

Japan needs no insurance talks with US further

TOKYO, Apr 2: Tokyo sees no need to discuss the current US-Japan insurance agreement further even though Washington is calling for talks, a top Japanese finance official said Thursday, reports AP.

"The insurance talks are finished," said Koji Tanami, Japan's top Finance Ministry bureaucrat. "There's no need to just go over the past."

The comments showed that Japan and the United States remain split on the contentious trade issue.

Washington and Tokyo disagree over whether Japan is living up to commitments to deregulate its insurance sector under a 1996 pact. US officials question whether Japan has opened the life and non-life sectors enough. Japan insists that it has and is living up to the terms of the agreement.

Miyazawa sees growth in new fiscal year

TOKYO, Apr 2: Finance Minister Kiichi Miyazawa voiced confidence on Friday that Japan will achieve economic growth in the new fiscal year, fueling hopes the nation can recover from a prolonged recession, reports AP.

Commenting on recent remarks by US Treasury Secretary Robert Rubin that Japan's growth could be zero or negative, Miyazawa said: "I personally think 0.5 per cent growth for this fiscal year is a reasonable estimate."

In December, the government forecast economic growth of 0.5 per cent for fiscal 1999 based on previously announced stimulus measures, following two years of contraction.

Miyazawa also said he is not considering an extra budget for fiscal 1999, which began Thursday, but will let the 8.466 trillion yen (dollars) budget approved last month stand alone.

"No one is sure whether the Japanese economy has hit the bottom," the finance minister said at a regular press conference, "but I'm not thinking of compiling an extra budget."

Separately, the director general of Japan's Economic Planning Agency, Taichi Sakaiya, said that he expects the economy will turn around in the "not-so-distant" future.

Sakaiya told reporters that there are signs of worsening as well as improvement in the economy, but the pace of overall deterioration in the economy is slowing.

Sakaiya said Japan must take measures to stop growing unemployment, which hit a record high 4.6 per cent in February, but he added that "in the dark before the dawn," the number of jobless people tends to increase.

Sakaiya also said that he planned to visit the United States in late April or early May in preparation for Prime Minister Keizo Obuchi's scheduled official visit in May.

US report on foreign trade barriers says

China, EU, Japan continue to have unfair practices

WASHINGTON, Apr 2: The US government's annual report on foreign trade barriers says China, the European Union and Japan continue to have unfair practices that hurt US exports, services and agricultural goods, reports AP.

The survey, released Thursday by the Office of the US Trade Representative, lists significant practices harmful to American products by 54 trading partners, including its six largest: Canada, China, the European Union, Japan, South Korea and Mexico.

According to the report, the administration found China's "interlocking and pernicious market access barriers" a serious concern.

"China's tariffs remain high, particularly when compared to those of other major participants in the global trading system and restrictive licensing,

investment, and distribution practices make it difficult for exporters to penetrate Chinese wholesale and consumer markets," the report said.

However, the administration said it was encouraged by China's recent progress in enforcing anti-piracy efforts to protect computer software and videos.

Although US Trade Representative Charlene Barshefsky left Beijing this week without reaching a deal to allow China to join the World Trade Organization, the report said the administration is "actively engaged in negotiations" to secure the goal "on commercially meaningful terms."

Opposition to the NATO bombing of Yugoslavia and slimming chances for a breakthrough on China's entry to the World Trade Organization forced Premier Zhu Rongji to

reconsider a planned trip to the United States next week.

But Chinese officials in Washington said Thursday the trip would go ahead.

On its economic relationship with Europe, "the largest and most complex in the world," the administration said that battles with the European Union over bananas and beef have "not only hurt US exports but have undermined the credibility of the WTO dispute settlement system."

Despite hundreds of billions of dollars that are exchanged unhindered in annual two-way trade and investments, the report found that "the EU's protectionist agriculture policies are likely to continue to cause disputes, unless addressed in upcoming multilateral trade negotiations."

The administration, in its segment on Japan, said the

country continues to make opening its markets to US exports a top priority, "emphasizing the need for implementation of fiscal stimulus and reform of Japan's financial sector." It said the administration would press Japan to implement further deregulation measures in telecommunications, medical devices, housing and pharmaceuticals.

The report called South Korea "one of the toughest markets in the world for doing business." It commended the current Korean administration for implementing efforts to put its economy on a more open, market-oriented basis, in response to the Asian financial crisis.

"Resistance to key trade reforms remains, however, and many issues have arisen on Korea's compliance with its international obligations," the report said.

Japan criticises US trade report

TOKYO, Apr 2: Japan's trade minister criticised a US policy report Friday, saying it contained erroneous descriptions about trade between the two countries and could violate international rules, reports AP.

Speaking at a regular press conference, Minister for International Trade and Industry Kaoru Yosano said the US annual report on foreign trade barriers was "not necessarily based on international rules."

Without giving specific examples, he also said the report was "unilateral" and included descriptions of trade that were incorrect.

The report, released Thursday, said the United States would urge Japan to implement further deregulation measures in the telecommunications, medical devices, housing and pharmaceuticals sectors.

Yosano also touched on Washington's concern over a flood of steel imports into the United States, particularly from Japan.

"He noted that Japanese steel exports have fallen to 'normal' levels, adding that he would

send a note to US Trade Representative Charlene Barshefsky to draw her attention to the issue.

Japanese steel exports to the US fell by 51 per cent in February from a year earlier, marking the third straight month of year-on-year declines.

The USTR report also included a threat of action regarding a bilateral dispute on deregulation of Japan's insurance industry.

"The administration is prepared to utilise all of the tools at our disposal to ensure the full benefits to US industry from our bilateral insurance agreement," USTR said.

Japanese media reports Friday interpreted that statement as an indication the US is threatening to invoke the punitive Super 301 trade provision if no progress is made on insurance.

Japanese diplomatic sources in Washington said Thursday that the US and Japan will hold working level talks on insurance in the US capital April 15-16.

Pak-Canadian joint venture finds gas in Sindh

KARACHI, Apr 2: A Pakistan-Canadian joint venture has found high quality natural gas reserves in Pakistan's southern Sindh province, officials said here, reports AP.

The discovery came from a well spudded last month in the district of Shikarpur, a spokesman for the state-run Pakistan Petroleum Limited (PPL) said.

"The volume of deposits was under assessment," he said, adding that well could produce 13.88 million cubic feet of gas daily.

The joint venture includes Canada-based pyramid resources, PPL and a local private company. PPL has 45 per cent stake and the Canadian firm 20 per cent in the project.

Pakistan has estimated recoverable natural gas reserves of 17.398 trillion cubic feet.

Several foreign firms, including US-based Union Texas are producing natural gas in Pakistan.

Taiwan reaffirms China investment limits

TAIPEI, Apr 2: Taiwan will maintain controversial limits on investments by its businesses in mainland China and believes the onus is on Beijing to bring improvements in relations between the two rivals, Premier Vincent Siew said Friday, reports AP.

Until ties improve, Taiwan will maintain controls on both the amounts and types of investments its companies can make in China as a means of limiting any Chinese influence over the island's economy, Siew told the Associated Press in an interview.

The two-year-old policy is criticised by many of Taiwan's leading tycoons who say it hinders their businesses, and pro-China politicians are against it, but Siew says most of the smaller players in the island's business community back it.

He said Taiwan is keeping particularly close watch over the flow of investment to China by high-tech businesses, and would continue to bar them from moving manufacturing of big products such as laptop computers entirely to the mainland.

"We will continue to make our investment climate favorable for them to keep their high-end products here," Siew said.

Motorola wins \$206m deals in China

NEW YORK, Apr 2: Motorola Inc said Thursday it received contracts with a combined value of \$206 million to expand mobile communications networks in China, says AP.

The Schaumburg, Illinois-based maker of wireless telecommunications equipment said its Network Solutions Sector received two contracts worth a combined \$100 million to expand digital global system for mobile communications, or GSM, cellular networks for China's Human Posts and Telecommunications Administration.

Motorola said its unit also received two other contracts valued at \$106 million total from China Unicom to expand the GSM networks in Guangdong province.

GSM is the wireless telecommunications technology used in Europe and parts of Asia.

Filipino export growth slows in Feb

MANILA, Apr 2: Slower growth in shipments of electronics pulled Philippine export growth sharply lower in February, the government said Wednesday, reports AP.

Exports expanded 15.2 per cent in February from a year earlier to \$2,567 billion, markedly lower than the 22 per cent growth posted in January.

For the first two months of 1999, exports rose 18.6 per cent to \$5,148 billion from the year-earlier period. Export growth for all of last year was 16.9 per cent.

The Philippines relies heavily on exports of electronics, particularly semiconductors, and the category accounted for 57.4 per cent of exports in February. Most of the semiconductors are made by foreign companies in special economic zones.

Although electronics exports rose 22.7 per cent in February from a year earlier to \$1,369 billion, this was considerably less than the 31.2 per cent growth rate posted in January.

Computer peripherals were the next biggest export item, rising 28.1 per cent to \$181.31 million. Garment exports fell 12.6 per cent to \$163.12 million.

Exports to the United States increased 1.6 per cent to \$743.95 million in February and accounted for 29 per cent of total shipments.

Exports to Japan, the Philippines' second biggest market, declined 6 per cent to \$346.69 million in the period as that country's economy continued to stagnate.

The government announces monthly figures separately each month. Imports, however, continued to slow, causing the country to report a trade surplus to \$186 million, its eight consecutive monthly trade surplus.



BEIJING (China): Heir and President of the Playboy empire Christie Hefner watches her (Chinese translator while speaking to an audience of fashion retailers and designers on the importance of establishing and promoting a global brand in the 21st century during the '99 China International Fashion and Accessories Fair (CHIC '99) in Beijing Thursday. Hefner, one of a number of influential speakers attending CHIC '99, is taking part in the second China Mainland, Taiwan and Hong Kong fashion development, strategy seminar. The week-long fashion extravaganza will showcase both China's and Hong Kong's top designers and models, along with international designers. — AFP photo

Kazakhstan currency 'relatively' stable

ALMATY, Apr 2: Inflation in Kazakhstan in the first quarter of 1999 was 0.6 per cent and the national currency, the tenge, is relatively stable, the National Bank said in a statement here, reports AP.

Kazakhstan, a former Soviet Republic, has gradually devalued the tenge, which slipped 4.7 per cent over the first quarter to 88.1 to the dollar, the statement said.

That policy has been criticised by some economists who argue that a quicker devaluation would boost Kazakh exports.

Kazakhstan's 1999 budget revisions and Russia's framework agreement with the International Monetary Fund should further stabilize the economy, the National Bank said.

Parliament's adoption of budget revisions, which forecast a deficit of 3.7 per cent of output, "is one of the most important positive events that will further preserve stability on Kazakhstan's financial markets," the statement said.

The bank called a framework agreement between Russian premier Yevgeny Primakov and the IMF "another stabilising factor of no small importance."

Kazakhstan's Central Asian neighbours — Uzbekistan, Turkmenistan and Kyrgyzstan — have all experienced big devaluations of their national currencies on the official and black markets since the Russian crisis.

Meanwhile, Finance Minister Uraz Djandosov said that the government was satisfied with spending levels in a 1999 budget revision passed by parliament.

Djandosov also said the government was "65 to 90 per cent satisfied" with spending of 357 billion tenge (3.81 billion euros, 4.08 billion dollars), the news agency reported.

The expenditures exceeded the original budget by about 10.5 billion tenge.

In February, Prime Minister Nurlan Balgimbayev proposed cutting the budget by 31 billion tenge after the resource-rich Central Asian republic has reported poor export earnings in the fourth quarter of 1998.

The First Deputy Finance Minister, Zhannat Yertlesova, said that the increase of spending was connected with the fall of the tenge against the dollar and additional expenditures required for general construction and water-supply projects in the new capital, Astana, Interfax reported.

The 1999 budget revisions also put revenue at 289.9 billion tenge (about 3.13 billion dollars) which was three billion tenge higher than the original budget, a finance ministry spokesman told AFP.

The budget deficit had been set at 67.1 billion tenge (716.6 million euros, 766.3 million dollars), or 3.7 per cent of output, he said.

Exchange Rates

Monthly Roundup

Local Forex Market

The month of March started with an exceedingly high demand for dollar that gradually receded in the later half of the month. Dollar supply fell mainly due to reduced inward remittances and export proceeds. Large nationalised banks who are generally suppliers of dollar in the local interbank market, refrained from selling dollars to meet their own import demands — further igniting the demand. The market is still quiet after a long Eid holiday. Dollar traded in a range of BDT 48.65 to BDT 48.77.

In the interbank market, the daily average foreign exchange turnover for the month was USD 52.36 million. (Source: Bangladesh Foreign Exchange Dealers' Association)

In the kerb market, demand for cash USD declined sharply and it traded in a hectic range of BDT 48.15 to BDT 48.80.

Movement of major trading currencies against Taka (Mid rate)

Currency	Mar 1	Mar 7	Mar 14	Mar 21	Mar 31
dollar	48.73	48.73	48.72	48.65	48.65
pound	78.1532	78.1556	79.4282	79.2144	78.4579
Mark	27.3949	26.9668	28.1871	27.0940	26.6795
euro	53.5811	52.7819	53.1365	52.9920	52.1771

Money Market

Unlike the previous years when call money rate used to remain in an elevated state before Eid, this year the call rate remained in a steady range. This can be mainly attributed to prudent liquidity management by the central bank.

Call rate movement in the local forex market

Mar 7	Mar 11	Mar 18	Mar 24	Mar 31
10-11 pct	7-7.5 pct	6.5-7.5 pct	6-7 pct	6.75-8 pct

International Forex Market

Dollar rose gently against yen due to long-term concerns about the Japanese economy. The rise Nikkei index helped yen gain some ground against dollar. The euro remained under pressure for the increasingly dull outlook for most of the euro zone economies compounded with military and political factors. German exports in January fell 5.8 per cent, helping dollar rise against euro.

StanChart Bank

Personal income, spending up in US

WASHINGTON, Apr 2: American's personal income increased at a robust pace in February and their spending even faster, sending the nation's savings rate into negative territory again, says AP.

Personal income increased a seasonally adjusted 0.5 per cent in February following a 0.6 per cent gain in January, the Commerce Department said Thursday. Consumer spending, meanwhile, jumped 0.7 per cent after a 0.4 per cent rise the month before.

Both figures were expected by analysts and illustrate the strength of the economy during the first quarter. Economists had been expecting overseas economic turmoil to appreciably slow US growth but now concede it didn't come, at least to any great extent, in the quarter just ended.

Income growth has been supported by rising wages, up 0.7 per cent in February. Demand for labour is strong, with the nation's unemployment rate hovering near a 29-year low.

Reflecting that, the Labour Department said today that first-time claims for unemployment benefits held under 300,000 last week for the ninth consecutive week, a stretch unprecedented since 1973.

Claims fell by 6,000 to 289,000. A four-week moving average of claims, which smooths weekly fluctuations, rose slightly, by 250, to 293,750.

Americans' spending, however, has been supported by more than job income. They are spending some of their stock market gains — the Dow Jones industrial average closed above 10,000 for the first time on Monday before retreating Tuesday and Wednesday — and tapping into their home equity through refinancing.

That's produced the lowest personal savings rate — savings as a percentage of after-tax income — since the 1930s. It was minus 0.2 per cent in February, the fifth month in six at or below zero.

In addition to wages, other income categories increasing were business owners' income, transfer payments such as Social Security interests and dividends and rental income. Farmers' income, however, fell.

Spending was led by a 2.9 per cent jump in purchases of durable goods, big-ticket items expected to last three or more years. It rose 0.6 per cent for non-durable goods such as food and fuel and 0.3 per cent for services.

Auto sales surge in US

DETROIT, Apr 2: DaimlerChrysler AG sold 16.5 per cent more Chryslers, Dodges, Plymouths and Jeeps in the United States last month than it did a year ago, setting first-quarter and March sales records as Americans' demand for new vehicles continued to grow unabated, reports AP.

Nearly every automaker that reported March results Thursday also had double-digit increases.

Toyota Motor Corp. said its sales increased 10.5 per cent over March 1998, Mitsubishi Motors Corp. continued its rebound with a 63 per cent improvement, while Volkswagen AG posted a 52 per cent gain for its best March in 18 years.

Ford Motor Co's sales were up only half a per cent but enough to break its March record. Even ailing Nissan Motor Co managed a 4 per cent gain, in part because of a big improvement in sales of its Quest minivan that was redesigned for 1999.

Among the 10 major automakers who have reported so far, total sales were up 15.5 per cent over the first three months of 1998. Executives said the quarter's torrid sales pace was unexpected.

"The economy has defied predictions of a slowdown through the first quarter and there is clear evidence that strong industry sales are on track to continue well into the summer," said Yale Gieszli, a vice president with Toyota Motor sales USA.

Analysts were surprised, too. "It's amazing, isn't it?" said Nick Colas of Credit Suisse First Boston.

Colas suspects one contributing factor was the increase in electronic filing of income-tax returns, which has resulted in earlier disbursement of tax refunds. But the major factor remains the soundness of the US economy.

"Everything we knew about the economy last year is still true," he said. "Unemployment remains quite low, confidence is high, interest rates are benign. This magic potion that worked for the past couple of years is still working."

Colas said the industry may be nearing a sales peak. "We'll see some slowing — not enough to call it a recession or to have a big effect on earnings. But nobody believes this pace is sustainable."

Jamie Jameson, DaimlerChrysler's vice president of US

sales and marketing, was more optimistic: "Our economists say they think that unless something happens that nobody's predicting, they don't see much change."

DaimlerChrysler's sales were led by a 20 per cent gain in light trucks. Car sales rose 9 per cent. The company's US brands broke their March record set in 1994 and a first-quarter record set in 1996. The German-American automaker broke 17 of its first quarter sales records and 18 of its March records.

Honda's 7 per cent drop in car sales was offset by strong demand for its redesigned Odyssey minivan and its CR-V sport utility vehicle; combined minivan and SUV sales were up 55 per cent.

Mitsubishi benefited from robust demand for its sedans and the Montero Sport SUV; the Japanese automaker doubled sales of its redesigned Galant family sedan.

The comparisons are based on the daily sales rate; there was one more sales day last month than in March 1998.

Ford Motor Co plans to release its March sales figures Tuesday, followed by General Motors Corp. on Wednesday.

Suharto won't be on banknotes for long

JAKARTA, Apr 2: An image of former President Suharto is still a hot item in Indonesia, despite his ouster last year. His smiling face adorns the nation's most valuable banknote, reports AP.

It may not be there for long. President BJ Habibie is considering whether to withdraw 50,000 rupiah (\$ 5.8) notes and replace the picture of his predecessor and onetime mentor, the official Antara news agency reported Friday.

Suharto was ousted in May following riots and protests against his 32-year authoritarian rule, and Indonesia is now undergoing a transition to democracy. Parliamentary elections scheduled for June 7 are the centerpiece of the reform programme.

Habibie and central bank officials have discussed the fate of the 50,000 rupiah note with a light blue background, which some Indonesians feel is an inappropriate symbol of Suharto's rigid rule.

"Suharto's picture could deteriorate the reform programme," Antara quoted Baranuli, a presidential adviser, as saying Thursday. Like many Indonesians, he uses one name.

Officials have yet to suggest whose portrait might replace that of the former president.

Fuel cells could change the way US businesses are run

SPOKANE (Washington), Apr 2: Thirty years from now, millions of American homes and businesses may get their electricity from small on-site generators that create no pollution and require no power lines, reports AP.

Fuel cells — electrochemical generators now used to run spacecraft — could revolutionise the way homeowners get their power, especially in remote areas, backers say.

"Fuel cells have the potential to change the way we look at electricity in fundamental ways," said Bob Rose of the US Fuel Cell Council, a Washington, DC-based trade association.

"Think of it: Instead of depending on the grid for power, you can make your own and use the grid as a backup."

There is enormous potential for residential fuel cells worldwide, said Peter Bos, director of the Fuel Cell Commercialisation Group, a San Mateo, California, consortium of US and Canadian utilities.

High initial manufacturing costs and relatively short operating lives have been the major obstacles to widespread use of fuel cells, a non-polluting means of generating power.

As unit costs come down and quality improves, electricity produced by fuel cells will be available for the same price — or less — than that supplied by utilities through traditional transmission lines, Bos says.

"If you have a choice of a small, independent source of electricity, guess which one you will choose?" he asked.

Residential and small-business sales could reach \$50 billion a year in the United States by 2030, Bos said.

Only a few companies nationwide are involved in research and development of commercial residential fuel cells, but the field is growing monthly, Bos and Rose said.

Fuel cells consist of two electrodes sandwiched around an electrolyte. Oxygen from air passes over one electrode and hydrogen over the other in an electrochemical reaction that produces electricity, water and heat.

Fuel cells have been around since 1839, but it wasn't until the 1950s and 1960s that scientists began using the technology to provide a primary electrical power source for space craft.

Automakers are spending hundreds of millions of dollars to develop fuel-cell powered cars that would enable them to comply with California's standard of zero emissions by 2003 for 10 per cent of cars sold in the state.

Earlier this month, DaimlerChrysler unveiled a fuel-cell powered car that would seat five passengers. Other automakers working on fuel-cell models include Ford Motor Co, General Motors Corp and Honda Motor Co.

There are five basic types of fuel cells, each using a different

chemical medium used to produce an electrical current. Only a handful of companies are involved in residential fuel cell research and development. International Fuel Cells of Danbury, Conn. was the first to produce a commercial model, which uses phosphoric acid.

In Spokane, Avista Labs, an affiliate of the Spokane-based energy services company Avista Corp, plans to begin field trials in June of its own version, called a proton exchange membrane or PEM generator. The PEM cells — one would fit in a shoebox — use a thin polymer membrane that reacts with hydrogen to form electrical currents between two electrodes.

Stacked into a space the size of a refrigerator, racks of PEM fuel cells can supply all the electricity an average home needs, Avista Labs president Kim Zentz said in recent interview.

"Fuel cells represent a technology that has been around a long time, are well proven, with environmental benefits," she said.

Avista is working on developing a fuel processor that can convert natural gas, propane or other fossil fuels into hydrogen, Zentz said.

Field trials will determine the average annual cost of fuel to operate the fuel cells, but it is anticipated that most homeowners would probably spend about the same, or less, for power, Zentz said.

Electricity from home fuel cells should be 20 per cent more efficient than that produced by a large natural gas turbine plant and delivered through transmission lines, Zentz said.

Supplying power to remote, off-the-grid areas in the United States holds immense promise, Bos said.

For instance, Sierra Pacific Power — a utility in Nevada and northern California — recently concluded that as many as 50,000 of its potential customers live in remote areas not served by costly power lines, Rose said.

Even in areas already served by power lines, fuel cells could

be used as backup in power outages, Rose said.

The potential US market could be 140 million homes by 2030, Bos said. That would include new construction at remote sites and retrofitting of existing homes, because costs of fuel-cell-generated electricity would be competitive by then, he said.

Deregulation of the electrical power industry is driving the new interest in small-scale fuel-cell development, Zentz said.