

# Uncertainty grips US-Japan trade talks

WASHINGTON, May 20: US officials are being cautious in their assessment of whether Japan has shown enough flexibility to resume formal negotiations aimed at opening Japan's markets, reports AP.

"We don't know where these talks will go, frankly," US Trade Representative Mickey Kantor told a congressional committee Thursday after holding an opening round of discussions with a high-level Japanese delegation.

He did tell reporters he was encouraged by the "exchange of very detailed ideas" at the opening discussions but neither side was willing to speculate on whether enough had been done to narrow differences.

However, one hopeful sign was that both sides scheduled a second day of talks on Friday. US officials had said before the negotiations that if a second day of talks was scheduled it could be viewed as a sign of progress.

But a spokeswoman for Kantor, Anne Luzzatto, refused

to characterize the mood of the discussions other than to say negotiators were "working very diligently" to achieve progress.

The Japanese side was just as circumspect. Asked to predict the possibility of success, Sozaburo Okamatsu, Japan's vice minister of trade, replied, "We will see."

As the talks got under way Thursday, the Commerce Department delivered a stark reminder of the trade problems between the two nations. America's trade deficit with Japan shot up by 25 per cent in March to 5.8 billion dollar, the third-highest imbalance on record.

The Clinton administration had hoped to lower that deficit by pursuing wide-ranging negotiations aimed at lowering Japan's barriers to US goods and services. The talks were to be conducted under a "framework" accord signed by the two countries last July.

The US side is insisting on numerical benchmarks, an

idea the Japanese have branded as managed trade. But private economists contend that economic disparities and not Japanese trade barriers are the principal cause of the widening deficit with Japan.

Japan is currently in a recession that has cut into demand for foreign products, while the United States is in the third year of an economic recovery that is boosting Americans' appetites for domestic and foreign goods.

"Other countries are not growing and we are and that keeps demand for our products weak while our demand for foreign goods rises," said Bruce Steinberg, an economist at Merrill Lynch in New York.

Steinberg predicted that America's deficit in merchandise could hit 154 billion dollars this year, up sharply from a 132 billion dollars in 1993.

## US dollar, stocks higher in Tokyo

Another report from Tokyo says, the US dollar and

Japanese stock prices posted moderate gains Friday in a cautiously optimistic response to the resumption of Japan-US trade talks in Washington.

The dollar closed at 104.34 yen, up 0.76 yen from its previous close in Tokyo and just above its finish in New York at 104.25 yen. After opening at 104.32 yen, trades ranged between 104.20 yen and 104.43 yen.

The dollar gained ground against the yen overseas on the resumption of the talks, but it traded in a narrow range Friday in Tokyo as some dealers had doubts about how the talks would affect currency markets.

Heated trade rhetoric between Tokyo and Washington has helped send the yen soaring higher in recent months, based on the market's belief that Washington sought a higher yen as a way to reduce Japan's huge trade surpluses.

But the yen's increase has hammered the earnings of many export-based Japanese

companies, whose overseas profits are worth less when converted back into yen.

On the stock exchange, the 225-issue Nikkei Stock Average gained 120.83 points, or 0.60 per cent, to close at 20,342.17. On Thursday, the average gained 68.61 points, or 0.34 per cent, closing at 20,221.34.

The Tokyo Stock Price Index of all issues listed on the first section was up 8.14 points, or 0.50 per cent, to 1,642.54. The TOPIX had fallen 0.29 points, or 0.02 per cent, to 1,634.40, the day before.

Stocks rose in a positive reaction to the resumption of trade talks with the US, traders said. The moderate strength of the dollar also encouraged buying.

As of 3:00 PM (0600 GMT) the benchmark No. 157 10-year Japanese government bonds were down 0.07 points to 105.28. Their yield was up 0.010 percentage point to 3.720 percent.



JAKARTA: Indonesian President Suharto (L) takes a closer look at a Malaysian-made Protan Wira Limousine given by Malaysian Prime Minister Mahathir Mohamad, handed over by visiting Defence Minister Dato Dali Mahmud Hashim (R) on Thursday. The two governments signed a memorandum of understanding on investment and technical cooperation. - AFP photo

## WB to give \$ 200m loan to Russia

WASHINGTON, May 20: The World Bank announced Thursday it would award a 200 million dollar loan to Russia to assist in reform of the country's banking industry, reports AP.

The World Bank said the loan is aimed at helping speed development of commercial banks, seen as a necessity for the continuation of Russia's privatisation programme.

The loan will be used as part of a 389 million dollar programme, the "European Bank for Reconstruction and Development is contributing 99 million dollars, 36 million dollars is coming from the European Union, 14 million dollars from the affected banks and three million dollars from the bank of Russia.

The Russian banks will be paired with financial institutions abroad in an effort to modernize their systems and train employees.

The World Bank previously awarded a 300 million dollar loan to Russia for highway improvements, a 500 million dollar loan for the oil industry is being prepared.

In a separate announcement, the World Bank said it had approved a 175 million dollar loan to Romania to help modernise industry and promote exports.

## US allows import of shrimp from 10 countries

WASHINGTON, May 20: The United States says that 10 countries around the Gulf of Mexico and Caribbean will continue to be allowed to export their shrimp to the US market because their shrimp fleets are employing devices to protect endangered turtles, says a USIS press release.

Two countries, Suriname and French Guiana, still do not use the devices, and as a result bans on US imports of shrimp from those countries were extended, according to the May 17 Federal Register. The ban on Suriname began May 1, 1993, that on French Guiana, May 1, 1992.

Those bans have no real consequence because the United States has historically imported little or no shrimp from those two countries.

US law prohibits shrimp imports from any country that has failed to adopt a programme governing incidental capture of sea turtles in its commercial shrimp fishery comparable to the programme in effect in the United States.

The State Department has interpreted the law to cover only the Gulf of Mexico, Caribbean and western Atlantic, where US fleets catch shrimp. Some environmental groups argue that this interpretation is too narrow, and that the law should cover all countries that export shrimp to the United States.

The 10 countries certified to export shrimp are Belize, Brazil, Colombia, Guyana, Honduras, Mexico, Nicaragua, Panama, Trinidad and Tobago, and Venezuela.

All 10 certified countries had laws and regulations in effect requiring 100 per cent of their shrimp vessels to use turtle extruder devices (TEDs), which allow turtles caught up in shrimp nets to escape.

In making certifications in future years, the department said, it will place particular emphasis on monitoring and enforcement of the TEDs requirement.

## Malaysia to set up indigenous Asian broadcasting network

KUALA LUMPUR, May 20: Malaysia has set the pace for the establishment of a so-called indigenous Asian broadcasting network following the launching of its first communication satellite programme, officials said Wednesday, reports AP.

The network would be operated by Binariang Son BHD, a consortium led by local tycoon Ananda Krishnan, an ally of premier Mahathir Mohamad "whose burning desire is to establish a broadcasting outfit portraying Asia in the proper light," an official said.

Binariang on Tuesday an-

nounced the purchase of a satellite system from US-based Hughes Aircraft Co paving the way for the establishment of the network as well as installation of a sophisticated national telephone system.

The network, to take off once the one billion ringgit (400 million US dollar), Malaysian East Asia Satellite (MEASAT) system is to be put into orbit late next year will be the sole Malaysian channel for incoming and outgoing satellite broadcasts, officials said.

Many Asian nations would also be keen to join the network because of the sophis-

ticated broadcasting technology that could be derived from MEASAT, equipped with a powerful international service capability for South and East Asia, they said.

Telecoms Minister Samy Vellu Sanglimuthu said the satellite equipment would "enable coverage up to the Philippines and India from a ground signal, making MEASAT a regional satellite although it is owned by Malaysia."

Binariang officials declined to discuss details on the network's functions and policies pending approval from the government.

## Iran, Pakistan sign accord on communications

TEHRAN, May 20: Iran and Pakistan signed an agreement Wednesday to cooperate on road, rail and air transport, the official Iranian news agency IRNA said, reports AP.

The agreement was reached at the end of a joint economic commission session in Tehran between Iranian Transport Minister Akbar Torkan and his Pakistani counterpart Vasim Jafari.

Iranian construction firms are to build a 13,000 kms highway connecting Iran to Pakistan, with work due to start within the next two months.



A high level Albanian team discussing matters on import financing and distribution of fertilizer imports into Bangladesh with the President and Managing Director of United Commercial Bank Ltd M A Yousuff Khan at a meeting in the bank's board room in the city on Sunday. K C Rezaul Huq and Hamidul Huq, deputy managing directors of the bank, are also seen in the picture.

## Slumping economy eats into Japanese corporate profits

TOKYO, May 20: The slumping economy and surging yen continued to eat into Japanese corporate profits last year, according to earnings reports released Thursday by leading companies in a several industries, reports AP.

Among those with plunging profits were such household names as electronics maker Sony Corp, trading companies Mitsubishi and Matsui, and Yamaha, the world's largest maker of musical instruments.

Sony Corp's group profits plunged 57.8 per cent in the fiscal year that ended March 31 as the high Japanese yen and weak demand in Japan and Europe hurt sales and profitability.

Sony's group sales slipped 6.5 per cent to 3.73 trillion yen (36.0 billion dollars) from 3.99 trillion yen (38.5 billion dollars) the previous year. Group net profit fell to 15.30 billion yen (147.8 million dol-

lars) from 36.26 billion yen (350.1 million dollars). Like many other Japanese executives, Sony president Norio Ohga has cited the high yen, which hurts Japanese exporters by making products less competitive, and a lingering recession at home as major factors behind the recent setbacks.

The yen, recession and falling oil prices also combined to pinch Japan's top trading

## Vietnam—ROK accord to boost trade ties

HANOI, May 20: Vietnam and South Korea, Hanoi's third biggest trading partner and foreign investor, signed an agreement today to avoid double taxation and said they would increase economic cooperation, reports Reuters.

South Korean Foreign Minister Han Sung-Joo, on a visit as part of a four nation Asian tour, signed the pact for his country and said it was a symbol of the development of good economic links.

## Rural level entrepreneurship imperative

By Zahangir Alam Khan

Entrepreneurs whose participation is not commensurate with the growing needs of the national economy. Even the public sector having taken all the advantages of government protection has failed to come up to our expectations in industrializing the country.

In the wake of the prevailing situation, the emergence of a new generation of entrepreneurs has become imperative. So the government with a view to making room for them to play leadership role in the economic growth has set the strategy by liberalising the industrial policy.

The 1991 industrial Policy has many provisions of incentives for entrepreneurs. But recent studies show that entrepreneurs are much more interested in investing in speculative sector rather than in manufacturing one. A feature had it that Dhaka alone has more Chinese restaurants than the Chinese city Shanghai itself. Mushroom growth of Kindergarten and real estate business in recent times may be a case in point.

The study on investment trend shows that urban entrepreneurs usually engage themselves in stereotype activities producing semi-processed products which are subject to fluctuation in demand and price. Further, involving the bulk of investment but employing a small part of the workforce, the urban manufacturing economy is dominated by small-scale industries contributing less than 10 per cent to the GDP.

Comprising around 85 per cent of the total population and employing most of the workforce, the agro-based rural economy (the largest buyer market) cannot provide support services to the urban economy because of its isolation from the latter. Further, its slow-paced progress cannot meet the demand of the time.

To make a headway from the stagnant economy rural entrepreneurship must be developed on the strategy of involving the affluent section of

the rural mass to the process.

This type of rural entrepreneurship may help make a healthy and congenial atmosphere for a balanced growth of the two economies — the urban and the rural. And in order to keep pace with the increasing demand of investment, the identification of a good number of entrepreneurs is but essential. Otherwise the restructuring measures taken so far may not serve the purpose.

Entrepreneurs survey could be conducted by considering three different aspects — geographical, monetary and sectoral.

The necessity lies in the fact that because of the divergent geographic characters, each part of the country may not be potential for a particular sector. For example Cox's Bazar may prove to be less viable than Rajshahi in silk production. In providing secured market protection, giving it an economic shape, increasing

## Steps taken to save East German steel works

BERLIN, May 20: The German government called a crisis meeting Sunday to save a huge former East German steel works whose collapse could ruin an economically troubled city on the Polish border, reports AP.

Riva, an Italian steelmaker, Friday pulled out of a four-month-old deal to purchase Eko Stahl AG despite the 2.7 billion marks (1.6 billion dollars) in debt the German government was offering to assume in order to modernize the steelmaker.

With Riva gone, the federal and Brandenburg state government are turning to German steelmakers involved in earlier talks to transform the outmoded rolled steel mill.

Eko Stahl is the linchpin of Eisenhuettenstadt, a city of 50,000, 90 kilometres (55 miles) east of Berlin on the Polish border. Eisenhuettenstadt was founded during the

1950s as a model Socialist industrial park. Its name means "Iron Works City" in German.

The federal trust that took over 13,000 East German firms in 1990 has privatized or liquidated most of them, throwing a third of former East Germany's industrial labour force out of work in the process.

Unlike workers in the formerly Communist lands east of Germany, laid-off former East Germans get plenty of unemployment insurance and training programmes to keep away hunger and suffering.

Growth in the six eastern German states was above seven per cent last year and continues to be high, with many of the jobs in construction.

But the federal trust negotiated hard to save Eko Stahl because of its regional economic impact and the fact it has no hope of surviving without lots of new capital.

## Kmart offers US style discount in Singapore

SINGAPORE, May 20: US style discount retailing came to the tough Singapore market this week with the opening of the first Kmart in Southeast Asia, reports AP.

Crowds thronged the opening Thursday and two more stores are planned by the American retail giant in this city-state of three million.

Based in Troy, Michigan, Kmart is part of a joint venture with the local Metro group of stores. Neither party would discuss the size of the investment or projected turnover of the 104,000 square foot store at Marina Square.

"Kmart is interested in using Singapore as a base for future expansion in the region," said Thomas W Watkins, senior vice president for international operations.

Kmart will be seeking a niche in a depressed and seemingly saturated market. British retail design consultant Rodney Fitch said last year that Singapore was in danger of being "over shopped."

Orchard Road, which is

favoured by tourists, already seems like an international shopping smorgasbord: Marks and Spencer from Britain, Galeries Lafayette from France, Isetan and Takashimaya from Japan and Toys "R" Us from the United States. Lane Crawford, a big Hong Kong retailer, recently opened a department store.

Merchants estimate that three to four million square feet of new retail space will be added to the existing 13.5 million square feet by 1996.

Meantime, low tourist spending, high operating costs, a tight labour supply and stiff competition have cut profits at established department stores such as CK Tang, Isetan and Metro.

Asian Retailer, a trade magazine, estimated that most of the 13 Japanese department stores on the island are losing money.

A new tax on goods and services and tighter controls on private cars downtown are also blamed for slower sales.

ability and technical knowledge they have, a careful and proper identification through survey could usher in a new era of industrialisation.

The survey could be conducted by financial organisations like Banks, GO and NGOs. This survey will show how much investment is needed to be utilized in different industrial sectors. Through a few package of programmes, the investments made by the entrepreneurs could be brought into capital market. This may give rise to different non-traditional sectors in the country. Local resources could also be successfully mobilised through these enterprises.

As demands and needs of the country are changing fast, the survey could be a routine one, instead of a one-time one. News media could also play a positive role in carrying the appeal to the would-be entrepreneurs as well as to the people. To identify the right type of entrepreneurs and to boost our national economy, possibly the only thing to be done is but an entrepreneurs' survey. And that has to be done now — the earlier the better.

(The writer is Assistant Secretary, Ministry of Industries, Government of Bangladesh.)

## China hopes to run 'bullet train' by 2000

BEIJING, May 20: China's Ministry of Railways hopes to run its first 250 kph (156 mph) "bullet train" by the year 2000, cutting travel time between Beijing and Shanghai from 17 hours to 7, an official newspaper said Sunday, reports AP.

Shen Zhijie, chief engineer at the ministry, told Business Weekly that design, prospecting and research work for the 70 billion yuan (dls 8 billion) project were under way, but that central government approval was still required.

"So far we have not heard any opposition to this project," he told the newspaper.

The 1,300-kilometer (813-mile) rail link between Beijing and the eastern port of Shanghai is the busiest in the country and will be even more congested by the year 2000, the newspaper said.

## Gustav Klimt's painting sells for \$ 11.7m

NEW YORK, May 20: Gustav Klimt's 1918 painting "Lady With a Fan" sold for 11.7 million dollars, the highest price ever paid for his work at auction, reports AP.

It had been expected to bring an estimated eight million dollars at Sotheby's on Wednesday.

"Lady With a Fan" was sold by the estate of Wendell Cherry, founder of Humana Corp, the health care company.

The previous record for a work by the Austrian artist was dls 5.5 million, paid for a landscape in 1987.

## US-Mexico environmental project financing board named

WASHINGTON, May 20: The United States and Mexico have named directors for a bank charged with helping finance environmental infrastructure projects along their border, implementing part of the North American Free Trade Agreement (NAFTA), says a USIS press release.

Through a May 13 executive order, President Clinton appointed the US members of the board that will direct the North American Development Bank (NADBANK). Treasury Secretary Lloyd Bentsen, Secretary of State Warren Christopher and Environmental Protection Agency Administrator Carol Browner.

The US and Mexican board members will establish the bank's policies, oversee its operation and approve its lending loan guarantee operations.

With headquarters in San Antonio, Texas, NADBANK is expected to provide 2,000 to 3,000 million dollar in loans and guarantees to support border environmental projects certified by the Border Environment Cooperation Commission, another NAFTA-created agency.

It should make money available at lower cost and with a longer repayment period than private sector lenders would grant.

Bentsen said in a written statement that the bank must be run prudently and realistically to maintain high credit ratings for its bonds.