

Dollar, stocks fall in Tokyo

TOKYO, Sept 7: The US dollar drifted lower against the Japanese yen for the second straight day Tuesday, while prices on the Tokyo Stock Exchange also fell, reports AP.

The dollar closed at 104.10 yen, down 0.45 yen from Monday's close of 104.55 yen and also lower than its overnight close of 104.20 yen in London.

Financial markets in New York were closed Monday for a holiday.

After opening at 104.30 yen, the dollar ranged between 103.80 yen and 104.65 yen.

Despite the Bank of Japan's intervention to support the dollar, profit-taking and selling by Japanese exporters pushed the US currency down, said Yoko Fukukusa of Tokai Bank.

Before the dollar's 1.00 yen fall on Monday, it had climbed a total of 1.65 yen over four days, partly because of the central bank's dollar-buying and persistent speculation that its soon would lower its official interest rates in an effort to stimulate the nation's slumping economy. Lower interest tend to weaken a nation's currency.

German unionists protest planned cuts in paid sick leave

BONN, Sept 7: Several thousand German union members demonstrated in Bonn against planned cuts in paid sick leave and their leaders threatened protest strikes unless the government dropped the proposal, reports Reuters.

The DOB union federation said around 2,000 members took part in a demonstration outside a hall where parliament's Social Affairs Committee was holding public hearings on an expansion of health insurance to include long-term nursing care.

Legislation approved by Chancellor Helmut Kohl's cabinet in June would cut sick pay for the first two days of an illness to compensate employers for their contributions to the new scheme.

Bangladesh Bank General Managers' conference begins

A two-day conference of General Managers of Bangladesh Bank began yesterday in the conference room of Bangladesh Bank, says a press release.

Khorshed Alam, Governor of Bangladesh Bank inaugurated the conference.

Deputy Governors, Executive Directors, Economic Adviser and General Managers of different departments and branch offices were present.

In his opening speech, the Governor stressed the need for such a Conference on annual basis in order to solve inter-branch issues as well as of the Head Office. This would also help develop strategy for improving operational efficiency of all the offices of the Bank, he added.

The Governor elaborately discussed the Financial sector reforms programme including interest rates policy and convertibility of Taka.

Finland prepares budget with \$ 11.2b deficit

HELSINKI, Sept 7: The government prepared a budget Monday with a 11.2 billion dollar deficit for presentation to Parliament during the country's worst economic crisis since World War II, reports AP.

The 1994 draft budget, to be presented Tuesday, is the fifth deficit in a row, but the Finance Ministry said it was expecting an improvement in the economy next year.

The proposed deficit of 64.4 billion markkaa in the 188 billion markkaa (32.7 billion dollar) budget was slightly less than this year's deficit.

"We expect a one per cent growth in gross domestic product next year, after a predicted 2.5 per cent fall in GDP in 1993," said Sixten Korkman, a Finance Ministry spokesman.

"Industry is improving and exports have grown this year by 15 per cent," Korkman said. "But, it is not yet reflected in domestic demand."

In July, the jobless rate soared to a new high of 20.4 per cent. During January to June bankruptcies continued to grow at last year's record levels. In 1992, bankruptcies totaled 7,300, an increase of 17 per cent over the previous year.

"The main priority of the government is to reduce the high level of unemployment ... by increasing private sector production and employment," the Finance Ministry said in a report released to the news media Monday.

Paris walking tightrope on GATT world trade talks

PARIS, Sept 7: France is walking a tightrope on the GATT world trade talks as it defends powerful farmers' interests while seeking ways to revive the stalled negotiations, reports Reuters.

Paris has adopted what appears to be a hot-and-cold approach in the talks, resulting in some confusion for observers after seven years of intransigent French opposition to subsidy cuts at the discussions.

But it is carefully crafted because of the delicate mix of objectives ranging from appeasing a powerful farm constituency to spurring European union and world economic growth. Only last Friday the conservative French government offered a hint of flexibility that outsiders seized on as a harbinger of progress at the bogged-down talks.

Agriculture Minister Jean Puech said Paris was no longer rejecting a US-European community farm trade deal outright but only wanted it "modified, supplemented and

interpreted."

The Blair House accord, so called because it was hammered out last November at the Washington Mansion of that name, would require the EC to cut handouts to farmers and roll back subsidised exports.

Puech said: "We're as determined as we were several weeks or months ago but we're open, that is, 'we're making proposals'."

But on Monday the conservative government took the hard-line when an official in Prime Minister Edoard Balladur's office threatened to veto the disputed trans-Atlantic deal. "France will not give in out of battle fatigue. If time goes by without results, France will go as far as a veto," he said.

The Blair House agreement was negotiated by the European Commission and has never been put to a vote of ministers representing the 12 EC member states.

The EC's biggest farming nations, France has periodically

threatened to veto the accord on the grounds that it would harm vital national interests.

But Balladur's seven-month-old government has held the threat in abeyance while it seeks support from EC partners.

The problem is that two deadlines are rapidly approaching that require Balladur to juggle a host of contradictory interests.

On September 20 EC foreign and agriculture ministers will take up the Blair House deal. French and German experts have been quickly to try to find loopholes in the agreement that could provide leeway to EC farmers.

Meanwhile a group of radical French farmers has announced it will mount a blockade of Paris on September 15. Many observers think Balladur's government could fall if it were seen to have abandoned farmers at the GATT.

The government's tough talk, then, can be seen as putting pressure on European partners

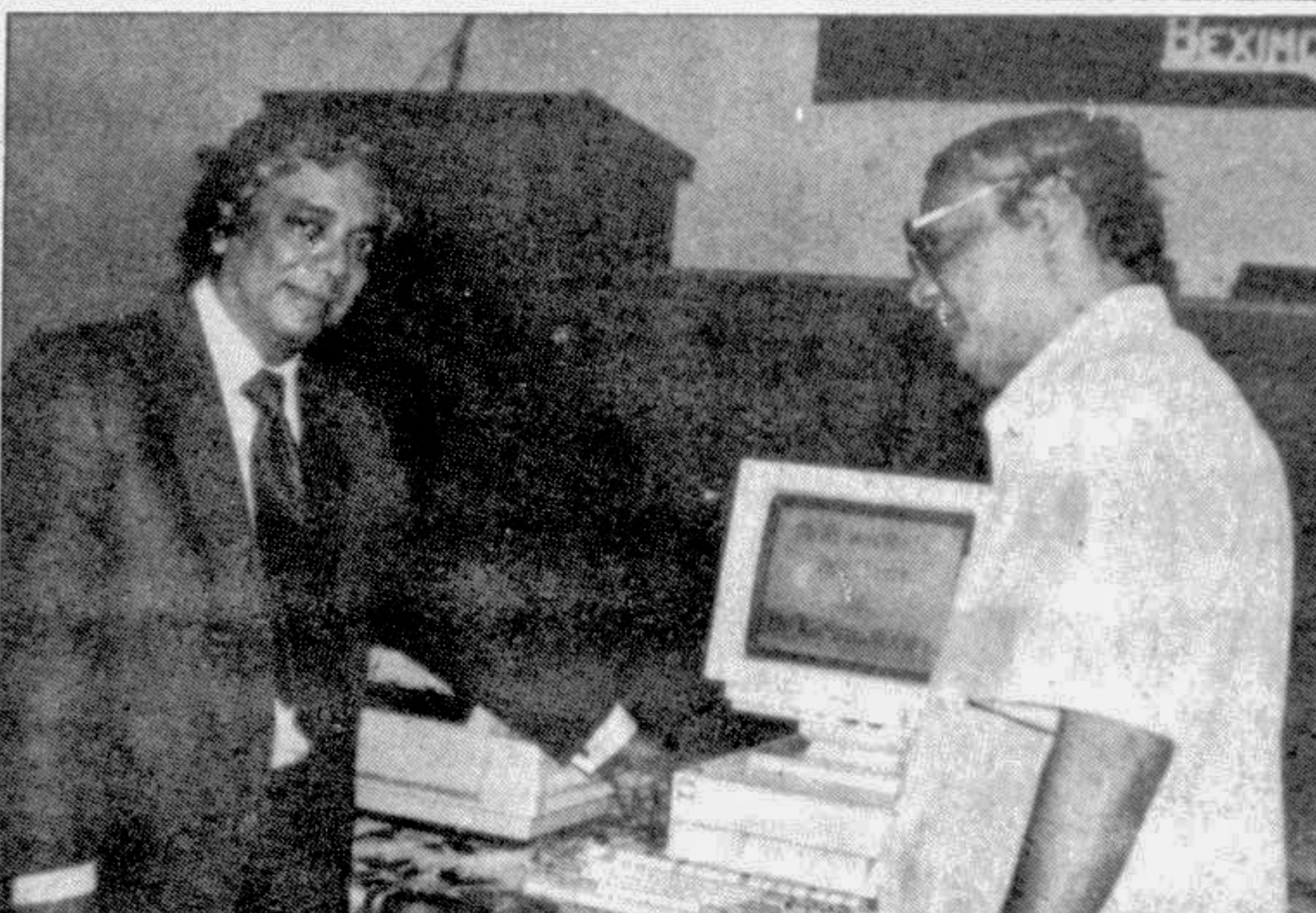
to bend on September 20. But it is far from clear whether they will risk the entire GATT round by asking Washington to rewrite the Blair House deal, even if, as some suspect, France might only want a symbolic victory.

The other date is the December 15 deadline for the entire GATT round, while many other cut-offs have come and gone, new GATT chief Peter Sutherland has said this one must stick.

With the world economy in a rut, trading nations including France are keen to reach a GATT accord that could spur growth and create jobs. And after years of talking, most countries are just plain exhausted.

"Some negotiators who were there at the beginning of the round are surely dead today," Sutherland said last week. The GATT was set to meet Balladur on Wednesday.

France also knows that after the summer currency turmoil it is not time for another European crisis.



Vice-Chancellor of Dhaka University Prof Emajuddin Ahmed receiving an IBM computer system donated by A S F Rahman, Chairman, Beximco to the Institute of Modern Languages.

White House recommends wide array of changes

Federal bureaucracy to save \$ 108 b

WASHINGTON, Sept 7: The White House on Tuesday recommended a wide array of cuts, consolidations and changes in the federal bureaucracy that it said would save 108 billion dollar by century's end, reports AP.

The streamlined government would have 252,000 fewer jobs, with thousands of federal employees phased out through attrition, buyouts, early retirement and retraining for private sector jobs.

Reducing the civilians, non-postal work force by 12 per cent over the next five years would bring the federal payroll below two million employees for the first time since 1967.

The report from the so-called National Performance Review, which was six months in the making, said its proposals would "reduce waste, eliminate unneeded bureaucracy, improve services to taxpayers and create a leaner but more productive government."

Aides to President Clinton hoped to give the politically popular concept a huge send-off at a South Lawn ceremony attended by Clinton, his Cabinet and his point man on the review, Vice President Al Gore.

Aides also planned a bit of theatrics at the ceremony, perhaps a forklift symbolically hauling off reams of rules and regulations the White House hopes to eliminate.

Although Clinton could implement many of the recommendations to "reinvent government" immediately, the White House did not plan to do so Tuesday. The president likely will sign executive orders implementing some of the suggestions later in the week.

A colorful, breezily written, 168-page report, "From Red Tape to Results: Creating a Government that Works Better and Costs Less," recommended cutting wasteful and duplicative programmes, including:

— Ten per cent of the Agricultural Department's 12,000 field offices nationwide. Estimated savings through the 1999 fiscal year: 1.7 billion dollar.

— All regional offices at the Department of Housing and Urban Development, plus a promise to "pare down" its system of 80 field offices and cut its 10,000-person field staff by 1,500. Estimated savings: 167 million dollar.

— Five of the US Army Corps of Engineers' 11 field offices. Estimated savings: 68 million dollar.

The recommendations embrace old or ongoing studies by the departments and agencies themselves. The report did not include specific closings, apparently leaving it up to agency and department heads to determine which offices would be shut down.

As expected, the White House said law enforcement functions of the Drug Enforcement Administration

should be merged into the FBI, saving \$187 million dollar over five years.

The White House wants to merge the law enforcement arm of the Bureau of Alcohol, Tobacco and Firearms with the FBI and combine ATF's regulatory and revenue functions with the Internal Revenue Service. But the report says the idea can wait until after the FBI-DEA merger is complete. The ATF currently is in the Treasury Department.

The report did not say how many of the 252,000 targeted positions actually are filled by employees now, or how much would be saved by cutting the workers. It also did not say precisely how many of the 800 recommendations needed congressional approval.

Gore, in an interview with The Associated Press on Monday, said "over half" of the recommendations require an OK from Congress.

President to int'l financiers Uzbekistan striving to end "slavish dependence" on Russia

TASHKENT, Sept 7: The president of Uzbekistan told powerful international financiers his country was striving to end "slavish dependence" on Russia, reports Reuters.

President Islam Karimov also promised a conference aimed at attracting badly-needed foreign investment that the Islamic religion would not be allowed to influence the country's politics.

"We shall not allow Uzbekistan to follow an Islamic ideology," Karimov told a hall of representatives of 60 foreign banks and financial organisations.

The conference represents Uzbekistan's biggest single effort since it won independence two years ago to attract investment.

Karimov said Uzbekistan possessed reserves of 95 per cent of the minerals known to man, was the world's eighth largest gold producer, and has proven reserves of two trillion cubic metres of natural gas and 300 million tonnes of crude oil.

"The quicker we can muster our own oil resources, the quicker we will be able to get rid of this slavish dependence on Russia," Karimov said.

Karimov said Uzbekistan currently has to market 600,000 tonnes of raw cotton to import fuel from Russia.

Economic dependence on Russia, Karimov added, prevented Uzbekistan from being free to introduce its own currency to replace the Russian ruble, which it still uses.

Karimov said Uzbekistan genuinely aims to become a market economy. He said great progress had already been made in agriculture, where 70 per cent of the republic's meat, 80 per cent of its dairy products and 60 per cent of its vegetables are privately produced.

Karimov said progress in industry would be slower because he believes in a gradual transition to market economy.

Another report adds: Uzbek President Islam Karimov said his central Asian republic had

potential gold reserves of at least 4,000 tonnes and urged western investors to put money in the industry, seen as its most profitable potential exporter.

"Nowhere in the world does a country possess such rich reserves. We have gold deposits of more than 4,000 tonnes," Karimov told an international banking conference in the capital Tashkent.

"We welcome cooperation with foreign banks in the area of mining and production," Karimov said.

Uzbekistan produced 80 tonnes of gold in 1992, making it second only to Russia in the former Soviet Union.

It has been building up reserves since independence from Moscow. Officials refuse to give a figure for the value of reserves, but western bankers put it at close to one billion dollar.

Reserves are managed by western banks led by Credit Suisse (CSHZ.Z) and Union Bank of Switzerland (SBGZ.Z), bankers say.

Japan-US meet to focus new economic partnership

TOKYO, Sept 7: Japan and the United States will hold a first full meeting in Washington on Thursday on a comprehensive framework for a new economic partnership, the Japanese foreign ministry said on Monday, reports Reuters.

The environment, technology, human resource development, population control and AIDS will be discussed, along with the more contentious topic of Japan's global trade surplus.

The Foreign Ministry statement said deputy foreign minister Koichiro Matsuura would lead a delegation of about 30 senior officials from about 10 ministries.

Matsuura is scheduled to have informal talks with Bowman Cutter, deputy chairman of the national economic council, on Thursday, it said.

President Clinton and then

Prime Minister Kiichi Miyazawa agreed in July to cooperate on a wide range of global issues and bilateral projects.

Late last month, Prime Minister Morihiro Hosokawa

6 CIS states to form rouble zone

MOSCOW, Sept 7: Six Republics of the Commonwealth of Independent States (CIS) signed an agreement in principle here today to form a rouble zone, the ITAR-Tass news agency reported, says AFP.

The signatories were: Russia, Uzbekistan, Kazakhstan, Tajikistan, Belarus and Armenia.

The agreement was initiated by the representatives of the six governments and their national banks and must be completed by bilateral agreements on a unified monetary system.

pledged in a telephone conversation with Clinton to speed up an economic framework agreement.

US officials said Clinton emphasised the need to start talks in September on increasing Japan's public procurement of foreign goods and services such as satellites and computers, removing regulations hindering market access and finding ways to expand sales of foreign cars and machine parts in Japan.

Japan's global trade surplus grew to 11.82 billion dollar in July from 9.23 billion dollar a year earlier. The surplus with the United States climbed to 4.68 billion dollar from 3.81 billion dollar.

Japan's new trade minister, Horoshi Kumagai, warned on Sunday that Japan must slash the surplus or risk destroying the world economy.

Owning a car only a dream in China

BEIJING, Sept 7: For most people in China, owning a car is only a dream. But a pair of Chinese investors may have come up with an affordable alternative, the China Daily reported Tuesday, says AP.

The "Tomcat," a three-wheeled vehicle powered by a motorcycle engine, can travel at 45 kilometres (28 miles) an hour, the newspaper said.

While it's still only a model, inventors Tan Zeying and Xu Ying are hoping to manufacture the vehicle and sell it for 20,000 yuan (3,466 dollar), the report said. That's about a tenth the price of a four-wheeled car, it added. The main market would be Chinese farmers.

The newspaper said the "Tomcat" is safer than existing three-wheeled diesel motor cars. In a country of 1.2 billion people, there are only one million privately owned cars.

Air India pilots call off protest

NEW DELHI, Sept 7: Air India pilots on Monday decided to call off their four-day-old protest that stranded hundreds of passengers in the country, the Press Trust of India (PTI) reported, says AFP.

The Indian Pilots Guild (IPG) announced in Bombay that its members would resume flying today following appeals from government officials and consumer activists, the news agency said.

Saddam orders crack down on profiteers, hoarders

BAGHDAD, Sept 7: President Saddam Hussein, who executed dozens of alleged profiteers last year, has ordered his new government to crack down again on profiteers and hoarders, reports Reuters.

Saddam told the incoming government to pay more attention to providing security and food for the Iraqi people, who are suffering from soaring prices after three years of a sweeping UN embargo against Baghdad.

"There is no task above the task of serving the people, alleviating their burden and putting an end to their exploitation by middlemen, parasites (and those) toying with the people's and country's wealth," he told cabinet in remarks carried by Baghdad newspapers on Monday.

Last year Iraq executed 42 merchants for alleged profiteering and illegal hoarding.

Newspapers gave no indication on Monday whether more heads would roll now.

But Saddam told the cabinet: "There is no item in the cabinet more important than the life and the security of the people and their livelihood at this stage."

He told the government to take a careful look at all possible ways to ease the burden of Iraqis of soaring prices in an economy crippled by UN economic sanctions imposed after Iraq's August 1990 invasion of Kuwait.

"The cabinet has to discuss every single item, every case leading to the lessening of the burden on the citizens," Saddam said.

Saddam appointed Finance Minister Ahmed Hussein Khudayyir on Sunday to replace Prime Minister Mohammed Hamza Al-Zubaidi in a surprise cabinet reshuffle which brought in eight new ministers.

Khudayyir keeps the finance portfolio he has held since July last year. During his tenure he has almost cleansed Iraq of forged currency but has not managed to strengthen the Dinar.

Saddam urged the new cabinet to follow economic guidelines he laid down in August last year, which included a tough "plan of action" to salvage the economy introduced after the execution of the alleged profiteers.

Vietnam Fair 10 foreign states to participate

HANOI, Sept 7: Some 180 foreign companies from 10 countries will take part in a European trade and industry fair to be held in Ho Chi Minh City late November, the organisers said here Monday, reports AFP.

The figure is up from the 127 which attended the first fair in Hanoi last year, they said, and will include exhibitors from Germany, France, Switzerland, Spain, Great Britain, Austria, Finland, Italy, Singapore and Czechoslovakia.

The 93 fair is jointly organised by Germany's Hannover-Messe International and Vietnam's Chamber of Commerce and Industry.

Clinton's angry exchange over tax with a private citizen

HOMESTEAD (Florida), Sept 7: President Bill Clinton had an angry exchange over taxes on Monday with a private citizen who wanted tax cuts and suggested that Clinton will be a one-term president, reports Reuters.

After meeting at a community centre with victims of Hurricane Andrew, Clinton was shaking hands with a crowd outside when one man challenged his budget policies, which included tax increases.

The man, calling for tax cuts, asked Clinton, "do you really think the country can tax and spend its way into prosperity?" Clinton, clearly annoyed,

challenged the man to name one country that revived its economy through tax cuts. "Name one," Clinton demanded.

When the man failed to come up with an example, Clinton told him "Not Germany, not Japan."

The man, who would identify himself only as a "disgruntled American voter," dismissed Clinton's statement that some tax reductions will go into effect at the end of his five-year plan for the budget.

"Your tax cuts don't take effect until after you're out of office," the man said, suggesting that Clinton will not be elected to a second four-year term.

Clinton repeatedly walked

away from the man. But came back to continue the argument, particularly after the man blamed the Democrats in Congress for the country's fiscal woes.

"Did the last two presidents or the Democratic Congress recommend the largest amounts of spending and the biggest deficit in the last 12 years?" Clinton asked.

"Answer, the last two Presidents," he said referring to former Republican Presidents Ronald Reagan and George Bush.

As Clinton walked away from the argument for the last time, the man said: "Good luck, sir, good luck."



BOMBAY, India: Reserve Bank of India governor Chakravarty Rangarajan speaks Monday about India's aim to overhaul its banking system to increase its efficiency and put it on a par with international standards. Rangarajan said the government's focus will shift from fiscal stabilisation to financial sector reforms in 1993-94.

— AFP photo.