

Japanese trader jailed for bribing minister

TOKYO, May 17: In Japan's latest major influence-peddling scandal, the Tokyo District Court sentenced a businessman Monday to five years and six months in prison for giving 90 million yen (804,000 dollar) in bribes to a former Cabinet minister, reports AP.

Goro Moriguchi, a former Vice-President of Kyowa Co, a steel-frame maker, admitted that he gave the cash bribes to Pumo Abe, a former senior political ally of Prime Minister Kiichi Miyazawa.

Presiding judge Masaru Suda told the court Moriguchi handed over the bribes on seven occasions at Tokyo restaurants in return for favours while Abe headed the Hokkaido Development Agency in 1990.

Suda also accused Moriguchi of swindling trading companies out of 6.9 billion yen (62.2 million dollar) by tricking them into making advance payments for transactions involving Kyowa.

Suda told the court that Moriguchi had operated based on "egoistic and self-centered thinking, stopping at nothing to expand business."

Abe, 70, a former secretary-general of Miyazawa's faction in the governing Liberal Democratic Party, was arrested in January 1992 for allegedly accepting bribes from Kyowa to help it win lucrative construction contracts in his home district in Hokkaido.

Abe, who left the governing party and has said he wants to retire from politics, has insisted in previous court sessions that the cash from Moriguchi consisted entirely of political contributions. He has denied that they resulted in favours.

Monday's ruling came amid increasing public pressure on the Miyazawa administration to reform Japan's scandal-plagued politics, which critics say is too dependent on corporate donations.

Bentsen expresses cautious optimism about US economic growth

WASHINGTON, May 17: Treasury Secretary Lloyd Bentsen said on Sunday he expects only moderate US economic growth and hopes efforts by Europe and Japan to stimulate their economies will help increase demand for American goods, reports Reuter.

"We will continue to see a moderate growth, nothing very exciting, but not alarming either," Bentsen said on NBC's "Meet the Press" programme.

The US economy is performing better than those in Japan and Europe, Bentsen said. But lower interest rates in Germany and France and efforts by Japan to stimulate its economy should help create demand for US exports, he said.

The key to domestic economic growth is low interest rates, he said.

Efforts by the Clinton administration to reduce the huge flow of red ink should help keep rates at their current 20-year lows and may help push them lower, he said.

There is no question stability of interest rates is important to us," Bentsen said when asked whether the Federal Reserve should hold the line on rates despite recent reports showing consumer and wholesale price increases last month.

Bentsen noted much of the price rises were due to harsh weather that severely hit vegetable harvests. He said underlying wage costs and excess capacity at factories suggested

inflation was not about to spin out of control.

President Bill Clinton, he said, plans to push on with his efforts to reduce the budget deficit, including a new energy tax that will bring some 70 million dollar in revenues over the next five years.

Bentsen said the administration is willing to make some changes to the proposed tax on the heat content of fuel to make it more acceptable to certain Senate Democrats who objected. The tax is based on the energy content of fuels measured by BTUs, or British Thermal Units.

He predicted the tax would be passed by Congress. "When we are all through with it, you are going to see an energy tax in the comparable amount of

money that we are talking about now," Bentsen said.

The tax will be phased in over four years, he said. The average family with incomes of 40,000 dollar will pay an extra one dollar per month for energy during the first year and 17 dollar a month extra after it has been fully phased in, he said.

"It will also reduce the deficit substantially, cut interest rates and the saving to the average family will be substantially more — five or six times as much as that energy tax," Bentsen said.

But a key Congressman said it would be a difficult sales job.

On CBS' "Face the Nation" programme, Democrat Dan Rostenkowski, Chairman of the House of Representatives' Ways

and Means Committee, said Clinton will have to lobby for his plan.

"I think the President is going to have to participate on a personal basis because it's not going to be easy" he said. "These are going to be members that are going to be going home and listening to the complaints."

He said the price of gasoline will increase "quite a bit," but he did not say how much.

But Budget Director Leon Panetta said on the same programme: "We think that we have a very good chance of not only passing the House floor but doing the same thing in the Senate as well."

"So we think that we really are on track in terms of getting the President's economic plan in place," he said.

DPRK-ROK economic ties in the offing

SEOUL, May 17: North Korean officials believe the nuclear impasse with the West will soon be resolved, and Pyongyang has recently taken measures to prepare for economic cooperation, a report said, reports AFP.

Yonhap news agency quoted a South Korean official who just returned from a UN Development Programme (UNDP) meeting in Pyongyang as saying the Stalinist North had recently introduced new laws and established new organizations to promote economic exchanges with South Korea and its western allies.

The official attended a UNDP conference last week on a planned multinational programme to develop the Tuman River delta, which abuts North Korea, China and Russia.

Economic officials told him they believed the tension trig-

gered by the North's move to withdraw from the Nuclear Non-Proliferation Treaty (NPT) would soon be eased.

The North, he said, had recently set up two bureaus at its external economic commission to help prepare for economic exchanges with the South and the outside world.

"The new bureaus were apparently set up to prepare for the inter-Korean economic activities and to study the difference in economic laws and necessary changes in (the North's) transition to a market economy," he said.

The two states in early 1992 launched a reconciliation accord calling for economic cooperation, but they have yet to implement cooperative programmes due to suspicions that the North is developing a nuclear device.



A woman and her children eating at a feeding centre opened by the Tuzla authorities to receive refugees from the Srebrenica area. A rationing system has been instituted in Tuzla, a Bosnian town, due to food shortages caused by the Croatian blockade. — AFP/UNB photo

ROK citizens eating less rice

SEOUL, May 17: South Koreans are expected to eat less rice this year as the popularity of bread and processed foods rises, the Agriculture, Forestry and Fisheries Ministry said Monday, reports AP.

The ministry said rice consumption will drop to 192.2 million bushels in 1993, down two per cent from last year. The average Korean will eat 110.2 kilograms (243.5 pounds) of rice this year, it said.

Rice has been a staple of the Korean diet, which also includes vegetables, meat and a pickled cabbage dish called kimchi.

But the ministry predicted that South Koreans may soon eat less than 100 kilograms (220 pounds) of rice per year as dietary habits change and processed foods become more popular.

EC lowers growth forecast

LONDON, May 17: The European Community has sharply reduced its 1993 economic growth forecast but the EC Executive Commission will not release figures until after a Danish referendum Tuesday on the Maastricht Treaty, the Financial Times reported here Monday, reports AFP.

But the paper said the projection would show zero or "slightly negative" growth, against previous official predictions of a 0.75 per cent expansion.

The contraction also threatens to push unemployment beyond its present level of 17.4 per cent, renewing doubts about EC member states' willingness to follow Maastricht's tough convergence criteria for European monetary union.

The paper said the forecast was based on "internal estimates which the Commission plans not to release until after tomorrow's (Tuesday's) Danish referendum."

All of Europe will be watching Denmark during its referendum on greater European union, seen as crucial to European Community integration ambitions.

A Gallup poll published Sunday indicated that 49 per cent of the Danish electorate would vote to ratify the treaty, against 33 per cent who said they would vote "no" and 14 per cent undecided.

Britain-UAE talking joint industrial ventures

ABU DHABI, May 17: A British energy minister, whose country is opposed to a proposed European carbon tax, was Sunday in the United Arab Emirates (UAE) as part of a Gulf tour to discuss joint industrial ventures, reports AFP.

Tim Eggar, a minister of state at the Department of Trade and Industry responsible for energy, is also trying to promote technology for oil, gas, electricity and other industrial projects.

They said Britain was banking on its opposition to a proposed European Community carbon tax to wrest a share in major energy projects in the Gulf.

"Britain knows Gulf states are pleased with its stand that initially opposed the imposition of a carbon tax in the EC," one source said.

"I think Eggar's trip is within this framework. Britain, it seems, expects to be rewarded."

Britain was the only EC member to express reservations on the proposed tax, which has angered Gulf countries and other oil producers on the grounds it will reverse a projected rise in oil demand and depress their earnings.

Hopes of swift end to German metalworkers' strike fades

BERLIN, May 17: Hopes of a swift end to eastern Germany's crippling steel strike were dashed Sunday as management and union representatives broke off key talks aimed at extending a pilot accord agreed Friday, a union spokesman said, reports AFP.

The 14-day strike — the biggest in eastern Germany for 60 years and affecting 20,000 steelworkers — will now continue until fresh developments, said the leader of the IG Metall union delegation Horst Wagner.

The setback after four hours of talks scuppered the unions hopes that an agreement reached Friday with metal industry employers in the state of Saxony would be extended to striking metal and steel in-

dustry workers throughout eastern Germany.

Both industries downed tools on May 3 in protest at a unilateral decision by the employers federation Gesamtmetall to scrap an earlier agreement guaranteeing workers pay parity with their western German counterparts by 1994.

The compromise reached Friday in Saxony — which the unions rank and file were expected to approve in a ballot Monday — postponed pay parity until mid-1996.

Gesamtmetall admitted Friday that the original accord had been "a mistake" as it was signed in 1991, before eastern Germany plunged into recession.

China gets \$ 20b from Taiwan in eight years

TAIPEI, May 17: Taiwan has indirectly channelled close to 20 billion US dollar to China between 1984 and 1992, the China Times reported Sunday quoting the latest available official figures, reports AFP.

As of the end of 1992, Taiwan had sent via third parties more than 19.4 billion dollar to China, including 3.2 billion dollar in investments, and over 1.3 billion dollar for the purchase of mainland property and shares, it said.

The paper also quoted a recently completed report by the Mainland Affairs Council (MAC) as saying the amount included 8.4 billion dollar spent on family and sightseeing trips by Taiwanese in China.

Another two billion dollar were sent as remittances to mainland relatives and friends, and 4.5 billion dollar in smuggling and miscellaneous payments, the paper said.

More than 10,000 Taiwan firms have indirectly invested in China, the Times' rival, The United Daily News, reported Sunday.

The United Daily, quoting an unnamed economics official, said eighty per cent of the investment activities were conducted through Hong Kong, the main centre for capital transfer between the two countries.

The government here, driven off the mainland after losing a civil war to the Chinese communists in 1949, has banned direct contacts with, and investment in China.

Meanwhile the United Daily said China has decided to review a set of regulations governing Taiwanese investments on the mainland to further protect Taiwanese interests there.

Taiwan has asked that China sign an investment guarantee agreement, but Beijing argues that it will not sign until Taiwan permits direct economic exchanges.

GATT-Vietnam talks shifted to Seoul

HANOI, May 17: GATT chief Arthur Dunkel held talks with Vietnamese trade officials in Seoul next week instead of in Hanoi this week, Trade Ministry officials said on Monday, reports Reuter.

Dunkel had been expected here this week to advise Vietnam, which is switching its communist economy to market lines, on the best way of joining the world trade body.

Instead, he would meet Trade Minister Le Van Triet during a conference of Asian and Pacific members of GATT, the General Agreement on Tariffs and Trade, from May 24 to 26 in the South Korean capital, they said.

Top Arab monetary body pushing for regional stock markets

ABU DHABI, May 17: The Arab world's top monetary body is pushing for development of regional stock markets and setting up new floors as a prelude for a joint exchange to attract investment and reverse a steady capital outflow, its chief said yesterday, reports AFP.

Osama al-Faqih, chairman of the Arab Monetary Fund (AMF), said his Abu Dhabi-based institution had launched a project to set up a stock data base that will initially link the existing 11 markets in the 21-member Arab League.

"We are conducting a comprehensive study about the legal and practical conditions in

the Arab countries which have stock markets and those which have the potential for setting up such markets, he told participants in a training course on planned stock data base in Abu Dhabi.

"This will help us develop those markets, coordinate the legislations and procedures governing their functions and create the right conditions for linking them as a prelude to setting up regional Arab stock markets that will complement the national markets in the long run."

The Arab states that have formal exchanges are Egypt, Jordan, Bahrain, Tunisia, Kuwait, Morocco, Lebanon,

Jordan, Iraq, Oman and Syria. Dealing in Saudi Arabia is conducted through a sophisticated bank network while Qatar and the United Arab Emirates (UAE) are planning to open floors.

AMF experts found after recent visits to most Arab states that a stock market is unfeasible in the remaining league members, especially war-torn Sudan and Somalia as well as Libya and Djibouti. They have cited the strong government control of the economy and the absence of enough companies.

An AMF report said 1,063 banks and companies were registered in the existing Arab

markets, which had a capitalisation of 30.2 billion dollar at the end of 1991. Saudi Arabia accounted for nearly one third, with its 78 banks and firms having a capitalisation of around 10 billion dollar.

Economists said opening official exchanges and easing capital flow among Arab nations were essential for stopping the flight of funds and attracting part of the huge Arab assets abroad, estimated at 800 billion dollar.

So far, a few Arab states allow non-nationals into their markets but such an access has remained limited.

Panic shopping returns to China

BEIJING, May 17: Chinese consumers worried about inflation are emptying shops of colour television sets, refrigerators, radios and hi-fis, recalling panic shopping of the 1980s, an official newspaper said yesterday, reports Reuter.

The China Daily said prices of household electrical appliances were soaring in department stores in Beijing, a sure sign that residents had lost confidence in the government's ability to keep inflation in check.

In the Beijing department store a Japanese-made colour television that sold for 11,000 yuan (1,930 dollar) last month has jumped in price by 1,600 yuan (280), and increase of nearly 15 per cent.

"I sold at least four such TV sets every day last week," the newspaper quoted shop assistant Liu he as saying.

The Xidan shopping centre sold 697 foreign-made colour televisions last month, a six-fold increase on March. National inflation is now running at almost nine per cent, but is raging at 15 per cent and higher in the cities.

Beijing leaders are haunted by the memories of hyper-inflation in 1988 when shoppers wept everything off the shelves and stampeded banks to withdraw their savings as year-on-year inflation touched 40 per cent.

Popular frustration with the government's handling of the economy found an outlet in pro-democracy protests the following year that were crushed by the army.

Alarmed by indications that Chinese consumers are losing faith in their currency, Beijing last week hiked bank interest rates for the first time since 1991, but not by nearly enough to put Chinese hearts at ease.

It also raised the coupon rate of its 1993 treasury bond issue to try to reverse the drain of savings from the banking system that threatens to flood the economy.

The China Daily said urban residents were once again fretting about a currency evaluation, even though Beijing has repeatedly ruled this out.

The black market rate for the US dollar has climbed steadily over the past several weeks and is now nudging the level of 10 yuan, compared with an official rate of 5.7.

Among the hottest selling items in the stores were large-screen television sets, video cassette recorders, portable radios, hi-fi systems, refrigerators, washing machines, electric fans and air-conditioners, the newspaper said.

A ministry of Internal Trade official was quoted as saying annual sales of household electrical appliances would rise by an average of 10 per cent until the year 2000 when they would reach the equivalent of 33 billion dollar.

Leading the shopping binge are young people who had been expecting China's early admission to the General Agreement on Tariffs and Trade to lead to cheaper imports.

Dollar finishes higher against major Asian currencies

HONG KONG, May 17: The US dollar, boosted by better-than-expected retail sales data, finished the week's trading higher against the yen and other key Asian convertible currencies, reports AFP.

US retail sales climbed 1.2 per cent in April to 169.91 billion dollar after dipping 0.8 per cent in March.

Japanese yen: The Japanese yen lost ground to close at 111.65 to the dollar on the Tokyo foreign exchange market Friday, down 1.55 yen from 110.10 yen a week earlier.

The Japanese currency moved between 110.25 yen and 112.30 to the dollar on the Tokyo market this week.

After starting the week lower at 111.40 yen, the Japanese currency continued to ease until Wednesday in the absence of incentives.

The yen gained ground moderately at the close on Thursday, with investors waiting for the release of US consumer price statistics.

It rose again on Friday following reported comments by US Commerce Secretary Ron Brown reiterating that a stronger yen would help boost the competitiveness of US manufacturers.

Taiwan dollar: The Taiwan currency closed Friday at 25.96 to the US dollar in modest trading, down 5.6 Taiwan cent from the previous week's finish of 25.904.

Market analysts attributed the local unit's downturn to expectation of interest rate cuts by the central bank of China.

However, analysts said the Taiwan dollar could pick up early this week following central bank comments late on Friday that it would not cut rates in the near future.

Australian dollar: Late offshore sales flattened the US dollar Friday, knocking the Australian currency off a course which might have taken it back to its firmer level of the previous week.

As it was, the Aussie finished at 70.20 US cent, down a shade from last week's 70.55 US cent after falling to 69.73 earlier in the week.

"Sales of US dollar for yen out of Tokyo pushed the Australian dollar lower just before the close," one dealer said Friday.

Dealers said the outlook for the week ahead was mixed, but most expect the local unit to find support at around 70.00 US cent.

Traders said the unit made a surprisingly solid advance Friday on limited interest and rising gold prices.

"Gold is looking a lot firmer than it has done for a longtime and that always helps the Australian dollar," one trader said, adding that renewed talk of lower rates following poor employment data would weaken the currency.

Philippine peso: The Philippine peso depreciated to 26.979 peso to the dollar Friday, from 26.819 peso to the dollar on May 7.

Earlier in the week, the peso fell as low as 27.1 peso to the US unit, despite central bank predictions that the local currency would re-

bound as a result of a decline in imports.

Malaysian ringgit: The ringgit ended the week lower against the US dollar at 2.5677 from 2.5650 the week before.

Dealers attributed the local currency's fall to an absence of fresh incentives to lure buyers.

Singapore dollar: The Singapore dollar weakened to 1.6185 per US dollar Friday against last week's level of 1.6165.

Earlier in the week, the US currency fell to a low of 1.6104, but reports that the Bank of Japan and other Japanese accounts in Hong Kong and Singapore were buying the Greenback helped boost the unit, particularly on Friday morning.

South Korean won: Dipped below the 800-won to the dollar mark for the first time since November 1987 before closing Saturday at 801.70 won to the dollar, 3.40 won from the previous week's close of 798.30.

Dealers said the won weakened as foreign investment dropped and demand for the Greenback rose to pay for imports.

Average daily trading volume was 627 million dollar.

Foreign exchange analysts said the exchange rate should stay at around the 802 level in the near to medium term, largely benefitting the nation's exports.

Indonesian rupiah: The Indonesian currency lost ground to close the week trading Friday at 2,077 rupiah to the dollar, compared with the previous week's finish of 2,074 rupiah per US unit.

Dealers said the unit made a surprisingly solid advance Friday on limited interest and rising gold prices.

"Gold is looking a lot firmer than it has done for a longtime and that always helps the Australian dollar," one trader said, adding that renewed talk of lower rates following poor employment data would weaken the currency.

New Zealand dollar: The New Zealand dollar

Canadians protest govt economic policy

OTTAWA, May 17: Tens of thousands of protesters yesterday chanted and rallied here against government economic policies they blame for Canada's rising unemployment rate, reports AFP.

"Jobs now" protesters shouted at the peaceful rally at Parliament Hill, the largest demonstration in Canada since 1981. The event was organised by the Labour Council of Canada, a coalition of nearly 100 major unions.

The jobless rate has been hovering at about 11 per cent.

The protest came just weeks ahead of the ruling Progressive Conservative Party's selection of a candidate to succeed Prime Minister

Brian Mulroney until general elections later this year.

Fernand Daoust, the president of the Quebec Workers' Federation, said that while Mulroney's government has been obsessed by trying to shrink the federal deficit, "the workers' obsession is creating jobs."

Bob White, head of the labour council, urged the crowd to remember at the polls the damage joblessness has done to Canada.

Many Canadians put the bulk of the blame squarely on the free trade agreement Canada entered into with the United States in January 1989.

Iran urges close co-op among OPEC members

TEHRAN, May 17: Iranian Oil Minister Gholamreza Aghazadeh on yesterday urged OPEC countries to work closely to improve the "unsatisfactory" situation of the oil market, the official news agency IRNA reported, according to AFP.

In an interview with IRNA, Aghazadeh said the state of the oil market was not satisfactory due to the excessive supplies and called on OPEC members to improve conditions through their close cooperation.

He said Iran's oil production capacity stood at 4.3 million barrels per day (MBD) and would be increased within the next few months to 4.5 MBD in line with the quota set by the Organisation of Petroleum

Exporting Countries. Aghazadeh said the figure would be maintained for at least five years.

Last month Aghazadeh said Iran was pumping for export 3,339 million barrels of oil per day, 1,000 BPD under its quota of 3,34 million BPD.

Aghazadeh said Iran expected a revenue of 17.9 billion dollar from oil exports for the current Iranian year (March 20, 1993 to March 19, 1994).

He also said Iran had invested 2.2 billion dollar in petrochemical projects and the country's petrochemical and chemical outputs, which stood at 5.5 million tonnes last year, and would be increased to six million tonnes this year.

Dollar falls, stocks rise in Tokyo

TOKYO, May 17: The US dollar fell against the Japanese yen Monday in narrow dealings, while share prices on the Tokyo Stock Exchange rose moderately, reports AP.

The dollar closed at 110.77 yen, down 0.88 yen from Friday's close. It opened at 110.85 yen and ranged between 110.65 yen and 111.08 yen. In New York Friday, the dollar finished at 110.80 yen.

After slipping initially, the dollar rose back above its opening level by late morning as players bought it against the German mark. But it fell back in the afternoon when players reduced their long, or over-bought, dollar positions, said Yoshiyazu Kawaguchi, a Daiwa Bank dealer.

The dollar in the morning was in part supported by the Bank of Japan's reported "rate check", said Manito Noguchi, a Chemical Bank dealer.