Dollar lower, stocks higher in Tokyo

TOKYO, Oct 8: Share prices on the Tokyo Stock Exchange rebounded Friday, while the US dollar ended lower against the Japanese yen, reports AP.

The 225-issue Nikkei Stock Average gained 113.01 points. or 0.56 per cent, to close at 20,378.64. The average fell 234.62 points, or 1.14 per cent, to close at 20,265.63 on Thursday

The Tokyo Stock Price Index of all issues listed on the first section was up 9.61 points, or 0.58 per cent, to 1,656.40. The TOPIX fell 6.99 points, or 1.15 per cent, to 1,646.79 the day

Despite a weak start ahead of a three-day weekend, stocks rose back in the afternoon on rumors that the Nihon Keizai Shimbun, which compiles the benchmark Nikkei average. would release details of a new weighted index after the close of trading Friday.

shuttling centre

FUJAIRAH, United Arab Emirates, Oct 8: Although this tiny Gulf emirate has no oil, it has become the biggest centre for world tankers shuttling through the region to transport crude to hundred of countries, reports AFP.

Oman close to major crude ex-

United Arab Emirates (UAE). oil export terminals in the Gulf.

shrinks 15.9 pc

cent over the first three quar-Automobile Manufacturers Association (ACEA) said Thursday reports AP.

which has suffered from overfirst first-half loss for Peugeot-

Peugeot-Citroen had earned 2.32 billion franc (455 million dollar) at the time in the first six months of 1992, and was Europe's third-most profitable car manufacturer last year with earnings of 3.37 billion franc (612 million dollar).

automakers. Peugeot-Citroen is undertaking major restructuring, and last month announced it would eliminate 4,000 jobs in 1994 in addition to the 2,600 it

Rice robbers rise in Japan

are on the loose.

tated by an unusually cold summer, nervous farmers have begun nightly patrols to guard their grain against black marketeers seeking to cash in on rice shortage, reports AP.

cision to suspend its longstanding ban on foreign rice and import 200,000 tons as an emernationwide worries that there won't be enough of the staple

Rice thieves attack every year in Japan, but police say they're on the rise this year, with 208 cases so far - about 50 more than the same period last year. The plunderers have made off with nearly 100 tons of booty worth 34.25 million yen (326,000 dollar).

"There's been so much fuss about the rice shortage," said Choji Masui, a 35-year-old rice farmer. "Rice is easy to steal because it can't be traced.'

was an agricultural cooperative in southwestern Yamaguchi Prefecture (state) that lost six tons of rice, or 197 bags worth 1.83 million yen (17,000 dollar).

ASEAN blasts attempts to reopen EC-US talks on farm deal

SINGAPORE, Oct 8: South East Asian economic ministers criticised attempts to reopen talks between the US and the European Community (EC) on agricultural trade, reports Reuter.

Association of South East Asean Nations (ASEAN) ministers warned that Transatlantic friction could threaten success at the GATT Uruguay Round world trade talks.

A declaration issued by the ministers at their 25th annual meeting here said, "the ministers expressed grave concern over the move to renegotiate the Blair House Accord which would unravel the (Uruguay

Round) Draft Final Act (DFA)." Under the so-called Blair House deal struck in Washington last November, Europe agreed to cut back farm subsidies. But the EC is seeking Brittan said last week Asian

"clarification" to Blair House after French farmers raised bitter objections to the deal and Paris threatened to veto it.

"The reopening of these provisions and other substantive provisions in the DFA would lead to serious drawback to the conclusion of the Uruguay Round," the statement said.

The statement was issued after economic ministers of Brunei, Indonesia, Malaysia, the Philippines. Singapore and Thailand met at the start of their annual gathering.

"They (ASEAN ministers) are of the view that prolonged delay in the Uruguay Round negotiations has negative impact on world trade, and that further delay would bring immeasurable adverse effects of the world economy," the statement said.

EC trade Commissioner Leon

countries should make their own GATT offers even though the S and the EC had reached

no agreement on farm trade. But the ASEAN ministers urged the US and the C to show leadership in bringing the round to a successful conclusion by mid-December 1993, as set out GATT Director-General

Peter Sutherland. The ASEAN ministers said their countries have "already made their best efforts to offer tariff reductions and bindings in agricultural and industrial products.

They added, 'The ministers, therefore, expect substantial results in the areas of market access particularly in products of interest to Asean countries. namely agricultural products. tropical products, fishery products, textile and clothing, electronics and wood products."

ASEAN alphabet soup

AP says: Officials of the Association of Southeast Asian Nations - ASEAN for short -have compiled an A to Z list of hundreds of abbreviations to help identify its various activi-

From AAA (ASEAN Airports Association) to ZOPFAN (Zone of Peace, Freedom and Neutralityl. the alphabet soup spells out how the group that was founded to foster regional economic and cultural cooperation has expanded in 26 years.

Duplications may not help much. ACF covers the ASEAN Cardiologist Federation, ASEAN Cultural Fund and the ASEAN Constructors Federation.

Some command attention: SEASEE is the South East Asia Association on Seismology and

Earthquake Engineering.

India responds positively to Iranian offer to supply gas

NICOSIA. Oct 8: India has responded positively to an offer by Iran to supply large quantities of natural gas. Tehran s state-run Islamic Republic News Agency reported Wednesday, says AP

The agency, monitored in Cyprus, said Iran might succeed in out-bidding Gulf neighbour Oman, even though Muscat already has signed an agreement to build a gas pipeline to supply India.

In a dispatch from New Delhi, the Iranian agency quoted an unidentified Indian spokesman as saying "we are looking at the offer positively, very positively."

Iran even is considering the possibility of building an undersea pipeline from Iran to India i an "economical route" is found, the agency reported.

Mitterrand speaks in Austria

Euro union key to slay demons of nationalism

VIENNA, Oct 8: French President Francois Mitterrand says European union is the only way to slay the post Cold War demons of nationalism and



No new aid planned for Russia,

levels of development, Mitterrand said on Thursday on the eve of a council of Europe summit in Vienna. We have to make a determined effort to set up a European union, an economic, monetary and political union....without waiting for all

Every effort should be made

to create a union open to all of

Europe's democratic countries,

even if they joined at different

the same level," he said. Mitterrand, speaking at a banquet in his honour hosted by Austrian President Thomas Klestil, said Europe was facing serious challenges resulting from the fall of communism in Eastern Europe and the Soviet

the people of Europe to be at

Fujairah becomes biggest oil tanker

Its modern supply services and location in the Gulf of port terminals in the region has made it increasingly tempting for tankers and turned it into the world's biggest market of heavy fuel.

Fujairah, a member of the earned its reputation during the 1980-1988 Iran-Iraq war, when hundreds of tankers had to wait at its port before getting orders to proceed through the then risky Strait of Hormuz to

Euro auto market

PARIS, Oct 8 : Still reeling from the effects of the prolonged recession, the European automobile market shrank 15.9 per ters of this year, the European

France's PSA Peugeot-Cit roen, Europe's third-largest automaker, revealed meanwhile that it lost 1.12 billion franc (197 million dollar) over the first six months of this year, the worst for European carmakers in more than four decades.

The loss for Peugeot-Citroen. production in the wake of the market slump, was less than analysts' predictions, which ranged up to two billion franc (350 million dollar). It was the

Citroen since 1985.

Like other major European is shedding this year.

TOKYO, Oct 8 : Rice robbers

With this year's crop devas-

The government's recent degency measure hasn't eased

Masui's agricultural cooperative has organized all-night vigils starting this month. The group got worried after 30 bags vanished from a farmer's storehouse in a neighbouring area. Police say they are on the

Among other recent victims The suspects are still at large.

Pound printed in 1797 fetches \$86,940

LONDON, Oct 8: A pound note printed by the Bank of England in 1797, carrying serial No. 2, sold for 57,200 pound (86;940 dollar) at auction Thursday, reports AP.

Lou Manzi, a collector from Southend, England, was the winner among half a dozen bidders at Spink auctioneers, said Iona Sale, spokeswoman for the firm.

The price nearly tripled the firm's estimate of 18,000-20,000 pounds (27,360-30,400 dollar).

In terms of spending power, a one-pound note would buy as much in 1797 as a 100pound (152 dollar) note would buy today, the auctioneer said.

President Boris Yeltsin hopes to win more aid for his beleaguered government during his state visit to Japan next week. he's likely to be disappointed. reports AP. Japanese officials said

TOKYO, Oct 8: If Russian

Friday they do not plan to make any new pledges of aid to Yeltsin, who is due to arrive Monday, less than a week after he defeated a violent, hard-line The Japanese government

has gone along with other Western nations in backing Yeltsin's bloody victory over the communist opposition, although Prime Minister Morthiro Hosokawa and other leaders have expressed dismay over the bloodshed.

say Japanese officials Despite the uncertainties surrounding Yeltsin's own hold on power, Japan is hoping that dispute. the visit will offer an opportunity to put relations between the two nations on the right track after decades of antago-

nism over a territorial dispute. " We do hope that this visit will prove to be an important step forward in the process leading to the normalisation of our relations," said Foreign Ministry spokesman Sadaaki Numata.

The feud over islands off Japan's northern coast, occupied by Russians since the end of World War II, has prevented Tokyo and Moscow from signing a peace treaty. Japan also has withheld major development

aid to its huge northern neighbour pending resolution of the

Numata denied reports that Japanese officials had agreed not to raise the territorial issue during Yeltsin's long-awaited

"The islands are going to be discussed," he said. "Rest assured, they are going to be discussed." Yeltsin canceled two earlier

scheduled visits because of opposition inside Russia to any concessions on the island issue

The two sides have held intense negotiations on the issue and have managed to narrow some of the questions in dispute, Numata said. But officials say they do not expect an early resolution.

Fighting hinders Cambodia's economic recovery:IMF

PHNOM PENH, Oct 8 Continued fighting with the Khmer Rouge guerilla group presents a major obstacle to reviving the country's struggling economy, the International Monetary Fund's managing di-

rector said Friday, reports AP. Michel Camdessus said the IMF could announce by next April a plan for massive loans to Cambodia over the next three or

He praised the government for its efforts toward stabilising the Cambodian currency, controlling inflation and establishing a legal framework for the

pend on an end to fighting with the Khmer Rouge guerilla

power last month.

Camdessus spoke at a press conference after three days of talks with Cambodian leaders. It was the first visit to the country by an IMF managing direc-

The IMF lifted restrictions on lending to Cambodia Monday after Japan, France and other nations cleared Cambodia's 52 million dollar in arrears to the fund. The IMFO also approved a first loan of nine million dollar to Cambodia.

US defers decision on dropping tariff favours for Malaysia

SINGAPORE, Oct 8: The United States has delayed a decision on whether to drop tariff reductions and quotas placed on Malaysian imports into the United States under the Generalised System of Preferences, Malaysia's top trade official said Friday, reports AP.

International Trade and Industry Minister Rafidah Aziz said the decision was delayed until January because of improved conditions for workers in Malaysia. Rafidah is here to attend the Association of Southeast Asian Nations economic ministers meeting.

China may be Hong Kong's biggest investor

HONG KONG, Oct 8: Having poured at least US 12 billion dollar into Hong Kong, China has probably surpassed Japan and the United States to become the colony's largest foreign investor, a bank report says, according to AP.

The report by Hang Seng Bank Ltd underscores the huge and ever-increasing financial bond between the two economies as Hong Kong prepares for China's 1997 takeover.

The report, issued Thursday, also predicts China will use its growing stake in Hong Kong to demand more say in how the colony's finances are run.

Chinese banks squeezing large state enterprises BEIJING, Oct 8: China's

banks, forced to call in loans to meet government-set austerity targets, are squeezing large state-owned enterprises, the official People's Daily reported today, says Reuter.

Under a 16-point plan to cool the country's overheated economy, banks were set strict targets to recall illegal loans -but could not recover money lent for property projects that had been turned into concrete and steel.

Trying to meet their targets the banks instead called in regular loans to big firms, making it difficult for them to pay wages and buy materials, the Communist Party newspaper

The measures had also led to a rise in stocks of goods and growth of debts owed among state firms.

China unveiled its new con-

trols in July after industrial

output grew by 25.1 pen-cept in the first half of the year and fixed asset investment soared by 70.7 per cent.

The People's Daily said the plan had succeeded in boosting bank savings by individuals thanks to higher interest rates.

It said China should deepen financial reforms. Banks should not be required to make a profit and at the same time fund in

(Concluding part of the third instalment)

China China has currently become major pre-occupation of the West; the issue of Tiananman Square, the troubled return of Hong Kong to China, arms sales to Taiwan by the US and France, the question of China continuing its trade with the US etc. all point to a contentious relation between China and the West. The previously mentioned upwards reassessment by the IMF of China's economy is also a way of laying the grounds to block China's access to the

markets in the West The essence of the matter is the growing strength of China Japan can scale the heights of economic success but remains a non-nuclear nation politically

subordinate to the US. China however is a nuclear nation which has the potential of emerging as a formidable independent power. Together with Japan, China could shift the centre of the world economy to the East and thus bring to a close three centuries of global

supremacy of the West.

To 'contain' China so as to make it more pliable to the West many options are being discussed in the western press There is an expectation that similar to the Soviet Union, the Communist Party of China will internally collapse: the Tiana nman Square demonstrations were primarily against the corruption and unaccountability of the Party's power; this was however seen in the West as an attempt to install a western style political system. The question of 'human rights' in China is being raised by the West to influence China's political system. There is no easy road to China's prosperity; it will have to face head-on the manifold obstacles in its way and surmount these to become

, Forces outside China have only a limited leverage in the internal affairs of China. Another option being considered to 'contain' China is to use its immense size against itself; in particular to use the pattern of foreign investments to pit one part of China against another as for example heavily investing

an advanced country.

But Camdessus said attracting foreign investment and developing the country's agriculture and tourism industries de-

"As long as political stability is not fully reestablished, the economy will have a major handicap," he said.

participate in May's UN-sponsored elections, and has been attacking forces of the newly elected government which took

in the booming south so as to

turn it against the north, turn

the coastal belts against the in-

terior, the cities against the

countryside etc. It is unlikely

that such efforts will succeed

primarily because the main for-

eign investor in China is over-

seas Chinese capital and which

has nothing to gain and much

to lose by dividing China; hence

western pressure will have only

a limited impact on China's de-

Japan

with the US and Europe, Japan

is politically the weakest. Japan

economically needs the US

market more than the US needs

the Japanese market or capital

and hence Japan has very little

economic leverage over the US;

in fact if push comes to shove

the US could easily phase out

crucial decade for Japan; the

situation for Japan is fraught

with dangers. If Japan tries to

pull out of the western markets

prematurely, it could be dealt a

crushing blow by its competi-

tors; on the other hand if delays

its expansion into Asia, it may

become marooned and end up

with no markets at all. The only

stable solution for Japan is to

integrate its economy with the

rest of Asia; a prosperous South

Asia, a dynamic 'South East'

Asia and a powerful China can

provide the basis for Japan's

steady growth by the end of the

markets in the West for at least

another decade. For example,

Japan manufactures yearly

about eight million cars and ex-

ports about two million cars ev-

ery year to the US and about

one million cars to EEC; at pre-

sent, Asia cannot possibly pro-

vide such markets to Japan.

For Japan to reorient itself to-

wards Asia, it has to adapt itself

to being less extractive vis a vis

other Asian countries and de-

ploy its capital to develop Asia

The high tech global market

of Japan; but Japan will even-

absorb Japanese exports.

Japan for now needs the

The nineties is going to be a

Japan from its market.

At present, in comparison

Talks with the government on conditions for new loans will begin in November, Camdessus

tually have to open the low end of its vast internal market to spur the development of Asian countries as well as to achieve a more balanced trade with the rest of Asia. Japan will have to continue to transfer established technologies to developing Asian countries to ensure the steady economic growth of the (East) Asian countries as well as make Japanese capital politi-

plane Japan will probably avoid the western proclivity to try and dominate Asia by dividing it. Japan so far has not followed the West on China, specially after the Tiananman Square incident, most likely due to its obvious dependence on China's prosperity. In particular Japan's crushing defeat in World War II is a factor deterring it from any military attempt at establishing its own 'sphere of influence'. On the other hand to obtain Japan's cooperation in its drive to modernise, the onus is on China to provide ironclad guarantees that a strong China will not turn into a threat to Japan. A complimentary and not a contentious relationship between China and Japan is the necessary cornerstone for Asia's sta-

world's strongest economy by the end of the nineties if it can successfully make the transition from its current focus on the West to anchoring its economy in Asia. For over a century since the Meiji restoration Japan has been remodelling itself to absorb western advances. In the next century Japan has to become the economic model for Asia as this is the only road open to its continuing economic ascendence; this is historically an unprecedented task for the Japanese people and it remains to be seen whether they can measure up to it.

economically so that it is able to The political and military focus of the US and of the West in general is currently on the folwill continue to be the preserve lowing main regions, namely

the Middle East and the rise of Islamic power in general, Europe and Russia, the ascendence of Japan and lastly the growing power of China. The most pressing problem for the US is to shore-up its faltering economy and define its international priorities in the post-Cold War period.

A positive sign for the US is that Clinton's administration has given the hind st priority to the US economy. A robust US economy is beneficial for the world; however the US economy is in deep trouble given the staggering US debt of almost 15,000 US dollar billion, the US Government annual budget deficit of 400 billion US dollar. annual trade deficit of 100 billion US dollar, an exploding annual medical bill of 800 billion US dollar, an annual military expenditure of 300 billion US

dollar etc. The US economy can recover from its deep-rooted crisis only after some fundamental economic and structural reforms. Since this will involve, at least in the short run, a significant drop in the US standard of living, these reforms will be politically difficult to sell to the US electorate. Only a leadership with a clear and convincing agenda for economic revival can expect to garner the support necessary to bring about these changes; a leadership enamored with imperial ambitions and out-dated concepts of global supremacy will lead the US to a dead end.

At present the US is politically over-extended suffering from 'imperial over-reach' since its economy can no longer support the global projection of US reassessment of the foreign policy of the US, in particular the acceptance of a drastically truncated global role, is a first step in its economic recovery.

military and political power. A However, old habits die hard and the US, which is referred to by its leaders even now as 'the

most powerful nation in human

history', is unlikely to voluntar-

ily change its present orienta-

tion; hence the US will probably

undergo further decline before

any serious improvement can be expected of the US economy. To keep the US market open during and after these reforms and not seek a self-defeating military solution to its economic restructuring will pose a big

challenge to the US. Conclusions

The end of the Cold War has lifted the curtains on a very changed world. Anglo-American capital is in the midst of an economic decline the world over, be it in the US, the UK, Canada, Australia etc. Individualistic capitalism coupled with reliance on military supremacy to achieve its economic goals served as a winning formula for almost two centuries. However, by the end of the twentieth century a form of corporate capitalism which calls for a high degree of integration of capital with production has emerged in Germany and Japan and is clearly superior for meeting the economic needs of the present day global mas consumer socie-

In terms of future growth both Japan and Germany are well placed. The dynamic growth of China, East Asia and ultimately South and West Asia provide enormous scope for the expansion of Japanese capital. The formation of EEC and the collapse of the Soviet Union have opened up a huge new market for German capital.

Anglo-American capital in general, and US capital in particular, is faced with declining external markets and is even losing its internal market share to Japan and Europe. Latin America is usually considered as the natural market for the US; but due to incorrect economic policies in the seventies and eighties this region is best with many serious problems. For the US to successfully compete in the world market it will have to first undergo fundamental structural changes.

The three-way split of international capital between Japan, EEC and the US has created a climate of intense economic and political competition. To expand their economies, these forms of capital will be driven to improve their performance. There are new opportunities for Third World Countries to develop their economies by taking cognizance of these turn of events. and skillfully choose the capital most suitable for their economic

needs. The world needs a peaceful environment for countries to focus on building their economics; the best guarantee of this is if all countries believe that they can improve their lot in the current political frame-

work. The chief danger to continuing global prosperity is from the world splitting into hostile trade blocs centrered on W Europe, Japan and the US. The only way forward is if countries of the world compete and cooperate in a peaceful manner; world opinion is a potent force and there should be an agreement cutting across countries that war is unacceptable, and that the only solution to the worlds problems is to try and achieve universal prosperity.

A dramatic change is in the offing in the world; far from history having ended with the collapse of the Soviet Union, history is being written anew. A US greatly weakened by its Cold War with the Soviet Union faces an uncertain future. The economic competition between Europe, Japan and the US will intensify; this will benefit the world economy as the producers of the best products will win. The world's economic centre of gravity is shifting away from the US to Europe and Japan; if the present trends in East Asia continue through the nineties, East Asia will emerge as the core economy of the world by the start of the twenty-first century.

(Series concluded)

(The author teaches physics at the National University of Singapore. A brilliant student of Dhaka University, he obtained his B. S. degree from California Institute of Technology and his Ph.D from Cornell University, both in the US. The author has an abiding interest in economics and politics — areas in which he will contribute occasionally to The Daily Star. Views in this article are his own, and expressed in his personal capacity.)

4 African states to maximise use of microwave links

efficient state firms.

LUSAKA, Oct 8: Zambia Zimbabwe, Botswana and South Africa have agreed to maximise the use of microwave links among them to improve services to customers in the region, said a communique released in southern Zambian city Living Stone today, reports

Xinhua. The communique, issued at the end of a meeting of telecommunications officials from the four countries in Living Stone, said that they agreed to increase the number of telephone lines between the four

southern African countries. The meeting also decided to provides an alternative route between South Africa and Zambia by using microwave links through Zimbabwe, according to the communique.

Chinese airlines to go for leasing aircraft to meet growing demand

BEIJING, Oct 8: Chinese Airlines will opt increasingly for easing aircraft to meet growing demand and count on foreign banks to finance their projects, delegates to the second China aircraft finance conference said

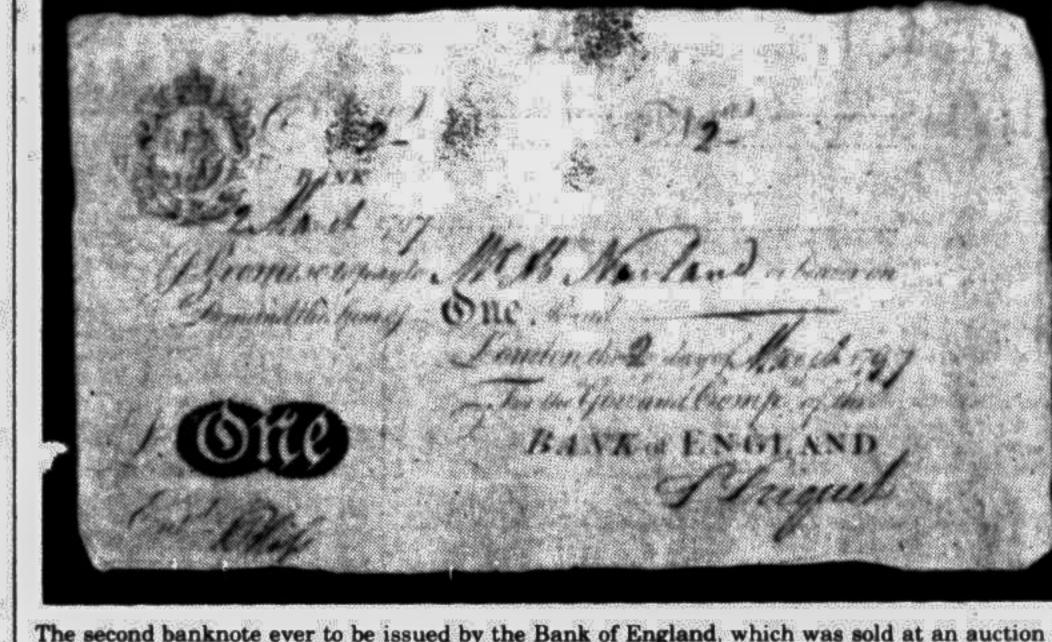
yesterday, reports AFP. About 240 people representing bank's leasing organisations and aviation experts from 16 countries took part in the twoday conference here.

Hai Liancheing, Director of

China's Civil Aviation Administration (CAAC), said that since the first leasing agreement in 1980, Chinese Airlines had rented 217 planes, including 157 on finance leasing and 60 on operation leasing. China's civil fleet at the end of last year numbered 315 air-

craft, which included 211 longand medium-haul planes, a third of which were leased. While the world in generally

experienced a recession in civil aviation, China recorded growth of between 20 and 30 per cent, said Guang De. CAAC Deputy Director.



The second banknote ever to be issued by the Bank of England, which was sold at an auction in London on Thursday for 57,200 pound.

transition to a market economy

The guerilla group refused to

New centre of world economy

cally more acceptable in Asia. On the political and military

bility and prosperity. Japan will emerge as the

The US

By Belal E Baaquie