US urges Japan to join in common cause against trade barriers

TOKYO, July 7: US President Bill Clinton Wednesday issued a plea today to the Japanese people to join in a "common cause" to tear down trade barriers that not only hurt American workers but drive up prices in Japan, reports Reuter.

In a direct appeal to the Japanese people to join US efforts to find a more balanced economic relationship, Clinton argued that Japan's chronic trade surplus had hurt the nation by depriving it of the benefits of foreign products.

"The persistent trade imbalance ... has hurt the Japanese people, deprived you of the full benefits" of a strong economy, he told students at Waseda University.

He said Japan's trade surplus with the United States was rising this year despite the marked rise of the Japanese yen. A stronger yen makes Japanese products more expensive overseas.

"I would send this message to all of you and to the people beyond the walls here in this hall," Clinton said. "You have a common cause with the people of America — a common cause against outdated practices that undermine our relationship and diminish the quality of your lives."

Clinton, who has been urging Japan's leaders to remove barriers that have been a source of tension for decades, sought to generate support for his arguments among the Japanese public.

"The ideas I propose are beneficial to both of us because they will increase the number and lower the costs of the products you are able to buy, the services you are able to access," he said.

"You are entitled to no less, and it will be a part of your role as a great nation for the foreseeable future to have that sort of open relationship," he said.

American and Japanese negotiators have been trying to hammer out an agreement on a framework for reducing a trade imbalance now hovering at about 50 billion dollar annually.

Officials had hoped to have an accord worked out when Clinton came to Japan Tuesday for the annual summit of the seven main industrialised nations.

The talks, however, continued behind the scenes in Tokyo — hampered in part by the fact that the Japanese government faces a likely shakeup when voters go to the polls later this month to elect a new parliament.

Afterwards, Clinton said he was not trying to interfere with Japan's domestic political affairs with his remarks." We are not in any way trying to influence the outcome of the election," he said.

"But, I owe it to the people of Japan... to make the US case directly," Clinton told reporters.

The unusual appeal, however, was fraught with political peril. In the past, pleas by American presidents for more open markets have angered the Japanese who saw them as self-serving calls.

During his address to students at Waseda University, Clinton said he wanted to form a "new relationship" with Japan.

Japan and the rest of Asia did not threaten US interests but offered a "vast source of partnership" that would enhance the future of both regions, he added.

TOKYO: Canadian Prime Minister Kim Campbell (L) meets with her Japanese counterpart Kiichi Miyazawa at the latter's official residence July 7. Miyazawa and Campbell are attending the G7 industrialised nations summit. Both are leaders of troubled political parties which face defeat in their upcoming national elections. — AFP/UNB photo

Triangular power struggle pushes Pak economy to the brink of crisis

KARACHI, July 7: A triangular power struggle between the president, the prime minister and opposition parties, and the resultant political instability, has brought Pakistan to the brink of an economic crisis, reports AFP.

Foreign investors, attracted earlier by the market-friendly policies of reformist Prime Minister Nawaz Sharif, have put their investments on hold until the political crisis is resolved, according to western diplomats and local bankers.

Political instability was the main factor behind the lack of investor confidence in Pakistan, US Consul-General Richard Fault told local industrialists here Monday.

He also blamed the poor infrastructure for foreign investors' lack of interest in the country, despite ample incentives from the Sharif government over the past two years.

Hussain Lawai, President of the Muslim Commercial Bank, privatised by Sharif in 1991, called political stability "an imperative need for a country like Pakistan."

He urged the ruling and opposition parties to settle their differences and evolve a national consensus on economic issues.

The investor-friendly climate created by Sharif received its first jolt when President Ghulam Ishaq Khan dismissed the Sharif government in April and dissolved the National Assembly ordering fresh elections.

Sharif contested the issue in the Supreme Court, which deemed the presidential decree void reinstated both the legislature and the prime ministers.

Since Sharif resumed office on May 26, he has faced other political challenges from the opposition People's Democratic Alliance (PDA), led by his political adversary Benazir Bhutto and a dissident faction of the ruling Pakistan Muslim League (PML).

Manzoor Wattom, Chief Minister of the key Punjab province, who leads the rival PML factions, has aligned himself with the president and the Bhutto-led PDA, and rebelled against the federal government.

Sharif pushed a resolution through a joint session of parliament on June 29, authorising the federal government to assume emergency powers to control Punjab.

However, Ishaq Khan refused to approve the parliamentary resolution, claiming it was legally flawed.

The ongoing political tussle and legal wrangling have reduced the prospects of an economic revival in the country, analysts said.

Foreign exchange reserves have dipped to around 350 million dollars, sufficient for only a month's imports.

The Karachi Stock Exchange dropped 30 points over the past two days.

China's private business employs 25m people

BEIJING, July 7: Private businesses accounted for 4.1 per cent of China's industrial output last year and employed nearly 25 million people, official newspapers reported Tuesday, says AFP.

Growth of the private sector was in part due to intellectuals going into business, the reports said. Private businesses were also increasingly engaged in high technology and overseas trading.

By the end of last year, 15.3 million private businesses had been set up with registered capital of 60 billion yuan (10.4 billion dollar), the worker's daily said. Industrial output last year was worth 117.4 billion yuan, or 4.1 per cent of the national total.

ECO leaders seek transport, telecom network links

ISTANBUL, July 7: Leaders of 10 Economic Cooperation Organisation (ECO) nations proposed on Tuesday building transport and telecommunications networks to connect members of the trading bloc that stretches from Europe to China, reports Reuter.

The regional pact, whose aim is to remove trade barriers, consist of Turkey, Iran, Pakistan, Uzbekistan, Turkmenistan, Kazakhstan, Kyrgyzstan, Afghanistan, Azerbaijan and Tajikistan.

It is incumbent upon us to build a network of telecommunications and expressways, air routes sea routes and railroads, Turkish President Suleyman Demirel told the ECO summit in Istanbul.

Should we fail to embark immediately on these measures, the organisation will gradually wither away and lose an historical opportunity, Demirel said.

Turkmenistan's President Sapamurad Niyazov proposed construction of new highways linking his country with Uzbekistan, Afghanistan, Pakistan, Iran and Turkey.

The absence of highways in the region has made construction of road systems a priority, Niyazov told the meeting.

He also urged wider use of the Caspian sea, which borders four member nations, for sea transportation.

Afghanistan's President Burhanuddin Rabbani said new roads would give landlocked members of ECO, including Afghanistan and six former Soviet Central Asian republics, vital access to the sea.

Rabbani also asked Pakistan to provide Afghanistan with a free port for its transit trade.

"We hope allotment of such a free port ... will prove of immense value to the overall regional transit trade, Rabbani said.

The two-day meeting will set the agenda for future cooperation among members. The presidents of eight countries were present. Pakistan was represented by its Prime Minister Nawaz Sharif, and Azerbaijan by its First Deputy Prime Minister Rusul Gulyev.

The trading bloc has a population of 300 million and headquarters in Tehran.

Asian countries to face oil crunch, shortage of refinery capacity

KUALA LUMPUR, July 7: Asian's rising demand for oil, fuelled by China's surging energy needs, will be constrained by an oil crunch and a shortage of refinery capacity over the next decade, analysts said here, reports AFP.

Asia's oil and gas reserves are estimated at 4.5 per cent and seven per cent of total world supply, but its oil and gas production is only 10.4 per cent and nine per cent respectively of global output, said analysts attending an international oil and gas show participated by 460 firms from 23 countries.

"Asia's share of petroleum consumption makes up 23.37 per cent of the world's oil demand and 8.4 per cent of its gas demand. We will have to import over 50 per cent of our consumption, said Jimmy Aung Khin, Managing Editor of Asia-Pacific news, a Singapore based oil and gas publication. Asia's demand for oil registered an annual growth rate of more than four times the world's average during the last decade at 3.7 per cent against the world's average of 0.88 per cent, analysts said.

It is now the second largest consumer after North America and there is little evidence that the trend will change significantly, Khin said.

Khin said Asia's quest for oil would also be hindered by a refining capacity deficit of 2.5 million barrels per day by 1995 and 5.5 million barrels per day by the year 2000.

"Asia is currently already in deficit for refining capacity by 700 million barrels per day," Khin said.

The region's petroleum refining industry would also be constrained by high financing costs, the bulk of which would have to be obtained from external investments, Khin said.

At least 100 billion US dollar would be required to finance new refining, upstream and petrochemical projects from now up to the year 2000, he said.

The traditional sources of funding, such as governmental export financing agencies, multilateral or bilateral aid could not provide these funds on their own, Khin said.

To attract funds, we need to liberalise tax structures and regulations and permit more foreign participation, he said.

The Malaysian government, meanwhile, had approved the setting up of 10 refineries, four of which were already in production with total capacity of 255,000 barrels of crude per day.

"A fifth refinery is expected to be commissioned next year and will make Malaysia self sufficient in refined petroleum products," Chua Jui Meng, Deputy Minister of International Trade and Industry said at the conference.

"If the remaining five refineries, which have total approved capacity of 650,000 barrels of crude oil per day, are commissioned, Malaysia will be a net exporter of refined petroleum products," Chua said.

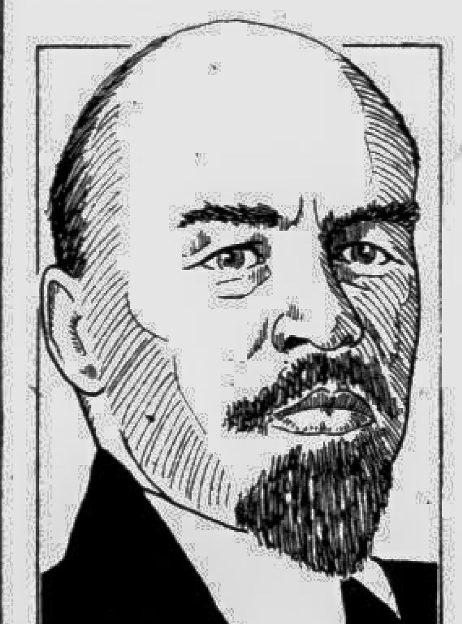
Russia finally takes Lenin out of circulation

MOSCOW, July 7: Vladimir Ilyich Lenin, the founder of the Soviet Union, has finally had his day — as far as Russia's banknotes are concerned, reports Reuter.

Itar-Tass news agency on Tuesday quoted officials of the Russian central bank as saying Russia had started withdrawing from circulation all banknotes issued between 1961 and 1991, the year the Soviet Union collapsed.

The old notes would remain legal tender, but banks would only issue new banknotes, Tass said.

The notes being pulled out of circulation are worth between one rouble and 1,000 rouble (one tenth of cent to 1 dollar) the larger denomination notes all bear Lenin's picture, with his distinctive goatee beard and bald head.



Lenin

Some newer banknotes also depict Lenin, but they are rapidly being replaced by new Russian notes showing Moscow's white house parliament building, smaller notes are being replaced with coins.

The central banks said its move aimed to streamline the number of banknotes used in Russia. There are now enough bank of Russia banknotes in circulation and in reserve, it said.

Cairo agrees to new reforms to win $ 3b debt forgiveness

CAIRO, July 7: Egypt has agreed new economic reforms with the International Monetary Fund and World Bank which will win it more than three billion dollar of Western debt forgiveness, an Egyptian minister said on Tuesday.

Youssef Boutros Ghali told Reuters a letter of intent to be signed by the IMF, the World Bank and Egypt in the next few days would make the Paris Club debt forgiveness a foregone conclusion.

Ghali, a minister of state at the Prime Minister's Office, said World Bank policy was not to sign formal facilities granting soft loans to countries like Egypt that enjoyed large balance of payments surpluses.

But he added the letter of intent, to cover reforms lasting three years, was the same as a full agreement.

The IMF was waiting for World Bank approval of a new programme of structural reforms to recommend that 15 per cent of Egypt's debts to the Paris Club which totals about 25 billion dollar be forgiven.

The 17-member group of Western donors agreed in 1991 they would forgive 50 per cent of Egypt's debt to them in three tranches if Cairo implemented economic reforms with the IMF.

A first tranche of 15 per cent was forgiven straight away and the second tranche of 15 per cent was due to be written off once agreements for a second set of reforms is signed.

Ghali said Egypt would become eligible for the final 20 per cent forgiveness in July 1994, after a mid-term review by the IMF of new reforms which include further trade liberalisation and privatisation, banking reforms and control of Egypt's budget deficit.

He said the second tranche of 15 per cent was worth between three billion dollar and four billion dollar but it was difficult to put an exact figure on it because of complex calculations.

Energy taxes may force Gulf states to switch investment to gas

ABU DHABI, July 7: Proposed western energy taxes could force Gulf states to cut investment in boosting their oil capacity and to focus instead on gas and other industries, according to a United Arab Emirates (UAE) official, reports AFP.

Sheikh Mohamad Ibne Saqr al-Qassimi, Director of the Economy Department at the Oil Ministry, said Gulf states were expected to spend nearly 60 billion dollar to meet an increase in world oil demand if the tax is not enforced.

"As a result of the application of the carbon tax, Gulf states are expected to reduce investments in such projects as there will be no need for a large increase in output capacity," he said in a study obtained Tuesday.

"They are also expected to turn gradually to investment in the gas sector and exploiting part of the excess oil production to build industries that need intensive energy like steel, aluminium and magnesium.

The study is the latest in a series of scenarios about the effects of the proposed European community carbon tax, which will add three dollar to the price of an oil barrel, to rise gradually to 10 dollar by the year 2000.

The United States also plans to levy an additional 3.5 dollar to cut oil imports.

Oil producers, mainly in the Gulf, have strongly attacked the taxes on the grounds they would slow down a projected growth in demand, create uncertainty in the market and depress their revenues.

Officials have said the taxes could cost Saudi Arabia and its five partners in the Gulf Cooperation Council (GCC) around 14 billion dollar a year and it may aggravate inflation and prompt further austerity measures.

A sharp decline in oil prices over the past decade has already slashed the GCC's earnings to nearly 75 billion dollar in 1992, from more than 180 billion dollar in 1980.

This turned a large surplus in their budgets into deficits and triggered sharp spending cuts to check that deficit.

The EC and the United States are major oil clients of GCC nations — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE, which own nearly 40 per cent of world crude reserves and consider oil income as their lifeline.

Proposed expansions in the GCC and neighbouring Iran and Iraq would push up their oil output capacity by around nine million barrels per day (BPD) by the year 2000.

This would boost production of the Organisation of Petroleum Exporting Countries to nearly 37 million BPD.

"The carbon tax is intended to punish oil not to protect the environment Qassimi charged, in reference to the EC argument that the tax is designed to contain the emission of carbon dioxide.

Such taxes have steadily risen from seven dollar in 1973 to 56 dollar in 1990 and fetched the EC nations 210 billion dollar. But the level of carbon emission has even increased over the same period.

Qassimi said producers should retaliate and impose customs tariffs on imports from those who put barriers for our exports and turn to other countries that are linked to the dollar but do not impose carbon taxes.

Iraq, UN may go for oil deal

BAGHDAD, July 7: Both cash-strapped Iraq and the United Nations have financial motivation to strike a deal on a limited resumption of Iraqi oil sales at negotiations opening Wednesday in New York, reports AFP.

After three years of struggling under the UN embargo, imposed in August 1990 after its invasion of Kuwait, diplomatic sources said Iraq still had the resources to hold out.

But the 18-million population needs an end in sight to economic hardship and high inflation because of the embargo's psychological impact, according to an east European envoy.

As a result of shortages, the Iraqi media have stepped up calls for mothers to breast-feed, for the recycling of paper and glass, and for Iraqis to cultivate all fertile land.

Long queues from each day outside the state-run shops, which offer goods at a third of the price on the open market, where prices are linked to the dollar.The government rations medicine.

At the official rate, the dinar is worth 3.2 dollar, but the dollar costs almost 70 dinar at the black market price.

Despite a looming crisis over UN arms inspections, the European diplomat said now was the time for Baghdad to negotiate on resuming its oil sales because the UN also needs the revenue to finance its activities in Iraq.

The United Nations, which estimates it needs 500 million dollar for its post-war humanitarian operations, has only received pledges for 50 million dollar from donor countries.

Iraq can take advantage to try and improve the conditions laid down by UN Security Council resolutions 706 and 712 on its oil exports, another envoy said, declining to be identified.

The resolutions allow Iraq to sell up to 1.6 billion dollar worth of oil, with parts of the proceeds set aside for UN activities in Iraq and a war compensation fund.

Baghdad has steadfastly rejected the arrangement as a violation of its sovereignty and unworkable in market terms.

But a Nicosia-based newsletter said Iraq had agreed in earlier round of negotiations to UN monitoring of its oil exports and the creation of a compensation fund. It was now seeking relatively minor modifications.

Baghdad, according to the respected Middle East economic survey, wants the Mina all Baqr Terminal in southern Iraq also to be used, notably to reduce transit costs of exports to Asian clients.

It also seeks of produce an extra volume of oil to pay for production costs and reconstruction of its oil industry, ravaged in the 1991 war which evicted Iraqi troops from Kuwait.

Iraq will ask the United Nations to unblock four-to-five billion dollar worth of assets abroad which have been frozen since the Gulf crisis, to purchase humanitarian supplies once oil exports resume.

Under the UN resolutions, Iraq can export its oil only through a northern route, where 80 kilometers (50 miles) of pipeline lie in territory controlled by the Iraqi Kurdish opposition.

Iraq's known oil reserves rank second in the world after Saudi Arabia and are estimated by Baghdad at 110 billion barrels.

Asian restaurants thriving in Japan where food is either bland or salty

TOKYO, July 7: Reservations for dinner at Chinengmai, a Thai restaurant at the heart of Tokyo's fashionable Ginza District, is almost impossible during peak hours, reports IPS.

The problem is not because Chiengmai is that unique in Tokyo. Just around the corner is Mekong, another Southeast Asian dining spot, with its customers also spilling into the sidewalks.

"Our income has trebled when compared to when we first started ten years ago," says Chiengmai Manager Suchinda Prance. "And the rise has only been recent."

In a land where the taste of food is usually divided simply between bland and salty, restaurants selling spicy food from all parts of Asia are thriving.

According to the Japanese Industry and Trade Ministry, the number of eating houses belonging to the Asian food category — including Chinese, Korean, Thai, Malaysian, Indian, Vietnamese, Indonesian and Filipino — rises by an average 63 per cent every three years.

Part or the reason for the surge in number is the growing population of Asian migrants to Japan, many of them illegal workers.

The Japanese Labour Ministry estimates that there may be as many as 280,000 illegal workers in this country, mostly from the Philippines, Thailand, Pakistan, Shri Lanka, Bangladesh and the Middle East.

But restaurant owners themselves are noting that more and more Japanese are coming into their establishments.

Indeed, even stores selling halal or ritually purified meat are attracting Japanese customers along with its traditional Muslim clientele. According to the Store Owners Association here, there are now 100 halal stores in Japan, with most doing good business.

"The popularity of stuff like hot curries, fish sauce, tapioca and durian these days is a far cry from the old standards when the Japanese would shudder at the smell of spices," says Kazumi Nagamiya of the Shukan Hotel-Restaurant, and association that monitors the restaurant industry in Japan. "The boom is witness to the growing love affair the Japanese are having with Asia," he adds.

Nagamiya says Japanese interest in South-East Asia has been spurred by the region's economic progress and the increase of Japanese tourism there.

More Japanese are travelling to Asian countries such as Hong Kong, Thailand and Malaysia, he notes.

Although businessmen on official trips count among those visiting such places, pleasure-seeking but recession-hit Japanese, specially those belonging to the younger generation, are also spending their vacations in nearby countries rater than go all the way to Europe or the United States.

"Asian is also fast shedding its old image as dirty and dangerous and turning into something exotic and fashionable," says Nagamiya, adding that this largely explains why South-East Asian restaurants are gaining clientele in Japan.

Lian Chui-Houa, for instance, has been experiencing nothing but success since he opened his own place serving a variety of South-East Asian dishes last year. By the end of May, Lian had opened his third restaurant. His book on South-East Asian cooking, which had a run of 7,000 copies, was also sold out within six months.

But there are also economic reasons behind the sudden interest in Asian food. A meal with wine in an upscale Thai restaurant, for example, would cost about 8,000 yen per head or US dollar 72. In contrast, eating out in an equally plush Japanese dining place means burning some 20,000 yen per customer.

Still, food journalists say another reason why Asian food has caught the fancy of the Japanese is because it is cheaper and considered healthier than the likes of Italian and French food.

"People are turned off by such things as heavy doses of cream or butter and red meat, which are the vital ingredients of many European dishes," says Tetsuyuki Chiba of the Shibata Shoten Publishing Company that specialises in books on food.

In contrast, he says, "Vietnamese food has more lightly-cooked vegetables, and lots of seafood, which goes with the healthy food fad."

Chiba says his research into the Asian food boom has even indicated an emotional side to the phenomenon.

"One customer told me he gets an enormous kick in life to be able to boast of eating a hot curry," he says. He considers it a challenge in the otherwise mundane life he leads.

Asian migrants in Japan, who often have difficulty making friends with the locals, are hoping the present Japanese interest in their culture will eventually go beyond food.

Says Elizabeth, a young Filipina married to a Japanese: "I think Philippine food has opened the door somewhat to starting a conversation with my neighbours. They are showing me magazines featuring South-East Asian recipes and asking me to explain them."