

Davos forum sees economic dangers in Iraq war, business ethics under fire

AFP, Davos, Switzerland

The annual World Economic Forum opened in the Swiss ski resort of Davos on Thursday with warnings about the economic impact of a war on Iraq and demands for more responsible business practices.

Economists and industry leaders at the forum warned a US-led war could jeopardise chances of recovery for the fragile global economy, which was more US-dependent than at any other time since World War II.

Their comments came as the foreign ministers of Egypt, Iran, Jordan, Saudi Arabia, Syria and Turkey met in a last-ditch effort to avert the war.

"The true risk ... if we see a war in Iraq (is) that there will be an event either in the Middle East or in the United States, or a series of events around the world, that will create a sharp visible impact on consumer confidence," said Gail Fosler, chief

economist of private US forecasting institute, the Conference Board.

"This could give you no growth in the US or a possible recession," she said.

"If there is a major oil shock, its impacts are likely to be felt as much in 2004 as 2003."

A poll of chief executives worldwide, published by consultancy firm PricewaterhouseCoopers at the forum, showed 48 per cent of CEOs rated "terrorism and global war" as "significant or one of the biggest threats" to their growth prospects.

"The uncertainty and the variation of possible scenarios is certainly weighing on our economies," Bertrand Collomb, CEO of French construction giant Lafarge, told a news conference in Davos.

"The sense (among top US executives) seems to be that a short, successful conflict could even be positive for the economy because it would remove the economic uncertainty (and) the war

premium on the price of oil. A long, dragged out conflict could be very depressing for everyone concerned, certainly the economy" added Henry A. McKinnell, CEO of US pharmaceuticals giant Pfizer.

US Secretary of State Colin Powell is expected to address the Iraqi crisis in a speech on Sunday in Davos, one day before UN chief arms inspector Hans Blix gives his first report to the UN Security Council on Baghdad's alleged weapons programme.

US Attorney General John Ashcroft is also due in Davos on Friday, while Iraqi opposition groups are expected to meet there on January 28, when US President George W. Bush is to deliver an anxiously awaited State of the Nation address on the crisis.

Another key speaker at the heavily policed forum -- a seven-day brainstorming session for some 2,100 political and business leaders -- is newly-elected Brazilian

President Luiz Inacio Lula da Silva. Lula, a critic of the social drawbacks of globalisation, is due to arrive on Saturday, fresh from the World Social Forum in Porto Alegre, Brazil.

"Davos should listen to Porto Alegre," the Brazilian president said in a statement. "A pact is needed to reduce the distance between rich countries and poor countries. It's unacceptable that at the start of a new millennium, millions of human beings have nothing to eat."

The theme of Davos this year is "Building Trust" and many of the forum's 270 seminars will deal with the threat to that trust, including war, extremist attacks, economic volatility and accounting scandals such as the collapse of US energy giant Enron.

In its annual report released on Wednesday, international corruption watchdog Transparency International urged executives in Davos to consider new codes of

conduct to restore faith in their business practices.

And on Thursday, non-governmental organisations (NGOs) taking part in a week-long "Public Eye on Davos" conference appealed to governments and big business to adopt binding rules on public accountability.

"Public Eye" speakers insisted on clear answers and concrete action from the corporate executives meeting just up the road, after years of talk and promises in Davos about introducing more ethical behaviour.

The bosses of sports goods company Nike and oil giant BP were invited to take part in debates with NGOs but declined, "Public Eye" coordinator Matthias Herfeldt said.

A recent opinion poll commissioned by the World Economic Forum showed only 50 per cent of young people in 33 European countries trusted multinationals to operate in an ethical manner.



PHOTO: DBBL

Md Yeasin Ali, managing director of Dutch-Bangla Bank Limited, speaks at the inauguration of a workshop on large loan procedure held at the bank's training institute in the city on Thursday. Muhammed Mustafa, general manager of the Department of Banking Operation and Development of Bangladesh Bank, was also present on the occasion.

DBBL holds workshop on large loan procedure

Dutch-Bangla Bank Limited (DBBL) organised a workshop on large loan procedure at the bank's training institute in the city on Tuesday, says a press release.

Md. Yeasin Ali, managing director of the bank, inaugurated the workshop.

SK Sur Chowdhury, deputy general manager of the Department of Banking Operation and Development, Bangladesh Bank was the key speaker at the workshop.

The managing director of the bank, in his speech, urged the participants to get well acquainted with the concept of large loan.

The general manager of the Department of Banking Operation and Development of Bangladesh Bank said as the financial watch dog of the country Bangladesh Bank is taking care of the large loans of the commercial banks.

All branch managers, credit in-charge of branches and head of Credit Division of the head office of the bank attended in the workshop.

Among others, senior executives of DBBL were also present.

Weekly Currency Roundup

January 18, 2003 - January 23, 2003

Local FX Market

US dollar remained steady against taka in the week, but ended the week slightly weaker due to sluggish import demand and increased remittance from expatriates. USD started the week at 58.95/59.00 against taka. At the end of the week, taka ranged between 58.87/58.97 against USD.

Money Market:

Bangladesh Bank borrowed BDT 6,225 million by the Treasury bill auction held on Sunday. Weighted average yield of 28-D bill fell from 8.00 to 7.75 per cent, while the yield of 5-Y bill increased by 13 bps to 11.50 per cent. The call money rate was slightly downward this week. The rate ranged between 8.75-9.25 per cent in the beginning of the week. Improved liquidity condition eased the rate later ended the week and the call rate ranged between 7.75 and 8.25 per cent.

International FX Market:

The dollar bounced back modestly against major currencies on Monday, but its prospect remained cloudy after a spate of weak US economic data and corporate reports. The possibility that Japan may intervene by buying US dollars in thin trading due to a US holiday kept traders cautious about testing below the 118 level after the greenback hit a four-month low of 117.40 yen in post-Asian trade on Friday. Renewed weakness on Wall Street in a key corporate earnings season was also darkening sentiment for the dollar. A poor outlook from Microsoft and IBM pushed the NASDAQ down to its biggest percentage loss in a month.

The dollar fell to a new three-year low against the euro for a fifth successive day in the middle of the week and approached four-year lows against the Swiss franc, supported by increasing talk of a US-led war against Iraq. The dollar's latest slide set in on Tuesday, after US President George W. Bush warned that war against Iraq is imminent. The euro rose as high as \$1.0744 on Wednesday, its best showing since October 1999, before retreating. Only wariness of yen-selling intervention by the Japanese authorities kept the dollar in a tight-range against the yen and above 118 level.

The euro held near recent 3-year peaks against the US dollar and rose to its new three-year high against the yen at the end of the week, as mounting anxiety over a possible war in Iraq mounted. The euro also extended its recent gains against the yen, rising to a three and a half years high at 127.22 in Asia, before slipping back to stand almost unchanged for the day. With little economic data in the way, attention focused increasingly on the prospect of war. US weekly jobless claims and lead indicators for December are due later in the session. But are not seen as tremendous market movers.

At 1620 hours on Thursday, euro was at 1.0754/61, GBP at 1.6226/32 and yen at 118.19/24 against the dollar.

Chartered Bank

-- Standard



PHOTO: VENUS

Novelist Selina Hossain inaugurates Venus, a shop of traditional local dresses, at Banani in the city recently. The sales centre is a concern of Venus Group.

Afghanistan launches privatisation drive

AFP, Kabul

Afghan President Hamid Karzai has launched a commission charged with privatising his country's ailing state-run enterprises and breathing new life into the conflict-weary economy.

The privatisation commission, ordered by presidential decree last year, is an inter-ministerial body under Karzai's control, which will set about encouraging private businessmen to take the helm of state industry.

Some 174 state-run businesses existed under the 1979-89 communist regime, but 100 have been closed down by subsequent years of fighting and economic hardship in Afghanistan.

In a speech to launch the commission this week, director Abdul Khaliq Fazal said an international conference would be held in Afghanistan in February to drum up both domestic and foreign support for the privatisation programme.

Western sources involved in the campaign said transport, construction and agriculture companies would be the main privatisation targets while the energy and water sectors would remain state concerns.

British growth weakest for a decade in '02

AFP, London

The British economy grew at the weakest pace for a decade in 2002 and showed signs of faltering in the fourth quarter, official figures revealed Friday, adding to concerns about the sluggish global economy.

Economic growth slowed to a pace of 1.7 per cent last year from 2.0 per cent in 2001, according to the first of three estimates from the National Statistics Office.

STOCK