# BRIEFS Yens' sudden surge mixed blessing for Japan

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 Mondays. 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 eightyear 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 Salman 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 Flavier 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.

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 Col. Ltd. all issued statements Monday expressing alarm at the yens sudden ad-

And Japanese steelmarkers. among the hardest hit in 1986 when the ven 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 as-

The dollar's plunge below since returning from a meet thinkable in trimming their 1986 when the yen's value al-

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 Bentsens' call Friday for a stronger yen.

Japan's Prime Minister Kiichi 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 er-

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. Tll 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

ing with Bentsen 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 workforces through early retirements, some economists reckon the stronger yen could lead to accelerated labour cutbacks.

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

### Growing yen empire North America 0 3,278 **18,823** 748 0 9,371 **22.5 4** 1.8 **()** 5,936 0 90 0 0.2 **(9)** 14.3 Latin America World tota 0 3,337 Amount invested (\$ million, 1991)

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

With many companies al-

streamline measures including substantial reductions in their employees," said Nobuyuki Saft, an economist at Nikko Securities Co Ltd.

Saji said the present trend repeated what he has said ready doing what was once un- was even more severe than

most doubled against the dol lar. "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-tenth 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

A spokesman for Toyota Motor Co. aired similar concerns, noting that the com pany lost six billion yen (50 million dollar) every time the dollar fell by one yen. 'We have been making consistent efforts to cut costs but such efforts will be blown away," he

Sony Corp. which last week blamed the strong yen for a 60 per cent plunge in third-quarter carnings, will be closely watching the outcome of the G-7 meeting in London for corporate planning purposes, a ties have in mind."

spokesman said

'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 over-

seas," 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.

Few economists expect the stronger yen to have an immediate direct impact on boosting Japanese imports, which fell 1.7 per cent to 233 billion dollar last year, a major factor behind the record 107 billion dollar trade surplus.

"But it is an effective way of pressuring MOF (the Ministry of Finance) to do more to stimulate domestic growth." said Matthew Berlow, an economist at the Tokyo branch of Credit Lyonnais Securities. This is probably exactly what the US and European authori-

## EC, C American states sign new trade accord

SAN SALVADOR (EI Salvador), Feb 23: Despite commercial squabbles and political complaints, the European Community and the countries of Central America on Monday signed a new, fiveyear 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 rec-

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 Beregovoy 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," Beregovoy said at a secialist rally in western France. "We must start the ... negotiations over from zero, from a position of European solidarity, with everything on the table."

Beregovoy's comments came as farmers disrupted rail traffic around the country to underscore their demand for a strong French stance against the agreement, which is part of world trade talks under the General Agreement on Tariffs and Trade.

Tens of millions of million-

aires lost their exalted status

on January 1 when Mexico

sliced three digits from its na-

tional currency, creating the

the new money, promoted by

Mexican President Carlos

Salinas de Gortari as a neutral

accounting change rather than

a devaluation, is also having

some unpredicted effects, fu-

elling inflation and opposition

arguments that Salinas is both

re-writing history and paving

the way for closer ties to the

at an exchange rate of 3.17 to

the dollar. Before the change,

it took 3,170 old pesos to

was introduced merely to sim-

plify accounting, the govern-

ment of President Salinas has

mounted an extensive public

relations campaign to sell the

new monetary system to the

nation. Despite a barrage of

television commercials and

full-page newspaper adver-

tisements, the public seemed

slow to accept the new pesos.

Old peso notes will continue to

bank yesterday and today all I

have is a lousy 3,000," com-

plained Eduardo Miranda, a

Mexico City barber, as he re-

viewed the automated teller

screen at a city bank one day

after the change. "Who needs a

million when it doesn't buy

anything anyway?" housewife

Amalia Garcia philosophised

while shopping at a downtown

Many here see the currency

Aurera department store.

"I had three million in the

be accepted for the year.

match the US currency.

The new peso was released

Maintaining that the change

United States.

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."

The November agreement, which must be approved by all 12 EC members, incensed French armers, who took to the streets in towns and cities around France last fall.

swap as an unwelcome re-

minder of the boom of the

1950s when the peso and the

dollar had a single-digit rela-

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 rathroad noted disturbances in stations at Tours, Chartres, Orleans, Montargis. Liveron, Pierrelatte, Toulouse, and several stations in the Brittany re-

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, Beregovoy 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.

Beregovoy 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

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

The Salinas government has

checked inflation through a

series of agreements between

labour, industry, commerce

and agriculture to control

wages and restrict price in-

creases. Wage controls permit

small annual raises in the daily

minimum wage from which all

wages in Mexico are calcu-

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 in-

crease was calculated in new

pesos, the raise amounted to

just 99 centavos, a sum that

Such plans are not unheard

angered many union leaders.

of within trading blocks. The

European Currency Unit (ECU)

has in recent years come into

common usage for some trans-

actions between members of

to the US dollar were fuelled

by reports that the Bank of

Mexico had to call in California

company at the last minute to

replace the software in auto-

matic teller machines in order

to record transactions in new

Fears of future conversion

the European Community.

But the increases have

tary charge.

lated.

### Clinton announces steps to boost high technology industries

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

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 o the cutting edge of things."

The plan would involve aid totaling 17 billion dollar over four years, a Clinton spokesman said

A White House statement said he Clinton administration was committed to creating an "information superhighway," a national fiber optic network linking potential users - from doctors to tiny rural school-with national data banks and capable for transmitting "billions of bits of information in a second."

### 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

Shell International Rolls Royce, GEC, Marcoi, Hewelett 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 (CPSP) plan, launched here by Malaysian Prime Minister Mahathir Mohamad. The plan would be an ex-

tension of the four-year-old Common-Wealth Consultative Group on Technology Management (CCGTM) which drew on the expertize of some 300 senior managers to promote sound technology management for meeting development objectives, the officials said.

"The CPSP plan can take advantage of the strategic geographic positions and varying levels of sophistication of Commonwealth countries to promote business through the transfer of the best practices of technology management, Mahathir said.

MARJ ES 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

## 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 eco-

nomic 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 part 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 Australian mainly to return to the country of their birth.

'There is some evidence

that emigration of the Australian-born is largely due to economic circumstances, particularly those related to employment, the report said.

Australia's jobless rate was 10.9 per cent in January. Increasing numbers of Australian-born are leaving to live in rapidly industrialising Asian countries such as Hong Kong, Singapore and Malaysia,

the report said.

Graeme Hugo, a professor of Geography at the University of Adelaide who is working on a follow-up report for the Bureau, said many of the departing Australians, in their 30s or 40s, saw Asian work experience as a key step in

their careers.

Cocoa producers,

## Kohl ready to talk Clinton on aircraft subsidies

US critic'sm 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 at the end of a four-day visit.

other," he said.

NEW DELHI, Feb 23: German Chancellor Helmut Kohl on Monday shrugged off

give to their arms industry among others," Kohl told a news conference in New Delhi "In any case it is time that we stopped talking about each other and began to talk to each

tionship. One US trade official told the daily El Financiero, The controversial switch to 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

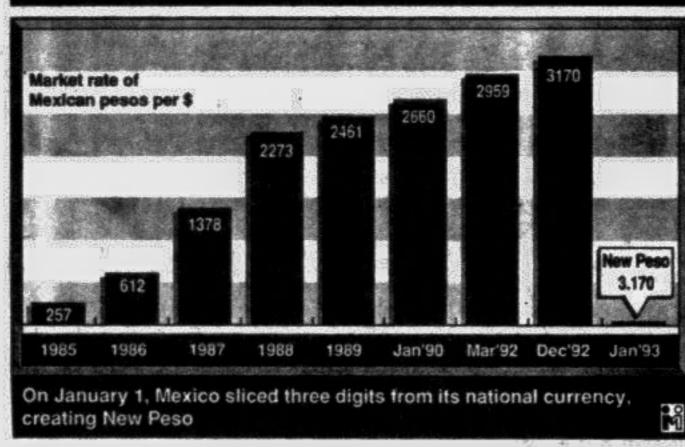
acts in office. By the late 1980s, the peso had become so bereit of valued that Mexican banks were selling truckloads of one peso coins to year. However, that goal may Texas hardware manufacturers prove elusive due to the monewho drilled out their centres and converted the money to "The introduction of the

ued the peso as one of his final

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

Mexico: exchange rates

New peso results price-hike in Mexico



was the most solid in Latin America. In the 1960s, the exchange rate crept up to 12 and in the mid-1970s, President Luis Echeverria 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 Portilo massively deval-

inflationary:

cipitously here since the 100plus per cent annual increases during the 1982-88 presidency of Miguel De la Madrid. Under Salinas's strict hand, inflation has fallen to its lowest in a decade, at 13 per cent in

Beltran, a booster of the new currency. But first impacts of the conversion were decidedly

Inflation has declined pre-

- Gemini News

## UN sanctions taking serious toll on Yugoslav economy ployed and 760,000 are job- river convoys broke through

BELGRADE, Feb 23: eight months after the United and the banks often don't have largely interrupted. 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

Nations imposed air, fuel, financial and trade embargoes against Yugoslavia, accused of fomenting the war in Bosnia-Herzegovina. Inflation is growing at a rate

of five to six per cent a day, and the spiralling prices have put four million people - twothirds of the Yugoslav population - on the brink of poverty. Last week nearly 10,000 items, including bread, milk, eigarettes and coffee, went up in price between 50 and 700

per cent. "We are getting poorer every day. Salaries are rising much less quickly than prices,

cash," said an electronics specialist named Zoran who was staring incredulously at a pair of shoes on offer for one million dinar (100 dollar) and suits for four million. Not a single industrial sec-

tor showed growth in January, according to the Federal Institute of Statistics, while declines were unprecedented in some sectors — 72.6 per cent for non-ferrous metals and 63.6 per cent for textiles. Although many Yugoslav

businesses have managed to

bust the sanctions, imports of

raw materials and exports of

finished goods have been

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 pro-

duction 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-

less, the Privredni Pregled economic daily said, adding that Yugoslavia is sheltering some 530,000 refugees. Individual buying power

dropped 50.6 per cent last year compared with 1991. The average monthly salary, now less than 50 dollar can feed a family of four for only about 10 days, according to official data. If the embargo is not lifted

predict, incustrial production will collapse and inflation will spin out of control. Yugoslavia has managed to obtain fuel despite the embargo, sometimes in dramatic

ways - last month Serbian

this year, government experts

Bulgarian and Romanian customs — but the supplies are far from adequate.

Many hospitals, especially in northern Vrsac and southern Vranje, have no heat the last few days and are already grappling with a serious shortage of medicines.

Long queues can be seen outside petrol stations, while heating fuel has gone onto the black market.

Belgrade.

Businessman Branslav Simovic of eastern Nis said he would soon open a "Pony express" to transport goods and passengers the 250 kilometers (150- miles) between Nis and

### consumers talks on for a deal GENEVA, Feb 23: Producers and consumers began a fourth

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 his-

and final round of talks for a

toric lows. But both producers and consumers defended their po-

sitions at the opening session and delegates said the best hope for early progress was a compromise proposal that Chairman Peter Lai was expected to make later on.