Honda to cut workforce by 3,000 to 40,000

TOKYO, Sept 19 : Japan's Honda Motor Co. plans to cut its workforce by 3,000 to 40,000 in three years to cope with dwindling sales at home, the economic newspaper Nihon Keizai Shimbun reported yesterday, reports AFP.

Honda will also shift all production of its popular "Accord" and "Civic" cars intended for the American market to its plan in the US state of Ohio to minimise the adverse effects of the stronger yen, the newspaper said.

Honda has been shipping some "Accord" and "Civic" cars from Japanese plants to back up its production of the two models at the US plant.

The newspaper said the job cuts would be attained through retirement of about 1,200 workers annually and through reducing recruitment to about 300 jobs per year.

Japan needs radical reform, admits trade minister

TOKYO, Sept 19: Japan's economy is in "serious straits" and faces a long period of painful adjustment, the trade minister said Friday, reports AP.

Hiroshi Kumagai, who heads the powerful Ministry of International Trade and Industry, said over-regulation has stifled Japanese innovation, and warned that worker cutbacks are likely to worsen.

"We need a very radical reform of the Japanese economy," he said.

MITI has been a key architect of Japan's post-World War II economic explosion, and Kumagai's remarks illustrate how two years of weak growth have profoundly affected Japanese planners.

Many of the reforms that Japanese officials now advocate - such as deregulation and reductions in the high prices that Japanese generally must pay for imports — are actions that US trade negotiators have urged for years.

In place of MITI's long-term favouritism for industry, Kumagai said Japan's new goal should be to build an economy in which "consumers can feel a sense of affluence."

"Our economy is in serious straits," he told reporters. "For some time to come, the Japanese economy will have to undergo a very painful time. There's no simple solution, like a miracle shot in the arm."

Japan's gross national product shrank at an annual rate of 2.0 per cent during the April-June quarter, and most economists expect poor growth for the rest of this year, despite a 57.4 billion dollar economic stimulus package announced Thursday.

The package includes deregulation of 94 items, and Kumagai said more areas would be deregulated in coming months.

By eliminating barriers, that should encourage both Japanese and foreign companies to set up new businesses and create new jobs, he said.

The jobs are needed to make up for ones lost as a result of an accelerating shift of production overseas because of the higher yen, which makes goods more expensive to make in Japan, he said.

Japan's official unemployment rate is currently only 2.5 per cent. Because of a strong stigma against layoffs, most large companies are either reducing workers through attrition or keeping people on their payrolls with little to do — a category MITI calls "in-house" unemployment.

"In reality, Japanese unemployment is much higher than the current figure suggests if the in-house unemployment rate is included," Kumagai said. "But it's not as high as in Europe or the United States."

Kumagai also said that the administration of Prime Minister Morihiro Hosokawa, which took office last month, remains opposed to US requests for numerical targets to measure progress in reducing Japan's 50 billion dollar annual trade surplus with the United States.

American and Japanese trade negotiators begin another round of trade talks in Hawaii next week focusing on autos and auto parts, government procurement, and the insurance industry.

'Myanmar should ban export of logs'

YANGON, Sept 19: Myanmar should ban the export of logs and instead only allow the export of processed timber, the state-run media yesterday quoted Forestry Minister Lieutenant General Chit Swe as saying, reports AFP.

Chit Swe, who returned home from a trip to Indonesia on Friday, said as a country developed it had to take great care not to destroy its environment.

"Future forestry policy planners should strive for doing away with the export of raw materials in the form of logs and supplement it with value added production," Chit Swe told the state-run news agency here.

There was no indication when the ban on log exports might be imposed.

Indonesia was one of the first countries in the region to ban the export of raw logs. Since then, others such as Cambodia and Loas have followed suit, allowing only the export of processed timber.

Earlier this year, Myanmar announced that logging concessions granted to Thai logging companies along the frontier in eastern Myanmar almost five years ago would be revoked at the end of this year.

Sources here believe the main reason the decision was made was the destructive logging practices of the Thai companies, which have laid waste to vast stretches of the concession areas.

Chit Swe told Myanmar's news agency that he had discussed the possibility of cooperation in forestry with Indonesian officials and Indonesia wanted to develop a programme with Myanmar to exchange scientists and experts in various forestry fields.

2 Indians confess swallowing US currency, held

NEW DELHI, Sept 19: Two Indians who swallowed some 46,000 US dollar in-bills were arrested in the southern city of Madras before they could fly to Singapore, a newspaper reported Friday, says AFP.

Federal intelligence officials detained Jahir Hussain, 26, and Syed Mohamed Sabin, 19, at Madras airport late Wednesday, but a preliminary check revealed nothing, The Indian Express said.

The two confessed during interrogation that they had swallowed US currency when the officials accused them to smuggling narcotics, the daily said.

Hussain and Sabin said they had folded 100-dollar bills horizontally, rolled three each into a capsule, insulated them with wax and swallowed them.

A stomach wash at a hospital led to the recovery of 82 capsules from Hussain and 70 from Sabin, The Express said.

'Japan will have to import rice this yr'

OTTAWA, Sept 19 : Japan will have to import rice this year, and this is a "propitious" development for efforts to conclude the Uruguay Round of world trade talks, Canada's Ambassador to Japan said, reports Reuter.

"Though officially denied, Japan will have to import rice this year as a result of the cool summer," Ambassador Donald Campbell told a meeting of trade specialists.

He said the removal of Japan's ban on rice imports and a move to tariffication of rice by Tokyo would have a "great deal of symbolism" for the General Agreement on Tariffs and Trade (GATT) talks to modernise world trade.

Campbell said Japan would not stand aside for the sake of GATT and that he expected the removal of the ban on rice imports to come "late in the day".

Pakistan's interim President Wasim Sajjad (L) offers cake to Hamid Algabid(R), Secretary General of Organisation of Islamic Conference(OIC), in Islamabad yesterday. Sajjad has inaugurated the three-day sixth meeting of OIC Ministerial Standing Committee on Scientific and Technological Cooperation - COMSTECH. — AFP photo

Marshall Islands attracts HK in business opportunities

The Marshall Islands is opening a new consulate in Hong Kong to advance business opportunities, including the sale of citizenship and registration of ships under the Marshall Islands flag.

The country is keen to promote the sales of up to 3,000 passports, Foreign Secretary Jiba Kabua said in an interview. Consul General for the Hong Kong consulate will be Damian Ishoda, who is currently preparing to leave his Beijing post for Hong Kong, he said.

The Marshalls is a newly independent nation in the central Pacific with close ties to the United States. Washington provides close to 80 per cent of the country's annual budget in exchange for use of a key missile testing range at Kwajalein.

The Foreign Ministry will be implementing a parliament law by selling citizenship through its Hong Kong consulate, Kabua said. Hong Kong is a prime location for sale of citizenship because there are many affluent people who want access to a second country, he said.

The law allows the naturalisation of up to 3,000 people. "We haven't implemented that law," Kabua said. "We've only naturalised 17 since 1986. People think we've done a big (passport) programme. But we're going very slow. We're being careful."

The mechanics for a successful citizenship programme have not been in place. "We have to have government representatives in those areas to protect the intent of the law," he said. "We can't rely on the type of arrangements that (Australian) Gregory Symons made" (for selling Marshallese citizenship as part of a business migration scheme).

Symons recently completed a 90-day jail term in Majuro after pleading no contest to 15 counts of forgery in a citizenship deal in which five Taiwanese investors lost a total of 1.25 million US dollar. Symons was working as an agent of the Marshalls government to promote passport sales in Asia.

Under the Foreign Affairs programme, individuals can purchase citizenship by buying a 33,0000 US dollar bond that the government will invest. At the end of a 25 years period, the investors will receive a portion of their investment back. In return, they have full citizenship rights.

"This is a simple programme," Kabua said. "We'll use government agents to oversee it." The Hong Kong consulate — the eighth overseas diplomatic mission for this nation of 50,000 — will be fully operational by October 1.

The Foreign Secretary added that a number of Hong Kong ships have been registered with the Marshall Islands, and it is hoped that the consulate can help increase that number by using contacts that the Marshalls has developed in shipping circles. More than 25 ships have registered with the Marshalls since the inception of the flag of convenience registry in 1988.

In early June, Sea-Land Inc., the largest American container shipping company, announced its intention to re-flag nearly one-third of its 41 vessels in the Marshall Islands. US State Department officials have confirmed that ships flying the Marshall Islands flag will receive US naval protection during war time according to the terms of a treaty between the two nations.

— Depthnews Asia

China's trade gap widens

BEIJING, Sept 19: China's trade deficit for the year widened to 5.73 billion dollar by the end of August, with imports continuing to grow much faster than exports, the government said Friday, reports AP.

Customs figures showed imports from January through August totaled 58.14 billion dollar, up 27 per cent from the same period of 1992, while exports totaled 52.4 billion dollar up just four per cent from last year.

Despite government orders in June for a halt to imports of cars and other expensive items by government departments, China appears headed for its first annual trade deficit in four years.

Officials have blamed the hectic growth of China's domestic economy this year, which created a huge demand for imported steel, oil, construction materials and luxury goods.

'East Asia, Pacific should lead in shaping global economic policy'

WASHINGTON, Sept 19 : East Asia and the Pacific, among the few bright spots in a sluggish world economy, need to take a leadership role in shaping global economic policies, according to the draft of a World Bank study, reports Reuter.

That means that the region - which reaches from China to Indonesia and the Philippines - must assert itself in global talks as a champion of free trade rather than taking a back seat, as it often has in the past.

"We are developing some proposals on that now," Gautum Kajt, World Bank Regional Vice President, told Reuters on Friday.

Among recommendations in the study due to be released in three weeks are that the East Asia and Pacific region expand its efforts to liberalise trade both within its region and among its major trading partners.

The study also recommends that the region assert its voice in world trade talks, particularly the Uruguay Round on General Agreement on Trade and Tariffs (GATT), officials said.

Sluggish economies in industrial nations, the region's major trading partners, threaten to undercut the heady 8.9 per cent annual growth rate enjoyed by the East Asia and Pacific in 1992, Kajt said.

Rather than accept this fate, the region has gained sufficient stature in the global economy to start taking an active role in multi-lateral decisions which shape its future, Kajt said.

"They cannot see themselves as marginalised players waiting for others to act upon them," Kajt said. "The sustainability of East Asian growth rates depends upon it taking a greater leadership role in the world economy."

Today East Asia plus Japan's trade volume matches that of the United States, and it is expected to account for 50 per cent of the growth in global trade growth this decade.

Economic growth has been relatively evenly distributed. Absolute poverty declined from one-third of the region's population to one-tenth since 1965.

This will make the region an important engine of growth for the developed world, Kaji said. With income levels rising and a huge population, East Asia and the Pacific offers a huge consumer market for western goods.

Despite its impressive progress, Kaji said the region will remain an important area for World Bank lending.

The region received 5.2 billion US dollar in bank loan commitments last fiscal year, which ended on June 30. Kaji expects a similar lending level in fiscal 1994, including 300 million US dollar earmarked for Vietnam — blocked for years from borrowing because of nowdropped objections by the United States.

But bank lending will shift to poorer socialist nations, such as Vietnam, Cambodia and China, as the more mature economies of Korea, Malaysia and Thailand gain access to private capital markets, he said.

Gulf states may apply new formula to maintain high output quotas

ABU DHABI, Sept 19: Gulf Arab states may now rely on a new argument in a campaign to persuade fellow members of the Organisation of Petroleum Exporting Countries (OPEC) to maintain high output quotas; Financial commitments to Middle East peace, reports AFP.

But they have argued they are in need of funds to stimulate their economies, which have been jolted by a sharp decline in oil prices over the past decade and large contributions to two wars in the Gulf.

"They could come up with a good excuse this time: Their financial obligations for peace in the Middle East," a Gulf-based Arab diplomat said.

"Some might argue they could meet such obligations from their current oil earnings or overseas assets. But such earnings cannot meet even domestic spending and overseas funds have sharply eroded."

Iran, regarded as a price hawk within OPEC, has blamed the three Gulf oil heavyweights for a slump in prices this year. Iran has boosted its own output by more than 300,000 barrels per day above its OPEC quota to put pressure on them to limit production.

Saudi Arabia, the world's top crude exporter, produces eight million BPD, nearly one third of OPEC's output. But Iran has demanded that it return to its pre-Gulf War level of around five million BPD and has at the same time rejected any quota increase for Kuwait.

Asian newcomers may lead int'l competitiveness

ZURICH, Sept 19: The United States and other mature industrial countries still lead the world in international competitiveness but Asian newcomers will probably overtake them, Union Bank of Switzerland (UBS) said in a study published Thursday, reports Reuter.

The bank said economic growth in East Asia had been, on average, nearly triple that of the old industrial world Hong Kong and Singapore were quickly coming into line with North America and Europe.

The analysis, in the latest issue of UBS international finance, is based on data from 38 countries, including major members of the Organisation for Economic Cooperation and Development (OECD) and leading nations in Asia, Latin America and Eastern Europe.

Coffee - cocoa trading continues to dominate world commodity markets

LONDON, Sept 19: Coffee and cocoa trading was at the centre of commodity market activity again this week, with dealers hopeful of a rise in prices thanks to a reduction in supplies, reports AFP.

Cocoa prices rose by five per cent to their highest level since June 1990 after disruptions to Ghanaian exports and signs of a reduction in the Indonesian harvest.

Signs of an agreement emerging between cocoa producers and consumers in London on the method for liquidating the market's buffer stock also helped prices to rise.

Coffee prices meanwhile stayed firm in busy trading while in Bogota, the producers finalised details on the stock-withholding scheme due to come into effect from October 1.

Among industrial goods, prices fell.

Brent North sea crude oil, facing its worst price crisis in 20 years, stayed below 16 dollar a barrel with dealers looking nervously to an OPEC meeting due to start in Geneva on September 25 to set OPEC production levels for the fourth quarter.

Precious metals fell at the start of the week but rose at the end to emerge slightly higher than the week before.

Investors' reluctance to engage in the volatile markets left many dealers uncertain about the outlook for prices.

On the London Metal Exchange(LME), tin and nickel continued to fall, losing five and four per cent respectively over the previous week, depressed by threats of increased stocks ad the poor prospects for demand.

Gold: Slightly higher after a weak start. Gold fell initially to its lowest level since April, at 341.55 dollar an ounce, but then rose to above the level of the week before on speculative buying and signs of inflation in Britain and the United States.

The weakness of the dollar and falls on the bond and stock markets encouraged dealers to buy gold again.

Gold rose from 327.85 dollar an ounce in March, its lowest level for seven years, to 409.75 dollar in August, its highest since September 1990.

Platinum: Recovery after weak start. Following gold, platinum prices fell at the start of the week, but then made a partial recovery, boosted by hopes of higher Japanese demand.

South African mining group Rustenburg Platinum, one of the three largest producers of platinum, said Japanese demand would rise this year, boosted by the yen's strength.

Silver: Slightly higher. Silver prices rose slightly despite a weak start when silver followed gold and platinum down to reach its lowest price since April.

The trend remained uncertain because of doubts over the industrial recovery in the United States and position of gold prices over the next few months.

Copper: Lower. The cooper price fell in trading on the London Metal Exchange(LME) this week, continuing the decline that started when LME management acted last week to weaken a technical squeeze on supplies.

Copper prices were pushed higher than many dealers thought was justified last month by a technical squeeze on supplies for options dealing.

The spot price was pushed above the three-month forward price and the difference between the two was maintained this week, despite an LME attempt to force spot prices lower.

However, some analysts said the position on fundamentals could soon pickup anyway to bring some support to copper in coming weeks.

Lead: Steady. Lead prices were remarkably unchanged all week, trading very close to the 394 dollar per tonne level set last week.

A report from the International Lead and Zinc Study Group (ILZSG) said mined output of lead fell by 8.9 per cent below the corresponding period in 1992 following mine closures and cuts in planned production.

Lead mine production during the first seven months of 1993 totalled 1.216 million tonnes, down 119,000 tonnes on the same period last year. However, production of refined lead fell by just 0.3 per cent to 2.566 million tonnes.

Consumption of lead fell by 1.4 tonnes per cent below the 1992 levels to 2.555 million tonnes, the group said.

LME Stocks of lead rose 1,175 tonnes to a record 283,450 tonnes.

Zinc: Steady. Zinc prices fell slightly at the start of the week, undermined by a rise in zinc stocks on the LME, but recovered later from a poor position to end unchanged.

For zinc, the ILZSG report said the fall in output was the same for mine zinc as for mined lead, down by 8.9 per cent over the previous year.

Mine production of zinc fell to 2.997 million tonnes in the first seven months of 1993 from 3.291 million in the same period of 1992. Production of refined zinc fell by 0.3 per cent to 3.164 million tonnes.

Zinc consumption fell by 1.4 per cent to 3.1 million tonnes.

Aluminium: Steady. Aluminium prices slipped at the start of the week because of a fresh rise in stocks of the metal on the LME.

Prices were also depressed when producers meeting in Canada failed to announce any fresh cutbacks in production. Analysts said that without further reductions in output, aluminium prices would fall.

However, prices rose to end the week unchanged after a report that the Commonwealth of Independent States (CIS) had offered to start a quota system to reduce output.

Nickel: Sharply lower. Nickel prices fell sharply over the week, down by four per cent to fresh six-year lows, after rumours that large stocks of Russian-produced nickel were on the way to LME warehouses.

Nickel stocks are already at a record high and rising sharply, making the metal's price very vulnerable to rumours of stock increases, analysts said.

Support for the metal was undermined further by reports that employees at Canadian nickel producer Inco's Manitoba division were ready to accept a new three-year labour contract, removing the threat of labour troubles at the plant.

Tin: Sharply lower. Tin price fell by five per cent to new 20-year lows after renewed bouts of producer selling. Tin prices have fallen by 25 per cent since May and by 40 per cent since the same time last year.

Traders s[illegible] ices would continue to fall, given the chronic rise in sto[illegible] and flat demand from key consuming industries.

The metal's price is down to its lowest point ever in real terms in London and at its historic lows in Kuala Lumpur, an analyst said.

Analysts expect demand for tin to be flat at best this year at around 178,000 tonnes, leaving intact the stocks overhang of around 40,000 tonnes.

On the LME, stocks of tin fell by 125 tonnes to 21,450 tonnes.

Coffee: Steady. Coffee prices were largely steady after the leaps in price in recent weeks linked to the decision of the main coffee producing countries to withhold 20 per cent of their exports.

Uncertainties over how the stock-withholding scheme will function and over the volume of exports to be withheld over the next few months made dealers nervous.

The Association of Coffee Producing Countries, representing 85 per cent of coffee producing countries, decided to apply tough sanctions against members which do not abide by its agreements. The agreement between the countries is to be ratified in Brasilia September 23 and 24.

Cocoa: Sharply higher. The price of cocoa rose by five per cent to its highest level since June 1990, boosted by warnings of a fall in harvests and by disruptions to Ghanaian exports caused by a strike.

The Indonesian cocoa association said Indonesia's 1994 cocoa harvest would be 20,000 tonnes less than the official estimate of 240,000 tonnes because of a drought which hit some regions.

In London, dealers largely ignored the negotiations between producers and consumers at the International Cocoa Organisation over liquidation of its 230,000 tonne buffer stock.

Talks continued, with most delegates seeming to favour a 4,250 tonne per month selloff in order not to hit prices.

Sugar: Slightly higher. Sugar prices traded narrowly, finishing slightly higher than the previous week following unease over the size of the harvest in Asia, Thailand in particular.

Speculation that Zibabwe will increase its imports over the next few months because of its own poor, drought-affected, harvests also helped push prices higher.

But producer sales and the announcement by the Philippine government that it expected its exports to grow in 1993-94 in order to cut its stocks limited the rise.

Vegetable oils: Lower. The prices of vegetable oils fell, unaffected by predictions of a reduction in world output in 1993/94.

Specialist review oil world said the production of the main 10 oilseed producers would fall to 225.5 million tonnes in 1993/94 from 225.9 million tonnes harvested last year.

The US Department of Agriculture predicted that output would rise to 226.4 million tonnes.

After a steady start to the week, palm oil was hit by higher-than-expected statistics from the palm oil registration and licensing authority on Malaysian production.

Oil: Weak. After having fallen the previous week to their lowest level for three years, oil prices rose slightly, but remained cautious two weeks ahead of the next OPEC meeting in Geneva to fix output for the next quarter.

Analysts said prices, which stayed below 16 dollar a barrel, were facing their worst crisis in 20 years, affected by worldwide overproduction.

Dealers remained doubtful over the prospects for agreements in OPEC because of tension between the two main producers, Saudi Arabia and Iran, the strong Kuwaiti desire to return to pre-Gulf War production levels, and increased currency needs of some members.

Venezuelan Energy Minister Alirio Parra said OPEC's production ceiling should be increased to take account of the greater demand for oil later in the year.

Rubber: Lower. The price of natural rubber, up the previous week because of buying by the International Natural Rubber Organisation(INRO), fell back again on lack of demand.

The conflict of interest between producers, who want to fund INRO to allow it to make more purchases, and consumer countries who are reluctant to fund the initiative, meant more intervention was unlikely in the short term.

Grain: Steady. Wheat and barley traded quietly over the week despite reports of good harvests in China and the Commonwealth of Independent States(CIS) in 1993.

Local sources said Chinese grain production would reach a record 108 million tonnes in 1993, 4.7 million more than in 1992.

The CIS harvest would reach between 202 and 204 million tonnes in 1993 against 190.5 million in 1992, the Russian statistical office said.

Tea: Stable. The price of tea was steady at the weekly London sales, unchanged at 200 pence/kilo for higher grade tea, up to 112 from 109 pence/kilo for middle grade tea, and unchanged at 93 pence/kilo for lower grade tea.

The Food and Agriculture Organisation(FAO) said the price of tea would soften over the next seven years, affected by the rise in production over consumption. In the year 2000, production should reach 2.638 million kilos against demand of 2.548 million, the FAO said.

Cotton: Uneven. Cotton prices traded uncertainly, affected by indications of a good harvest in Pakistan this year following the disastrous harvest in 1992.

Pakistan is expected to produce more than 11 million bales of cotton this year following this year against 8.9 million in 1992 and 12.7 million in 1991.

Wool: Weak. The market was hit by weak demand and worldwide over production. The losses were limited by estimates from the International Textile Organisation which said worldwide production of wool would fall by five per cent to 1.6 million tonnes in 1993/94.

The new estimate was 20 per cent below the level of wool production on seen in the record 1989-90 season.