

US rejects EC's requests for adjusting Blair House accord

BRUSSELS, Oct 14: US trade representative Mickey Kantor on Wednesday rejected EC requests for adjusting the 1992 EC-US preliminary agreement on farm trade EC Agriculture Commissioner Rene Stetchen said, reports AFP.

The European Community, under French urging, had hoped to tone down the agreement by means of interpretations, clarifications and additions — in the face of US refusal to renegotiate the "Blair House Agreement."

That deal calls for cuts in subsidised farm exports, among other things, and was seen

when signed last November by negotiators for the United States and the European Community as a step toward conclusion of a general world trade accord under the auspices of the General Agreement on Tariffs and Trade (GATT).

Stetchen told a few correspondents after a meeting with Kantor in Brussels that "Kantor had a very negative reaction" to the EC requests for a compromise on Blair House — fiercely opposed by France.

Reuters reports from Paris: France and the United States dug in their heels over trade yesterday, reviving tensions

that could endanger efforts to finish GATT world trade talks by a December deadline.

French Prime Minister Edouard Balladur repeated that a US European Community farm trade deal was unacceptable, and Foreign Minister Alain Juppe reassured a vetted threat to veto any trade pact that would harm French interests.

Balladur proposed that negotiators draw up an interim world pact if a long list of other problems made it impossible to meet a mid-December deadline for a full GATT accord.

But the United States, the other key participant in talks to

liberalise global commerce into the next century, said there was no question of reopening the controversial US-EC accord, known as Blair House.

AP says from Brussels: With the deadline for wrapping up seven years of world trade talks just two months away, European Community and US negotiators report little progress in transatlantic disputes that jeopardise a global accord.

Movie makers' lobby

Another report adds: Fearful the GATT world trade talks will bring an invasion of Hollywood movies and push them out of

the market, European film makers came to Brussels Wednesday to lobby for European Community protection.

EC trade chief Sir Leon Brittan was scheduled to interrupt talks with the US counterpart Mickey Kantor to meet cinema representatives who included directors Wim Wenders, Coline Serreau and Andrei Kuchalovsky.

The movie makers said they would ask Brittan to insist that cultural goods be excluded from the Uruguay Round talks held under the General Agreement on Tariffs and Trade.

Tokyo entering 'era of near-zero growth'

HONG KONG, Oct 14: Japan is entering "an era of near-zero growth" that will last at least until the end of the century, a prominent Japanese economist said Thursday, reports AFP.

"Recovery, this time will be a slow and painful process," Toru Kusakawa, Chairman of Fuji Research Institute Corp, told European and east Asian business and political leaders at a conference here.

In contrast to the four to five per cent average yearly growth rate it has known in recent years Japan's economy will remain virtually stagnant this year, and grow by merely two per cent in 1994, he said.

"For the rest of the 1990s, two to three per cent on average may be the best we can hope for," he told the Europe-East Asia economic forum,

painting what he acknowledged was a "gloomy picture."

Despite the Japanese slowdown, other forum participants predicted strong growth rates to persist in east Asia in general, and particularly in the industrialising South East Asian economic.

Indonesia's coordinating minister for industry and trade, Hartar, said his government was drafting a five-year macro-economic policy to take effect next year which anticipates an average growth rate of 6.5 per cent per year.

But in a clear reference to the troubled Uruguay Round of GATT negotiations, which face a December 15 deadline, he said success for the region hinged greatly on "creating a sound multilateral trading system."

BRIEFS

Italy's unions call strike on Oct 28

ROME, Oct 14: Italy's major unions, seeking to pressure the government to take action to relieve unemployment, called a four-hour general strike intended to idle industry and transportation on October 28. Sergio D'Antoni, secretary-general of the labour confederation, said Tuesday the unions acted because of the government's failure to defend employment levels and to carry out a fair tax policy, reports AP.

Unemployment in Japan up 30.3pc

TOKYO, Oct 14: A total of 240,000 people in Japan lost their jobs in the April-August period, up 30.3 per cent from a year earlier, amid a prolonged recession here, labour ministry officials said today. The officials said the figure was far below the real number of those who lost jobs in the period because many Japanese and foreigners here were not registered at the ministry, reports AFP.

Software piracy in China growing

BEIJING, Oct 14: Piracy of computer software in China is growing despite the country's pledge last year to uphold international copyright agreements, an American watchdog group said Wednesday. "More than 90 per cent of the software in China is copied. We have seen only limited instances of enforcement in China so far," said Robert Holleman, president of the US based Business Software Alliance, reports AP.

France to reschedule \$1.75b of Russian debt

PARIS, Oct 14: France has agreed to reschedule nearly 10 billion franc (1.75 billion dollar) of official and state-guaranteed debt owed by Russia, the Economics Ministry said Wednesday. The bilateral rescheduling accord comes within the frame work of an agreement reached in April this year between Russia and the Paris Club. The informal group of representatives from credit governments meets regularly in the French capital to examine requests for debt relief from cash-strapped countries, reports AP.

Wool prices improve in NZ

WELLINGTON, Oct 14: Wool prices overall improved significantly in at a Dunedin sale, the New Zealand Wool Board said. Board chief executive Grant Sinclair said the nine per cent rise in the past seven weeks was a sign of confidence returning to the market, particularly in view of the stronger New Zealand dollar, reports Reuter.

Dollar up, stocks mixed in Tokyo

TOKYO, Oct 14: The US dollar gained moderately against the Japanese yen in active trading Thursday, while share prices on the Tokyo Stock Exchange were mixed as investors found few incentives. The dollar closed at 106.14 yen, up 0.39 yen from Wednesday's finish and also higher than its overnight New York close of 105.95 yen. It opened at 105.78 yen and ranged between 105.76 yen and 106.36 yen, reports AP.

Dollar down, gold mixed in London

LONDON, Oct 14: The US dollar fell against other major currencies in early European trading Thursday. Gold prices were mixed. In Tokyo, the dollar closed at 106.14 yen, up 0.39 yen from Wednesday's close. Later in London, the dollar was quoted at 106.35 yen, reports AP.

Thai rubber prices rise

HATAYI (Thailand): Oct 14: Free market prices of unsmoked rubber rose significantly again as the Thai government bought 25.6 tonnes on the Hatayai physical market auction. The price on the free market, where 85 per cent of trades take place, was 15.00 to 15.90 baht/kg for USS-3 against 14.70-15.60 on Monday. Auction organiser the Rubber Research Institute increased the number of auctions to daily this week to help hurting farmers unload rubber at above-market prices, reports Reuter.

Arrears by members plague AMF

ABU DHABI, Oct 14: The Arab Monetary Fund (AMF), the main lending institution in the region, said yesterday it was still plagued by arrears by Iraq and other members but failed to specify a solution, reports AFP.

The Abu Dhabi-based fund, created to tackle persistent balance of payments deficits in most Arab nations, said arrears had swelled to 47 per cent of its capital from 46 per cent at the end of 1992 and 42 per cent at the end of 1991.

The fund has a capital of around 1.25 billion dollar, subscribed mostly by Gulf states and other Arab oil producers.

"By the end of September, total arrears by member states reach 47 per cent of the fund's resources," the AMF said in a statement after a board meeting.

It provided no figures but arrears stood at 574 million dollar at the end of 1992 and 528

million dollar at the end of 1991.

A previous report said most of the arrears were owed by war-hit Iraq, Somalia and Sudan and the problem had hurt the AMF lending activity.

"The AMF financial resources are under great pressure due to an increase in outstanding debts by some member states," the report said. "This has adversely affected by the fund's operations."

AMF sources said this year the fund had decided to suspend loans to those three Arab nations until they settle their debts.

But the problem is unlikely to be resolved in the near future as wars in Somalia and Sudan have drained their coffers and Iraq is still reeling under United Nations embargo for its 1990 invasion of neighbouring Kuwait.

Iraq is the main debtor to

the AMF, owing around 232 million dollar.

Sudan's debt is estimated at 220 million dollar and Somalia at more than 100 million dollar. The rest is owed by Syria and Mauritania.

The problem is deteriorating at a time when the AMF is in a bad need for funds to finance economic reforms in member states.

Sources close to the fund said oil-rich Gulf states had been reluctant to shore up the deficit as they have their own aid programme and they themselves are suffering from financial problems due to a decline in oil prices.

The AMF has extended nearly 2.3 billion dollar in soft-term loans to the 22-member Arab League since it was created. But in the past few years, it shifted the focus of its operations to technical assistance and encouragement of member

states to carry out reforms after balance of payment deficits persisted in most members.

Loans associated with economic reforms, mostly to Egypt, Morocco, Yemen, Mauritania, Jordan and Algeria, soared to 83 per cent of the total AMF loans between 1989 and 1992 from less than 25 per cent in the previous years.

Despite arrears, the AMF said on Wednesday it was studying new loan applications from Yemen and Mauritania but did not mention their value.

It said the loans would be used in financing economic reforms, redress the balance of payment and restore balance to the internal market.

The statement said the AMF, which is now linking loans to reforms, had provided 13 loans for Mauritania with a value of 172 million dollar and loans for Yemen with a value of 317 million dollar.



A Yves Saint-Laurent model displaying the Dress of Peace poses by the International Book of Peace, containing messages of 200 key figures from 72 countries, at UNESCO, in Paris on Tuesday. Among the personalities are: Rigoberta Menchu, Mother Teresa, Lech Walesa, John Paul II, Boutros Boutros Ghali, Willy Brandt. —AFP photo



Kong Wah Holdings Chairman CK Lam introduces his company's new cinemascope liquid crystal display (LCD) colour television screen Wednesday at the Hong Kong electronics fair. The ONWA LCD Widescreen is the world's first liquid crystal display TV, a new technology which prevents the loss of quality due to over or under scanning of the television signal. —AFP photo

Manila assures Asian traders to continue key reforms

MANILA, Oct 14: The Philippines today assured Asian business leaders that it will continue to implement key reforms for macro-economic stability, bring down the deficit and inflation and interest rates, reports AFP.

Financial undersecretary Romeo Bernardo, in a speech to Asian businessmen in Tokyo, copies of which were released here, said "reforms to sustain financial stability and develop the domestic capital market will... continue to be implemented."

The public sector deficit will be brought down from the present level of three per cent of Gross National Product to 1.5 per cent in 1998, Bernardo said.

The inflation rate, presently at about 7.4 per cent, will be trimmed to five per cent while interest rates will be lowered from 12 per cent to nine per cent in the same period, he said adding that Manila was also working to mobilize savings.

Bernardo also said the Philippines was opening up the financial system, particularly to foreign investors and cited pending bills liberalising foreign ownership of banks and removing the gross receipts tax on financial institutions.

He cited major structural reforms, started in 1990, which had moderated the deficit's increase, scrapped virtually all foreign exchange controls and reformed the debt-ridden central bank.

US economy seen improving

WASHINGTON, Oct 14: After a crummy first half of the year, the US economy is poised for a pickup, but it will be a modest rebound, economists are predicting, according to AP.

While they don't expect growth to take off at a break-neck pace, they aren't worried about inflation running away either. The modest growth rate means that there will be plenty of excess capacity, thus avoiding the types of bottlenecks that can translate into rising prices.

The government was scheduled to release several figures Thursday showing how the economy was performing as the third quarter ended.

In advance of the reports, analysts were looking for wholesale prices to post a tiny 0.2 per cent increase in September, indicating the absence of inflation problems, while retail sales should increase a moderate 0.5 per cent, helped by better-than-expected back-to-school sales.

The report on price pressures at the wholesale level will be followed Friday by the government's report on consumer

Rice imports good for Japanese farmers

TOKYO, Oct 14: Japanese consumers and farmers would benefit from a decision by the Tokyo government to open Japan's markets to foreign rice, a US rice industry chief said, reports Reuter.

In an interview with Kyodo news agency, US Rice Millers Association president David Graves said Japan's emergency measures to import foreign rice would give consumers a good chance to taste US-grown quality rice that costs only one-third the price in Japan.

Japan announced late last month that the nation's worst postwar rice harvest would force it to import emergency supplies of the staple grain. Normally rice imports are banned under a national policy of rice self-sufficiency.

The government made it clear that the imports were a one-off measure and did not signify a loosening of the ban on rice imports.

European society must undergo fundamental change: Delors

BRUSSELS, Oct 14: European society must undergo fundamental change if it is to survive the current economic and employment crisis, European Commission President Jacques Delors told the European parliament yesterday, reports Reuter.

"We are looking for a new development model... we can do it. If we don't we are not going to save European society," he said.

Giving a first outline of the work the commission is doing to draw up a white paper in jobs and economic growth for the European Community summit in December, Delors called for a new partnership between employers and employees to find a better way of sharing wealth.

"The people who have jobs are being selfish... that will have to change if we are not to see 30 million unemployed by the end of the century," he said.

The white paper, "entering the 21st century", is supposed to set out a plan to take the 12-nation block into the next millennium with sustained high economic growth and fundamentally lower unem-

ployment.

Commission forecasts show economies shrinking by an average of at least 0.5 per cent this year and rising by a scant 1.25 per cent next, with unemployment due to rise from the current 10.4 per cent to over 12 per cent or 20 million people by mid-1994.

Delors welcomed the ratification of the Maastricht Treaty on closer European union by Germany — the last EC state to do so.

He urged EC heads of state and government who will meet at a special summit on October 29 to celebrate ratification and set the stage for the January 1 start of the second and penultimate stage of the journey to a single community currency.

"We are moving up a gear in the construction of Europe," he said.

"Each of us must face up to our responsibilities... are we capable of choosing survival and handing on to our children a healthy Europe, he said, adding that there were 40 million people in the community living at or below the poverty line.

"Words are not enough, they have to be accompanied by actions," Delors said. "My personal response is rather optimistic... European economies can find a way to growth again."

He said the white paper would dwell at length on the tough issues of labour costs and social protection, adding that social security systems would have to be altered but pointedly refraining the saying how.



Jacques Delors

Unemployment in UK dips 10.3 pc

LONDON, Oct 14: Unemployment fell in September to 10.3 per cent, the lowest level since last November, the government reported Thursday. Despite the drop of 13,600 people from the jobless total, which stood at 2.9 million, the government was taking a cautious outlook on the implications for Britain's sluggish climb out of its longest recession since World War II, reports AP.



Igorot tribesmen ride their improvised wooden scooters they use for transporting firewood down mountain roads in northern Philippine province, Banawe Wednesday. The Igorot tribe is well known as master woodcraftsmen and this wooden bike, without motor or pedals, is guaranteed pollution-free, although it only works when travelling downhill. —AFP photo

Burger King to open more than 50 restaurants in Israel

MIAMI, Oct 14: Burger King Corp. on Wednesday announced plans to open more than 50 restaurants in Israel over the next six years, reports AP.

The announcement followed the signing of an agreement with Rakamir Ltd. of Tel Aviv.

The first restaurant is scheduled to open in Tel Aviv in April 1994, with another opening in Jerusalem soon thereafter. The plan calls for 50 additional restaurants by the year 2000.

Poverty in Asia may go soon: ADB expert

MANILA, Oct 14: Developing countries in East and Southeast Asia can almost eradicate poverty and enjoy Western lifestyles within a generation if present growth patterns continue, a leading expert said here today, reports AFP.

Satish Jha, chief economist of the Asian Development Bank (ADB), told a regional conference of financial executives that the average annual growth rate of eight per cent in East Asia, during the past two decades, assured well for the future.

Per capita incomes have

risen despite rapid population growth, poverty has been sharply reduced and notable progress has been made in social development and population control, he said.

Jha said newly industrialising economies (NIEs) and most Southeast Asian nations "could almost eliminate poverty and close the social gap with the industrial countries within a generation or so" if they sustain rapid growth and social development.

The ADB has estimated that 800 million people live in poverty across Asia, which has

a population of three billion.

But the region also boasts the world's most dynamic economies, led by the four NIEs or "dragons" Taiwan, South Korea, Singapore and Hong Kong and Southeast Asian nations like Malaysia, Thailand and Indonesia.

Jha said that a third tier of Asian nations — the "transitional" economies undergoing market reforms — have exhibited notable progress but must be careful to manage change, citing the "gradualist" approach of China.

He also said the "prevalent orthodoxy" of keeping the state out of the market "may be going too far" and stressed that NIEs like South Korea, Taiwan and Singapore benefited from a flexible policy of government intervention and partnership with business.

Despite the rosy possibilities for Asia, Jha cautioned that external and internal factors could disrupt regional growth.

He said the disintegration of the former Soviet Union, the transformation of eastern Europe and the end of the Cold War

could divert the attention of industrial nations — along with aid and investments — away from Asia.

The extended recession in major industrial countries could dampen Asian exports, and the collapse of the Uruguay Round of global trade negotiations would give rise to protectionism and regional trade blocs.

"Developing countries outside such blocs could be particularly hard hit," Jha said.

He urged the NIEs to begin focusing on domestic demand, after years of export-led growth, and restructure industries to

ward high technology, as well as producing more highly skilled workers and scientists.

Southeast Asian nations should overcome the growing shortage of infrastructure and skilled manpower while promoting the "next tier of industries," as rising wages and other costs erode the competitiveness of existing industries.

The challenge for China, Vietnam and other "transitional economies" is to "manage the transition to a market economy, while continuing to grow," he said.