ROK orders export assault to rescue economy

AFP, *Seoul*

South Korea's President Kim Dae-Jung on Friday ordered the country to step up exports of "the best but cheapest products" as the government delivered more bad economic news.

Kim exalted the nation to battle away from the threat of recession as Finance and Economy Minister Jin Nyum said he expected growth of only about two per cent this year.

Official figures showed semiconductor exports had fallen again in August.

While the National Statistical Office reported the fall in industrial output slowed to 4.7 per cent year-on-year in August from a 5.7 per cent fall in July, analysts said this meant nothing after the September 11 terrorist attacks in the United States.

Kim acknowledged the problems caused by the US crisis in a special Armed Forces Day speech in Taejon.

"We don't need to elaborate that at a time like this, our economy, which heavily depends on external trade, will suffer serious adverse effects," he said.

South Korea "must produce the best but cheapest products and services in the world as our economic conditions become more and more difficult.

"In short, we must have the top competitive power. Increasing exports as much as we can is the only way to overcome today's difficulties," added the president.

However Kim also called for sustained efforts to increase domestic demand "since the conditions for exports are not favorable."

Jin said at the start of the month he expected gross domestic product (GDP) growth of about five per cent this year. However his ministry has consistently cut the forecast and on Friday, Jin told a national assembly committee: "This year's growth is expected to stay around the two-per cent level."

After the Asian financial crisis forced South Korea into recession the economy grew by 11 per cent in 1999 and nine per cent last year.

But the slowdown in the US and Japan had already badly hit prospects before the attacks in New York and Washington cast a new dark cloud over the global economy.

Nepalese businessmen urge govt to boost economy

AFP, *Kathmandu*

A team of industrialists and hoteliers Sunday met Prime Minister Sher Bahadur Deuba to call on the government to boost Nepal's struggling economy, officials said.

The delegation, led by the president of the Nepal Chamber of Commerce (NCC), Rajesh Kaji Shrestha, briefed Deuba on the country's economic situation in the context of a slowdown of the ecomomies of Nepal's huge neighbours India and China, NCC officials said.

The delegation told Deuba that both domestic and international problems had seriously affected exports of hand-woven woollen carpets, readymade cotton garments and pashmina (cashmere) shawls.

The export market for these goods was worth 25 billion rupees (334.22 million dollars) during the financial year which ended in July 2001, nearly half of the nation's total value of exports.

Deuba said that orders for exports of carpets, ready-made garments and woollen shawls to the US and Europe had fallen further after the September 11 terror attacks on the United States amid fears of a global recession.

Tourism had already been suffering because of publicity surrounding the killing of ten members of the royal family in June and a violent Maoist rebellion.

"In the beginning of the current year trade, industry and tourism were already suffering due to internal disturbances while the situation was further aggravated after the Royal Palace massacre," said prominent businessman and delegation member Mahesh Agrawal.

"Tourism had begun to show a slight improvement but again it dipped after the attacks on America.

"Prime Minister Deuba has assured us of his cooperation to solve the problem of the businessmen and industrialists of Nepal."

PHOTO: AFP

An Ansett Airlines airbus (foreground) prepares to taxi onto the runway at Sydney Airport Saturday. This was the first of five Ansett planes to fly during a limited return to service, after the 65-year-old carrier's dramatic closure on 14 September.

Two Japanese insurers merge

AFP, *Tokyo*

General insurers Mitsui Marine and Fire Insurance Co. Ltd. and Sumitomo Marine and Fire Insurance Co. Ltd. merged Monday to create Japan's second largest non-life insurer, the firms said.

Mitsui Sumitomo Insurance Co. has a combined net premium income of 1.16 trillion yen (9.7 billion dollars) with combined assets of 7.2 trillion yen, the company said in a statement.

"The size of the combined net premium income is the second biggest in the (Japanese) industry, following the Tokio Marine and Fire Insurance," said Ichiro Yamane, spokesman for Mitsui Sumitomo.

Tokio Marine's net premium income in the year to March 2001 came to 1.31 trillion yen.

The new company, which employs 14,000 people, plans to cut 3,000 jobs in three years through natural attrition and reassignment to subsidiaries, Yamane said.

After the merger, Moody's Investors Service assigned its "Aa2" insurance financial strength rating to the new company.

The ratings agency said the outlook for Mitsui Sumitomo Insurance remained stable.

Moody's said it expects Mitsui Sumitomo Insurance's business relationship with the other Mitsui Sumitomo group firms, together with the brand name and cost rationalisation efforts, to result in improved operating efficiencies.

It also had strong hopes for increased competitiveness despite the expected challenges of intensified price competition.

Japan's life insurers continue to struggle under rock-bottom interest rates, with yields promised to policyholders often outstripping their own investments to match the guaranteed payouts.

The discrepancy is termed a negative spread.

S'pore service sectors to get $83m lift

AFP, *Singapore*

Singapore will spend 150 million dollars (83 million US) lifting languid standards in service industries, one of the worst performing sectors of the economy, Trade Minister George Yeo announced Monday.

He told an industry audience the government target was to develop 500 service skills standards and provide on-the-job-training for 500,000 service workers in the next four years.

An Institute for Management Development 2000 report valued productivity in services in Singapore at 44,000 US dollars, compared to 66,000 dollars per worker in the United States.

Singapore was also rankled by the latest Global Competitiveness Report which showed the city-state retreating in the ranks of quality of service from 12th to 16th while its regional rival Hong Kong soared from 29th to 15th.

"Hong Kong has worked hard to improve its services sector ... because we have not moved forward enough, others have overtaken us," Yeo said.

With the local manufacturing sector losing its competitive edge to cheaper and bigger players such as China, the recession-hit republic has been aggressively positioning itself as a services hub, aiming to be among with world's top 10 service centres by 2005.

However Yeo said the majority of local companies still did not have a consistent service policy.

"The productivity gap in the services sector between Singapore and the leading countries is wide and even more so if we leave out the financial sector," he said.

German chemical giant shifts focus to China

AFP, *Nanjing, China*

German chemical giant BASF has shifted its Asian focus to China, attracted by a mass market of 1.3 billion people and the country's accession to the World Trade Organisation (WTO).

Already BASF has laid the first stone of a gigantic petrochemical complex close to the eastern city of Nanjing, a project costing some three billion euros (2.7 billion dollars), BASF's largest investment in Asia.

The project is in cooperation with the Chinese petrochemical company Sinopec.

In Caojing, about 350 kilometres (220 miles) from Nanjing and close to Shanghai, China's largest city, BASF is preparing to build a plastic fabrication plant that will cost one billion euros.

No other western chemical company has poured as much money in to the world's most populous country as BASF.

But the move comes at a cost to other Asian countries. At first, BASF's Asian main focus was on Japan, South Korea and Malaysia. But for the past few years China has clearly been the favourite and with its imminent entry to the WTO, it seems likely to stay the course.

Of the more than 2.6 billion euros that the group has already ploughed into Asia and of the five or six billion more planned for the next five years, China has taken the lion's share with almost half the amount.

"China constitutes the world's fastest growing market for chemical products and the one with the greatest potential," BASF chairman Juergen Strube said at press conference last week in Nanjing.

"Manufacturers and consumers in China will then have easier access to products on the international markets. In addition, China, which is already an important investment site, will become even more attractive to investors," he said.

In public, Strube says that with WTO entry, "China will become an open market".

In private, officials at the group say there are other benefits, for one the closure of non-profitable Chinese competitors means they will not be able to offer products at a much cheaper price.

The policy of dumping had previously rattled BASF, almost forcing it to shut down a dye fabrication plant in Shanghai.