

Women executives remain a rare species in Japan's business world

TOKYO, Aug 13: Japan's new Prime Minister Morihiro Hosokawa has appointed a record number of women to his cabinet...

According to a survey by publishing company Toyo Keizai, there were only 48 female directors at 2,128 companies listed on Japan's eight stock exchanges as of July...

Five years ago, listed companies had 31 female directors, but the ratio to the total number was about the same at 0.1 per cent, the survey said.

Although women are playing more roles in society, the appointment of women to senior company posts has not proceeded yet, it said.

On Monday Hosokawa announced a new cabinet that included three women, the largest number of female ministers in any postwar cabinet.

Balladur urges overhaul of world financial system

PARIS, Aug 13: Premier Edouard Balladur urged an overhaul of the world financial system Thursday to stop currency speculation of the kind that nearly exploded the European Community's monetary system, reports AP.

"We have to reform the world's financial and monetary system," Balladur said in a television interview from his Alpine vacation residence in Chamontix.

Balladur's comments on the France 2 television network came shortly after economists estimated that the Bank of France spent well over 200 billion franc (33 billion dollar) of foreign exchange to prop up the franc during the July currency crisis.

The spending failed to fend off a torrent of speculation on the franc that forced the EC to ease curbs on rates permitted for other currencies against Germany's Deutsche mark.

Balladur said that currency

speculators hoped to destroy the European Monetary System, or EMS, which aims at stable exchange rates as a precursor to imposing a single currency across the 12-nation trading bloc by the end of the decade.

"There are speculators who have considerable means who want all the currencies of the world to float as much as possible, so they can make the biggest profits," Balladur said.

Balladur said that his government will not budge from a low-inflation policy, despite pressure from some quarters in his right-wing coalition to quickly cut interest rates to stimulate the moribund economy and reduce 11.6 per cent unemployment.

What counts above all is to fight against inflation, against the budget deficit, to ensure growth and monetary stability," he said when asked about rate cuts.

propose income-tax reduction and simplification in the 1994 budget that should benefit France's middle class.

He offered no specifics, other than saying France's 13 tax brackets would be reduced to a lower number.

Balladur sidestepped questions on whether the timetable for a single currency should be delayed, as German Chancellor Helmut Kohl has suggested.

"It is an error to want to create a monetary union when we have different economic policies," he said.

Using Bank of France weekly statements as an indicator, analysts said on condition of anonymity that the total value of foreign currencies spent to buy francs last month could be as high as 240 billion franc (40 billion dollar).

According to the weekly statement released by the bank Thursday, which covers the week ended Aug 5, economists estimate that some 185 billion franc (30 billion dollar) of

foreign reserves were used during that week alone.

Bank of France officials declined to comment. It wasn't possible to determine how much of the amount was in the form of marks borrowed from the German Bundesbank.

Analysts said that the size of the franc intervention compares with the 15 billion pound to 20 billion pound (22 billion dollar) to 30 billion dollar worth of foreign exchange the Bank of England laid out just before Britain withdrew the currency from the EC's exchange-rate mechanism a year ago.

EC finance ministers and central bankers agreed Aug 2 to widen fluctuation margins to 15 per cent from a central pivot point against the mark. The margins were 2.25 per cent previously for most of the currencies.

Balladur will visit Bonn August 26 to meet Kohl. The date coincides with the next Bundesbank central council meeting.

Tokyo decides moderate rise in '94 defence budget

TOKYO, Aug 13: Japan's decision Friday to raise its 1994 defence budget by 1.95 per cent, the lowest increase since 1961, will still allow it to continue rearming its already formidable armed forces, western diplomats said, reports AP.

"This slowdown certainly does not mean a qualitative reduction," diplomat said, adding that Japan's considerable defence budget would enable it to continue acquiring modern technology such as Awacs Radar-planes and patriot anti-missile systems.

Japan bought two Awaacs in 1993 and another two purchases are planned for 1994.

According to the defence budget growth ceiling military spending will be expanded to 4,730 billion yen (43.37 billion dollar), an increase of 90 billion yen (880 million dollar from 1993).

The defence budget proposal came within the framework of the general budget for fiscal 1994 prepared by the finance ministry and adopted Friday by Japan's new coalition govern-

ment. The slowdown is significant as previous increase in the defence budget since 1988 had ranged from 3.8 to 6.1 per cent. However, military experts said the total value of the budget will remain one of the highest in the world.

They added that the Japanese move to reduce the growth ceiling was not surprising as it followed similar moves by other major industrial powers facing economic difficulties and the end of the cold war.

Since 1988, the Japanese defence budget has ranked between fourth and seventh in the world, depending on the strength of the yen, making Japan Asia's premier non-nuclear power.

The defence agency had initially asked for a more than three per cent increase in the budget — based on general budget growth projections of 3.8 per cent.

However, the finance ministry proposed keeping the defence budget at the same level as the previous year, citing a

reduction of external threats. With the rise to power Monday of the seven party coalition led by Prime Minister Morihiro Hosokawa — which includes six socialist ministers — the Japanese government relationship with the military could be strained.

The Socialist Party, renamed the Social Democratic Party, has for decades called for the reduction of military spending. Up to now, the socialist leadership has kept a low profile since entering the new government and avoided potential areas of disagreement with its conservative and liberal allies.

But the reaction of the party's anti-militarist wing remains to be seen before the adoption of the definitive budget by the government in December.

Hosokawa Tuesday apologized for Japan's "war of aggression" against its Asian neighbours during World War II and Thursday made another gesture of appeasement by speaking in favour of an indefinite extension to the Nuclear Non-Proliferation Treaty.

Corporate bankruptcies in Japan falls 6.9 pc

TOKYO, Aug 13: Corporate bankruptcies in Japan fell 6.9 per cent from a year earlier to 1,129 cases in July but are expected to start rising again in the next few months, Teikoku Data Bank Ltd said Friday, reports AP.

The latest figure marked three months of consecutive declines from the year-earlier level and also represented a one-per cent fall from June.

But the number of failures, defined as those with liabilities of at least 10 million yen (98,000 dollars), exceeded 1,000 for the sixth month in a row.

He noted that barely half the bankruptcies, some 641 cases, were directly linked to the country's economic slowdown — up 5.4 per cent from a year earlier but down 3.6 per cent from the previous month.



Yuki Yasunaga holds up Australian dollars after exchanging them with Japanese yen while vacationing in Surfers Paradise on the Gold Coast yesterday. Japanese tourists are having a bonanza as the exchange rate soared to a record high of 69 yen to one Australian dollar. — AFP photo

Russia's top gold-diggers leaving to other states

MOSCOW, Aug 13: Russia's top precious metals official warned on Thursday that gold-diggers were leaving the chaotic domestic industry in droves for better pay in Angola, Peru, Australia or China, reports Reuters.

"We are losing our cheap workforce. They are all leaving and digging other countries' gold at much better pay," said Yevgeny Bychkov, head of the state committee for precious metals.

"Of course we're trying to find common ground with these people, but how can we establish order in our gold industry if there is no order all across the country" he told the financial daily Delovoi Mir (business world).

Bychkov reflected on Russia's gold wealth under dictator Joseph Stalin: "We once had 2,049 tonnes of gold under Stalin."

Travellers to play air fare game like stock market?

NEW YORK, Aug 13: Would-be travellers playing the air fare game like the stock market have an opportunity to buy low, according to AP.

But even with the 2-for-1 sale announced by Trans World Airlines Wednesday and matched by other airlines Thursday, fares are a far cry from last summer's 50 per cent sale that filled airplanes and ruined airline profits.

The ups and downs of air fares have turned many Americans into speculators trying to judge whether to buy a ticket or take the chance that a better discount will come along. Many have been unwilling to buy any ticket that's not on sale. Even then, they've been reluctant.

"I feel like I'm playing Russian roulette with airline tickets," said Judy Olson, a freelance choreographer in

Minneapolis who travels frequently for business. "Do I buy this week or next? It's crazy.... I hear rumblings that another war is coming up, so I wait and see."

For travelers wanting to know whether to buy tickets now or await a better deal, it depends on how much of a risk you're willing to take.

Some industry analysts and travel agents expect the combination of a sluggish economy, thin cash balances at some airlines and historical autumn fare cutting could combine for another all out fare sale.

In addition, American Airlines' victory in a widely watched lawsuit over the half-off sale it helped instigate last summer has many wondering whether carriers might try a similar move again.

But major airlines, whiffing the first bit of prosperity in

years, were reluctant Thursday to cut prices drastically. The 2-for-1 sale reminded many of Northwest's grown-ups fly free promotion last summer that led American to cut its advance purchase fares 50 per cent.

"We hope this fare sale does not lead to the destructive fare levels of the summer of 1992," said Marilyn Hoppe, vice president for revenue management at America West Airlines.

Travel agents suggest travelers planning a trip soon should buy now and take the chance that the airline will allow passengers to trade in tickets for better discounts that might emerge.

"If they're going next winter or next spring, I hesitate to counsel people to buy tickets" now, said Marie Nollette, manager of the St Paul, Minn office of Mainline Travel.

Dollar drops against yen

NEW YORK, Aug 13: The US dollar continued its nosedive against the yen Thursday, falling to another postwar low as investors decided the Japanese trade surplus would keep the yen strong. The dollar was mixed against other currencies, reports AP.

Gold prices dropped. On New York's Commodity Exchange, gold for current delivery closed at 367.40 dollar a troy ounce, off 7.90 dollar from Wednesday's close. At 4 pm Republic National Bank of New York quoted gold at 367.00 dollar a troy ounce, down 8.10 dollar.

The dollar dipped to 102.91 yen in late New York trading from 103.64 Wednesday — the previous post-World War II low. Earlier Thursday, the dollar hit a postwar low in the Tokyo market, dropping to 103.37 yen, down 40 yen from Wednesday. The dollar continued its slide later in London, trading at 103.21 yen.

Erick Nickerson, a foreign exchange economist at Bank of America, said the yen was benefiting from the uncertainty surrounding the European currencies since the continent's system of exchange rates was diluted last week.

US, Mexico, Canada reach accord on side deals to NAFTA

WASHINGTON, Aug 13: The United States, Mexico and Canada have reached accord on side deals to the North American Free Trade Agreement (NAFTA) demanded by President Clinton, according to a report published Friday, says AP.

The Washington Post said Clinton administration officials declined to give details, but that US officials would announce the agreement at a news conference Friday.

Day-long telephone negotiations among Washington, Mexico City and Ottawa apparently resolved the impasse over US demands that violations of environmental and labour standards be punishable by trade sanctions, the Post said.

Such an agreement would clear the way for Clinton to send the measure to Congress, something he said he wouldn't do until the side agreements were completed.

Environmental and labor groups oppose the pact on grounds it would harm the already-polluted border region and cause a loss of US jobs to

Mexico. NAFTA would create the world's largest free trade zone by removing most barriers to the free flow of goods, services and investment among the three nations over a 15-year period.

Earlier in the week, Canadian Prime Minister Kim Campbell rejected the compromise on side deals after six

Rouble steady against dollar

MOSCOW, Aug 13: The rouble remained steady against the dollar Friday, closing at 984.5 on the Moscow Interbank Currency Exchange for the fourth consecutive trading session, reports AP.

Volume traded was 41.68 million dollar with initial supply at 41.68 million dollar and initial demand at 41.06 million dollar.

Sixty-four banks participated.

days of negotiations in Washington between top US, Canadian and Mexican trade officials.

The agreement, which is supposed to take effect on January 1, would create a free-trade zone with 360 million consumers and annual production worth 6.4 trillion dollars, economists say.

The pact was agreed to in the Bush administration, but President Clinton has demanded supplemental deals "with teeth" covering the environment, workers' rights and protection from sudden import surges.

The Mexican Stock Market fell in heavy trading Thursday on news that Campbell refused to compromise on trade sanctions proposed by US and Mexican negotiators. The main index was off 1.72 per cent.

The disagreement had cast doubt on the agreement's future, worrying the Mexican government, which has the most to lose. The country is relying on the pact to lift its economy to first-world standards.

Special EC summit on Oct 29

BRUSSELS, Aug 13: The European Community will hold a special leadership summit here on October 29 to discuss its Maastricht Treaty plans for economic and monetary union, the EC's Belgian presidency said here Wednesday, reports AP.

The announcement was made by Belgian Finance Minister Philippe Maystadt and the summit date was confirmed by the office of Prime Minister Jean Luc Dehaene.

The meeting was called to underline the EC's determination to press ahead with the Maastricht Treaty's central goal of a single currency despite exchange rate turbulence and difficulties surrounding ratification of the treaty.

The summiters will prepare the way for phase two of the monetary union project starting on January 1, which involves bringing the EC's economies into line in time for full monetary union by 1999 if economic conditions allow.

Hollywood moguls expect sales boom this summer

WASHINGTON, Aug 13: Hollywood moguls and theatre owners are wishing this summer could last for ever so they can cash in on a sales boom already 11 per cent above the record 954 million dollar earned in all of the summer of 1989, reports AP.

"They hold on. It's too early to wrap up summer because this is the first August in years that could be bigger than July," said Tom Pollock, Chairman of MCA Motion Picture Group, which includes universal pictures.

Pollock predicted that if August goes well, overall business for the critical three-month period could be 300 million dollar higher than last summer.

Hollywood usually earns 40 per cent of the year's gross during the summer. In addition, a strong season often means steady cash flows when summer titles go on to international, home video and television markets.

The unprecedented tickets sales for this summer have been attributed to the indus-

'US export rules out of date'

BEIJING, Aug 13: American Telephone and Telegraph Chairman Robert Allen said Thursday that US export rules barring his company from selling high-speed telephone switches to China are out of date and should be changed, reports AP.

The US export restrictions could seriously hamper AT-and-T's plans to play a major role in modernizing and expanding China's communications system into the next century.

"It is our belief that the regulations have not changed accordingly," Allen told a news conference at a Beijing hotel on the eve of AT-and-T's first product exhibit in China.

"The Chinese in one way or another will obtain this technology. Why not AT-and-T if they are going to get it anyway?" Allen said.

AT-and-T signed an unusually broad memorandum of understanding with the Chinese government in February to enter into a "comprehensive partnership" to improve Chinese communication. One of the first projects was to be opening joint venture factories to manufacture telephone switches.

Consumer activist accuses US mortgage lenders of discrimination

WASHINGTON, Aug 13: Consumer activist Ralph Nader accused US mortgage lenders in 16 cities Thursday of not adequately serving minority neighborhoods, says AP.

A Nader-founded group, Essential Information Inc studied Federal Reserve Board data on 1.25 million mortgage loan applications from 1990 and 1991. The figures were reported to the board by each mortgage lender.

The study found 62 lending patterns where minority neighborhoods were excluded or inadequately served.

The problem is that minorities don't apply for loans, not that lenders don't approve those applications, the study found.

But Jonathan Brown, the study's author, said some lenders have marketing strategies that exclude minority applicants or "pre-screening tactics," such as high application fees, that discourage them from applying.

Chiluba's liberalisation policy runs into roadblocks

President Frederick Chiluba's slavish liberalisation of the Zambian economy has run into roadblocks. A two-month-long strike by public service workers, mainly teachers, over stringent wage demands has paralysed the education system.

Criticism is springing up from all over the place. The 1993 fiscal and monetary targets have already been blown off course.

One labour official told a roundly public service workers' meeting in Mulfulra: "The Structural Adjustment Programme (SAP) is bleeding profusely. The people are hungry and angry and are now saying, 'We cannot take this sitting down. It's not what we voted for.'"

Like his predecessor, Kenneth Kaunda, who in 1986 was forced to break relations with the International Monetary Fund (IMF), some Zambians believe Chiluba has reached a stage when he has to decide whether to slow SAP's rapid pace or risk political stability.

It is a real dilemma. Slowing economic reform will almost certainly dry up donor support and increase the foreign debt burden. On the IMF representative in Zambia has warned Chiluba against implementing pay rises for public service workers above 60 per cent. The workers are demanding a 200-300 per cent rise (about K80 billion or one-quarter of the 1993 budget).

spokesman said: "Our role is to monitor and create an enabling environment for commercial operations, not to police them."

Yet on the ground little or nothing seems to be working. The removal of oil subsidies has pushed the prices of food, transport and manufactured goods beyond the reach of most Zambians. Chicken and meat are a luxury.

The 30 or so opposition parties led by Kebby Musokotwane's divided United National Independence Party (UNIP), and even the Zambia Congress of Trade Unions (ZCTU), once Chiluba's ally, are on the attack.

The ZCTU leader Packson Shamenda said: "We cannot support a government that pays its workers 'death wages' (salaries below the poverty line) and accept to be ruled by the IMF-driven SAP without cushioning the majority of people from the programme's harsh effects."

Talks between the four public service unions and the government have been deadlocked since early June. A month later the strike had spread to cover some rural civil service operations and several health institutions, including clinics and a few hospitals. Most teachers have been on strike since May 28. New Finance Minister Ronald Penza, alluding to government failure to meet the workers' demands, said "high salary rises could only push SAP further away from the rails."

implemented. Last year the kwacha fell by 120 per cent against the US dollar. In the last six months it has dived an average of five per cent a month, with little sign of stabilising. Some economic analysts are already predicting an overall decline in the economy of over eight



Frederick Chiluba: 'donors have given him peanuts'

Babar, and 12,000 jobs could be lost. Last year 25,000 workers lost their jobs, mostly from the public service, which has had to shelve plans to lay off 10,000 more this year—mainly because the state has no money to pay their terminal benefits.

The IMF insists that the public service is still too large "and should be scaled down to a minimum." It also wants Chiluba to roll SAP back on course by sticking to its rules and "privatising at least 48 of the 200-odd parastatals by the end of the year."

So far only about two have been sold because of stiff legalities, about to be ironed out, in setting up a stock exchange.

The situation has been compounded by the fact that its budget is 50 per cent foreign financed. Last year donors ploughed 1.7 billion dollar into Zambia (mostly handouts). This year Chiluba received only 800m dollar about 500 m dollar short of his request.

This has cut to pieces Chiluba's plans to rebuild the badly fallen services in health, education, and communications. One economist said: "Chiluba is becoming unpopular because the donors have given him peanuts and the people cannot see any tangible results in critical areas like health or the poor state of the roads. That's double standards the IMF and donors are playing. The danger is that Zambia, which the West wants to use as a model of democracy in Africa, may not hold unless people start to see the fruits of freedom and are cushioned against the harsh effects of the SAP."

India behind China in opening up economy

BOMBAY, Aug 13: India is 13 years behind China in opening up its economy but more than four decades ahead in establishing a democracy that could in the long run attract more investors, former Unilever Director T. Thomas said today. China's headstart in economic reforms had brought in around 11 billion in foreign investment last year — more than 10 times India's, Thomas told Reuters.

"(But) in the long run, an open economy can survive only in an open democratic system," said Thomas, who once headed Unilever's Indian subsidiary, Hindustan Lever, one of the country's biggest companies.

Analysts believe the Asian giants, whose combined population is nearly half the world's 5.3 billion, will both eventually compete for investors using the same lures — cheap labour and large domestic markets.

Thomas said India's independent media and Parliament, as well as a functioning electoral system with multiple political parties, made its transition to an open economy in 1991 far smoother than China, which launched reforms in the late 1970s.