

US, Japan agree not to set numerical targets on trade

TOKYO, Sept 24: Prime Minister Morihiro Hosokawa said Friday Tokyo and Washington have agreed not to set numerical targets for imports, a demand often made in the past by the United States as a way to cut Japan's colossal trade surplus, reports AP.

Hosokawa said President Clinton would not bring up the issue when the two leaders meet in New York Monday.

"We have an understanding from the United States...that they will not demand numerical targets," he said in response to a question from an opposition lawmaker in Parliament's upper house.

Hosokawa said the United States has agreed not to press for numerical targets in the "framework" trade negotiations that concluded its latest round

Wednesday.

He did not say how or when the agreement was reached.

But a senior administration official at the talks told The Associated Press earlier that the Clinton Administration wanted specific commitments rather than vague promises, to whittle Japan's \$50 billion dollar trade surplus with the United States.

"Talk will not do the trick. There needs to be action," she said, speaking on condition of anonymity.

The official also said the United States questioned the poor performance of the Japanese this year in living up to the agreement to increase foreign market share for the sale of computer chips.

The market fell to 19.2 per cent during the April-June quarter from the 20.2 per cent

share achieved in the final three months of last year.

Hosokawa's remark appeared to reflect Japan's firm resolve not to give into US demands on specific items. Hosokawa said he planned to explain to Clinton his "basic policies" of expanding domestic demand and opening up Japanese markets.

"To set numerical targets presents a problem from the point of view of free trade," he said, reiterating Tokyo's stand.

Foreign Minister Tautomo Hata also took a big step back from his previous comment that Tokyo was willing to talk about setting a two per cent goal for the ratio of Japan's surplus to its gross national product, about half the current ratio.

"Numerical targets restrict free trade," Hata said at Friday's parliamentary session. "The is-

sue has already been settled between the United States and Japan."

Instead of setting specific targets, the new seven-party coalition government in Tokyo has offered to pursue more general consumer-oriented policies, including those allowing Japanese to enjoy the benefits of the stronger yen.

In theory, the yen's recent rise of 20 per cent so far this year boosts Japanese global buying power, but many import prices have not come down.

The government's recently announced six trillion yen (57 billion dollar) package to stimulate the economy has been criticised by analysts as being too small. Hosokawa has also rebuffed many analysts, and Washington, in refusing to cut income taxes.



A passer-by reads the notice at a Stock Exchange branch office that people can apply for the first time to buy shares in this booming southern Chinese city of Guangzhou on Wednesday. In a bid to avoid the million-strong riots last year in nearby Shenzhen over share issue forms, police was mobilised when five leading Guangzhou firms distributed the forms. — AFP photo

Bonn denies air travel accord with Washington

WASHINGTON, Sept 24: Germany denies an agreement has been reached on air travel between the United States and Germany, reports AP.

US officials announced the agreement Thursday, saying it would mean more flights and easier access for both countries, and that it could be signed as early as Friday.

But the German Transport Ministry denied the assertion.

"We're in a difficult end phase of the talks," said spokesman Franz-Josef Schneiders. "I think members of the American delegation spoke too soon. The talks are not over yet."

Schneiders wouldn't say what the difficulties were.

The US officials, who spoke on condition of anonymity, said the accord ultimately will mean "more flying rather than less flying" between the two nations even though the pact freezes for two years the current number of US flights to Germany.

German officials had threatened a week ago to break off the talks and renounce the existing aviation treaty with the United States.

As described by Clinton administration officials, the four-year agreement will let US airlines continue to operate 262 flights a week during the summer and 253 flights a week in

Germany, China sign economic cooperation deal

BONN, Sept 24: Germany and China signed an economic cooperation deal yesterday and agreed that economic links between the two countries were becoming increasingly important, reports Reuter.

German Foreign Minister Klaus Kinkel told China's Minister for Trade and Economic Cooperation Wu Yi that he hoped China's new economic openness would be accompanied by increasing political openness and an improvement in human rights.

Both ministers said there was room for significant expansion in bilateral trade, the German Foreign Ministry said.

China has been the biggest buyer of German goods in the Asia-Pacific region this year. Germany is China's largest European customer, with imports this year worth over 12 billion mark (7.36 billion US dollar).

On Wednesday 11 contracts were signed for the delivery of 6.1 per cent growth in 1993 was the bright spot in the IMF's estimate for the world economy, crawling along at 2.2 per cent.

Camdessus pointed out that US trade with China and Asia was growing 10 times more rapidly than that with Europe and Japan. Europe's trade with

Asia was growing at a 13 per cent clip, but was declining with Japan and North America. If industrial countries support the developing countries' efforts they create their own markets," he said.

Camdessus said there were three bases for optimism for world economic growth in the near future: certain developing countries' extraordinary performance, low inflation and mounting recognition by most countries of the need to have global strategy for world growth.

But in industrialised countries, there are several trends that could stifle recovery attempts if they are not addressed, he warned.

Camdessus cited rising unemployment, projected to reach 36 million people jobless in 1994: Anemic growth, weak fiscal situations in many countries and protectionist trends.

He said he would develop these ideas at the meeting of Group of Seven (G-7) finance

ministers and central bank governors this Saturday in Washington, as well as at the IMF interim committee meeting Sunday.

Camdessus said he would be satisfied if at the end of the G-7 meeting the industrialised countries has agreed to make structural adjustments, promote stability in exchange rates and, for the Europeans, strengthen their cooperation.

The Managing Director said he would also ask the G-7 for a greater acceptance of increased IMF supervision, he will also insist on a renewal of the Enhanced Structural Adjustment Facility (ESAF) which provides support to the poorest countries, notably in Africa.

The situation in Africa is a matter of immense concern," Camdessus said. Although some countries have made progress, such as Mozambique, Ethiopia and Ghana, others have not, he added.

"We need to do much better," the IMF chief said, also calling on those countries lag-

ging behind to do more to improve their economies.

Industrialised countries should their foreign debt, sharpening instruments for financial cooperation and, especially, by putting in place a successor to the ESAF and funding it adequately, he stressed.

In Russia, progress in transitioning to a market economy is chaotic but ongoing, he said.

Asked about the political standoff between President Boris Yeltsin and his hardline opponents, Camdessus said, "The situation is very fluid, it's very difficult to evaluate the situation there."

As for the fund's position he said, "our strategy here is not determined by the political calendar."

He said Russia needed to create a true central bank and money that is a true instrument.

Poland which had the strongest growth in Europe this year, is an example of a successful transformation to market economy under IMF guidance, he said.

29 coffee producing countries form new association

BRASILIA, Sept 24: Twenty-nine coffee producing countries from around the globe joined forces in a new association Thursday to try to drive up sagging world prices, reports AFP.

"It is not a confrontational effort, but rather an act of legitimate self-defense of the social and economic well-being of millions of coffee growers in Latin America, Asia and Africa," said Colombian Foreign Trade Minister Juan Manuel Santos.

The Association of Coffee Producing Countries (ACPC) describes its mission as stabilising the world market for the bean administering international supply.

But it is not really a cartel because its goal is not "for consumers to pay exorbitant prices for the coffee we produce, but to get fair prices," Brazil's Minister of Industry and Trade Jose Eduardo Andrade Vieira said.

The new association's first strategy move will be to drain excess coffee from the international market by having members agree to withhold 20 per cent of their coffee exports, starting October 1 and extending through September 31, 1994.

Prices plunged after the collapse of an international coffee agreement four years ago, but began rising again from less than 60 cents a pound to nearly 80 cents a pound after producers this year began talking about forming what amounts to a cartel.

Privatisation on hold French bank loses \$ 180 m

PARIS, Sept 24: Credit Lyonnais on Thursday reported a loss of 1.045 billion franc (180 million dollar) in the first half of 1993, pushing back any plans to sell off the French government-controlled bank, reports AP.

The bank, which blamed the loss on the economic downturn and bad loans, turned a net profit of 119 million franc (20 million dollar) in the same period a year earlier.

The bank is on the list of companies Prime Minister Edouard Balladur wants to sell off to help fund job programmes to pull the country out of recession.

But Credit Lyonnais Chairman Jean-Yves Haberer told a news conference Thursday, "It takes better results than we have to be privatised."

It would probably take two years for the bank to return to its previous levels of profitability, he said.

The bank said it expects the second half of this year to produce better results than the first half, thanks to continuing declines in operating expenses and lower interest rates.

It was the second consecutive semester in the red for the French bank, whose lending during the late 1980s to the would-be movie mogul Giancarlo Parretti, an Italian businessman, proved to be disastrous.

Provisions for that deal, and bad real estate risks, pushed the bank to its worst results in 20 years in 1992 — a net group loss of 1.85 billion franc (318 million dollar).

US dollar rises in Tokyo

TOKYO, Sept 24: The US dollar rose against the Japanese yen Friday, while prices on the Tokyo Stock Exchange regained some of ground lost earlier this week.

The dollar ended the week at 106.05 yen, up 0.07 yen from Wednesday's close in Tokyo and higher than its level late Thursday in New York at 105.93 yen.

Japanese financial markets were closed Thursday for a national holiday.

Currency dealers said the dollar stayed in a narrow range as many Japanese investors remained sidelined ahead of the weekend meeting of the Group of Seven industrialised powers.

The finance ministers of Britain, Canada, Germany, Italy, Japan and the United States will be discussing a range of topics from aid to the Palestine Liberation Organisation to trade policies.

Kenji Iwata, a currency dealer at Citibank, said the dollar enjoyed a brief spurt of buying on a remark by US Treasury Secretary Lloyd Bentsen that was seen as supporting the currency. Bentsen told reporters that the United States was "comfortable" with the current dollar-yen exchange rate.

But the dollar failed to rise further as players also took Bentsen's remarks as a warning about the quick pace of the dollar's recent recovery against the yen, said Takuji Terakawa, a dealer with Dai-ichi Kangyo Bank.

The market thinks that the United States wants to keep the dollar around 105-110 yen, he said.

On the stock market, the 225-issue Nikkei Stock Average gained 132.91 points, or 0.66 per cent, to close at 20,307.53.

Unusual weather hits rice crop in South Korea

SEOUL, Sept 24: An unusually cool and wet summer is expected to slash South Korea's rice crop this year by an estimated 11.4 per cent and pare economic growth by 0.3 of a percentage point, the agricultural ministry said yesterday, reports Reuter.

But the government has no plans to relax its ban on rice imports to cope with the smallest crop since 1980 when bad weather, blight and pests reduced the crop to 24.66 million sok (one sok equals about 144 KG).

South Korea expects to harvest about 32.78 million sok from last year's 37.02 million sok, a ministry official said.

"Unseasonably cool and wet weather this summer has done serious damage to this year's rice crop despite improved weather in September," he said.

"We have no plans to import rice despite this year's poor crop," the official added.

The government, which had earlier set the 1993 rice production target at 36.5 million sok, said the shortfall would not lead to rice shortages.

Among the few expressing doubts was Sen Arlen Specter, who said President Boris Yeltsin's flirting with authoritarian

US Senate approves \$ 12.5 b foreign aid bill

rule "undercuts the basis for the very substantial foreign aid which we have given."

The House of Representatives passed its version of the foreign operations appropriations bill in June, with funding of 13 billion dollar. The Clinton administration requested 14.4 billion dollar, but the foreign aid budget, always unpopular among many lawmakers, has been a prime target for cuts.

A conference committee composed of members from the two houses will try to reconcile differences.

The Senate bill included conditions on aid to Russia. It said aid could be cut off if one of the former Soviet states violated the territorial integrity of another, or if Russia did not withdraw troops from the Baltic States in a timely fashion. It also said aid could be terminated if Russia provided assistance to Cuba, or if any country, including Russia, sold arms to states that sponsor terrorism.

One amendment, by Sen

Jesse Helms, would reduce aid by the total of traffic tickets owed by embassy diplomats in the city of Washington. The former Soviet Union owed some four million dollar in unpaid traffic fines.

The Senate bill, like that in the House, provides three billion dollar for Israel and 2.1 billion dollar for Egypt. The two nations have been the main recipients of American aid since the Camp David accord in 1979.

Among other funding, the Senate allocated 812 million dollar for the Development Assistance Fund, 392 million dollar for family planning programmes, 784 million dollar for Sub-Saharan disaster assistance, 220 million dollar for the Peace Corps and 671 million dollar for refugees assistance.

The Senate rejected an amendment by Sen Bob Smith to reduce funding by 200 million dollar and put that money into a programme for convention of defence industries in the United States.

G-7 leaders to consider steps for bolstering world economy

WASHINGTON, Sept 24: The Clinton administration is insisting prospects are brightening for the world economy while at the same time warning that further steps should be taken to make that forecast a reality, reports AP.

Treasury Secretary Lloyd Bentsen said that in recent months the United States has passed a 500 billion dollar deficit-reduction programme while Japan has introduced a new government stimulus programme and all major countries have seen interest rates decline.

But even with those developments, the International Monetary Fund is predicting that industrial nations will slog through a fourth straight year of sub-par growth with prospects only slightly brighter for 1994.

That will be the landscape facing finance ministers and

central bank presidents from the world's seven richest industrial nations when they meet Saturday to discuss what steps are needed to bolster the world economy.

In advance of that session, Bentsen cautioned that the finance officials were not likely to "pull any rabbits out of hats."

Bentsen did say he would like to see further interest rate cuts in Europe and was encouraged that the new government of Japanese Prime Minister Morihiro Hosokawa was considering possible tax cuts and regulatory changes to stimulate the Japanese economy.

He said that all nations must realise that while things have improved, "we are still a ways off from achieving our goal of strong, job-creating growth."

Bentsen told reporters Thursday that he had invited

Russian Finance Minister Boris Yefimov to meet with the G-7 officials Saturday to brief them on the latest constitutional crisis in Russia. President Boris Yeltsin moved earlier this week to seize control of the government to end a standoff with hard-line members of Parliament who have opposed his economic reforms.

Bentsen echoed President Clinton's strong praise for Yeltsin, calling him "the standard-bearer of reform in Russia."

Bentsen predicted that Yeltsin would be able to get his reform programme back on track in time to receive a second 1.5 billion dollar loan from the IMF by the end of the year. He noted that the administration was pushing ahead with US assistance to Russia and hoped for congressional approval soon on 2.5 billion dollar in support for the upcoming year.



BELGRADE: A bank teller holds the new Yugoslav (Serbian-Montenegrin) 10-billion-dinar banknote worth six billion dollar Monday. If prices continue to increase at their present rate, Yugoslavia's annual inflation rate would hit one trillion 671 million per cent by December. — AFP photo

that needed plenty of power to remain airborne.

"Pushing our economies forward requires all the