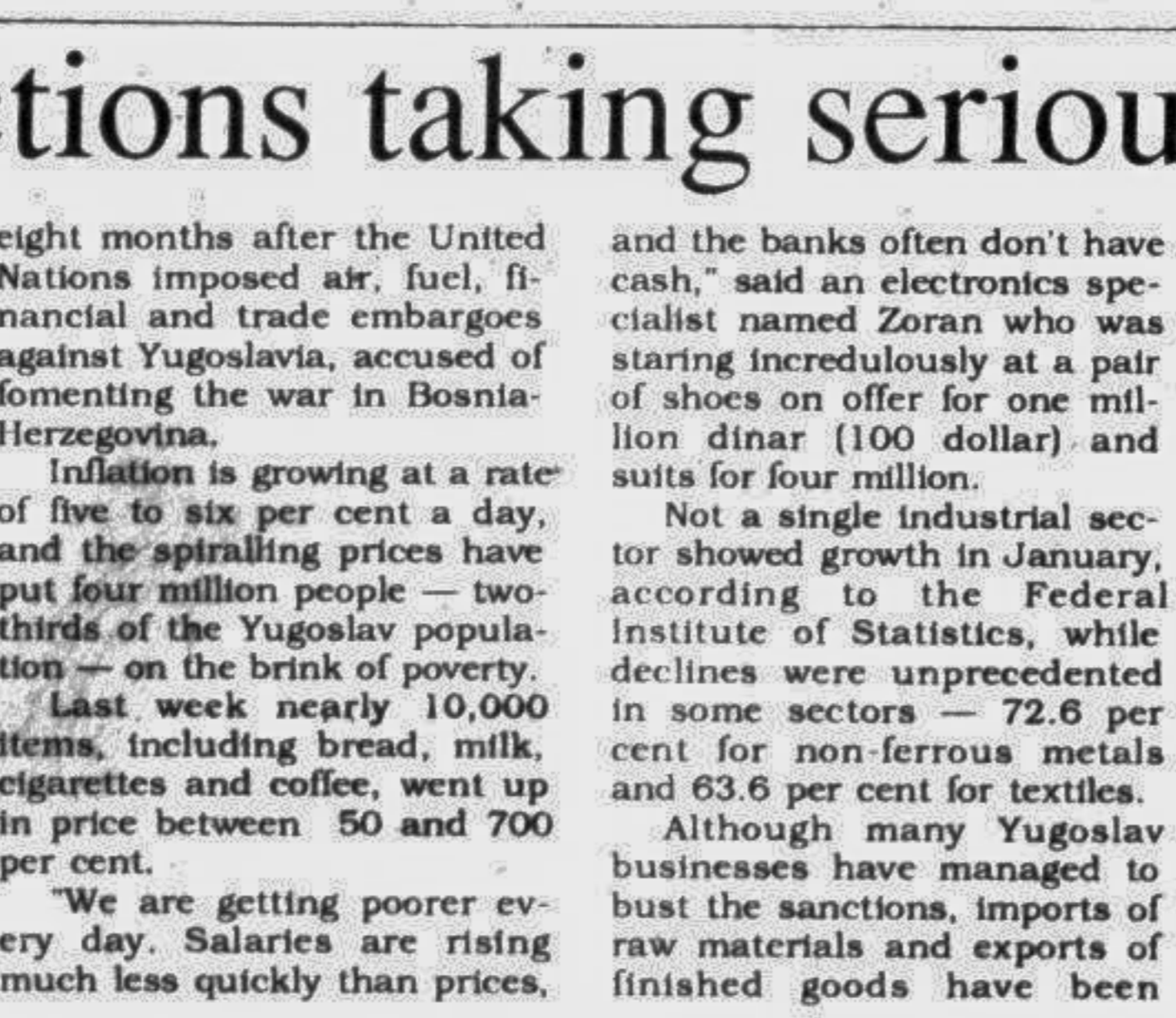
used the peso as one of his final acts in office. By the late 1980s, the peso had become so bereft of value that Mexican banks were selling truckloads of one peso coins to Texas hardware manufacturers who drilled out their centres and converted the money to washers.

The introduction of the new peso sends out a psychological message that we are leaving an inflationary period behind," trumpeted Mexico City financial analyst Abdel

1991 and 11 per cent last year. But Salinas is said to be shooting for a single-digit range by the time he has to designate a successor later this year. However, that goal may prove elusive due to the monetary charge.

The Salinas government has checked inflation through a series of agreements between labour, industry, commerce and agriculture to control wages and restrict price increases. Wage controls permit small annual raises in the daily minimum wage from which all wages in Mexico are calculated.

But the increases have never matched the inflation rate. In late December, the government announced this year's wage increase would be 7.7 per cent as of January 1, raising the daily minimum to 14,270 old pesos or 14,27 new pesos. But because the increase was calculated in new pesos, the raise amounted to just 99 centavos, a sum that angered many union leaders.



was the most solid in Latin America. In the 1960s, the exchange rate crept up to 12 and in the mid-1970s, President Luis Echeverría allowed the peso to "float" on international markets, rather than set a prescribed exchange rate.

When the 1982 debt crisis sent the Mexican economy reeling, his successor Jose Lopez Portillo massively deval-

and the banks often don't have cash," said an electronics specialist named Zoran who was starting incredulously at a pair of shoes on offer for one million dinar (100 dollar) and suits for four million.

British traders in upbeat mood over India's reforms

CALCUTTA, Feb 23: India's liberalisation policy has created a massive potential for British businessmen and the UK government to invest more in the country, the amount of which is expected to increase by half a billion pound in the next few years than the existing amount of three billion pound.

Julian Stretch, the leader of the 16-member trade advisory committee for South Asia, an official team of the British government, now touring eastern India, told newsmen here that the liberalisation policy had opened doors for the western countries to India in a big way to help bring about a real economic change and development in the country in future.

Liberalisation policy was an imperative need of the hour in India, whatever party, Congress (I) or BJP, come to power in future, he felt. Stretch said that the significant achievement made by India in the last few years was qualitative improvement and presentation of its products at par with the international standard. Indian businessmen could ultimately realise the reality of the situation and successfully made themselves competent enough to meet the international market in respect of export, the British team felt.

60,000 skilled Aussies left for Asia in 2yrs

SYDNEY, Feb 23: Australia's depressed job market is forcing increasing numbers of skilled Australians to emigrate to Asia, according to a report released Monday, says Reuter.

The report, by the Bureau of Immigration Research, showed that the number of people permanently leaving Australia rose to more than 60,000 in the two years to June 30, 1992—the highest level since the mid-1970s.

It said about 32 per cent of those leaving the country were Australian-born and high unemployment was a key reason. Immigrants left Australia mainly to return to the country of their birth. There is some evidence

C' wealth launches plan to promote industries of poor members

KUALA LUMPUR, Feb 23: The Commonwealth launched Monday a plan under which international business groups would help expedite industrial development in the poorer member countries, reports AP.

Shell International Rolls Royce, GEC, Marconi, Hewlett Packard, Cable and Wireless and Short Brothers are among multinational companies that have agreed to participate in the plan, commonwealth officials said here.

Apart from the six international business groups, Commonwealth national businesses in Zimbabwe, Botswana, Sri Lanka and Malaysia have agreed to participate in the CCGTM-private sector partnership (CPSPT) plan, launched here by Malaysian Prime Minister Mahathir Mohamad.

UN sanctions taking serious toll on Yugoslav economy

BELGRADE, Feb 23: International sanctions are taking a serious toll on the Yugoslav economy, depressing industrial production and unleashing galloping inflation, according to official statistics, says an AFP report.

Industrial production in the rump Yugoslavia—Serbia and Montenegro—dropped 36.6 per cent in January from December, while February's monthly inflation rate was 200 per cent.

Shop windows here still present an illusion of abundance, while all economic indicators are pointing sharply downward in the countryside

largely interrupted. Greece, with traditional ties to Serbia and often accused of being a weak link in the embargo system, announced Saturday that it had seized 10,500 steel bars from Serbia in Salonika.

Fewer than 10 per cent of businesses are still operating normally, according to the marketing institute here. Exhausted stocks have caused Coca-Cola to stop production and two of the five McDonald's outlets in Belgrade to close their doors.

Of 2.4 million public and private sector employees, one million are technically unem-

ployed and 760,000 are jobless, the Privredni Pregled economic daily said, adding that Yugoslavia is sheltering some 530,000 refugees.

Cocoa producers, consumers talks on for a deal
GENEVA, Feb 23: Producers and consumers began a fourth and final round of talks for a new world cocoa pact on Monday but delegates said they had few hopes of a breakthrough, reports Reuter. The negotiations will last for two weeks, during which time from their current historic lows. But both producers and consumers defended their positions at the opening session and delegates said the best hope for early progress was a compromise proposal that Chairman Peter Lal was expected to make later on.