

Business & Metropolitan

US economic slump may create new trade tension with Japan

TOKYO, Dec 22: A hard landing by the US economy would shake Japan's fragile recovery and lead to new frictions between the trading rivals, a US government official said Friday, reports AFP.

"The biggest risk to the Japanese economy, well, it's likely to be the American economy," said the official, who requested anonymity.

"If the American economy goes into a hard landing and you have high unemployment in the US and the stock market crashes even more than we saw yesterday, the effect on the Japanese economy could be very bad," he said.

Concerns deepened over a US economic slowdown after New York's tech-heavy Nasdaq composite dived 7.1 per cent on Wednesday to 2,332.77, its lowest level since March 23 last year.

The comments by the US official

at an embassy briefing to reporters, were echoed by Bank of Japan governor Masaru Hayami.

He noted in a speech the possibility that the US slowdown will hurt the Japanese economy, including indirectly through the Asian economies, which have a high dependence on trade with the US.

The slowdown would have political fallout, the US official said.

If the US economy goes down, trade deficits become much more important to policymakers, which means that the probability of friction between our two countries could increase," he said.

"If our economy does continue to go down, the value of the dollar will turn very adverse to Japanese exports to the US," he said. "If that happens, corporate profits in Japan will suffer.

However, all of my economists tell me that the probability of a hard landing is rather low. That is... maybe the worst-case scenario."

Trade tension is already brewing after Japan and the United States failed to reach a breakthrough on Tuesday to renew a 1995 auto trade accord, which expires at the end of this month.

Japan's government said the accord, which sought to open up the Japanese car and auto parts markets to foreign competition, was no longer relevant with globalisation changing the auto industry.

"It was our feeling that we still needed to have some framework in place to handle any problems that would arise between December 31, 2000, and the time that we could formally agree on a new US-Japan auto framework," the US official

said. "In this situation, some friction between Japan and the United States may emerge," he said.



A vendor displays small bottles containing *atar* (perfume) at his makeshift stall in city's Baitul Mukarram area yesterday. He also has *surma* (eye kohl) and prayer beads for sale, all popular items prior to Eid.

Bangladeshi made vice-president of UNCCD Committee

By Staff Correspondent

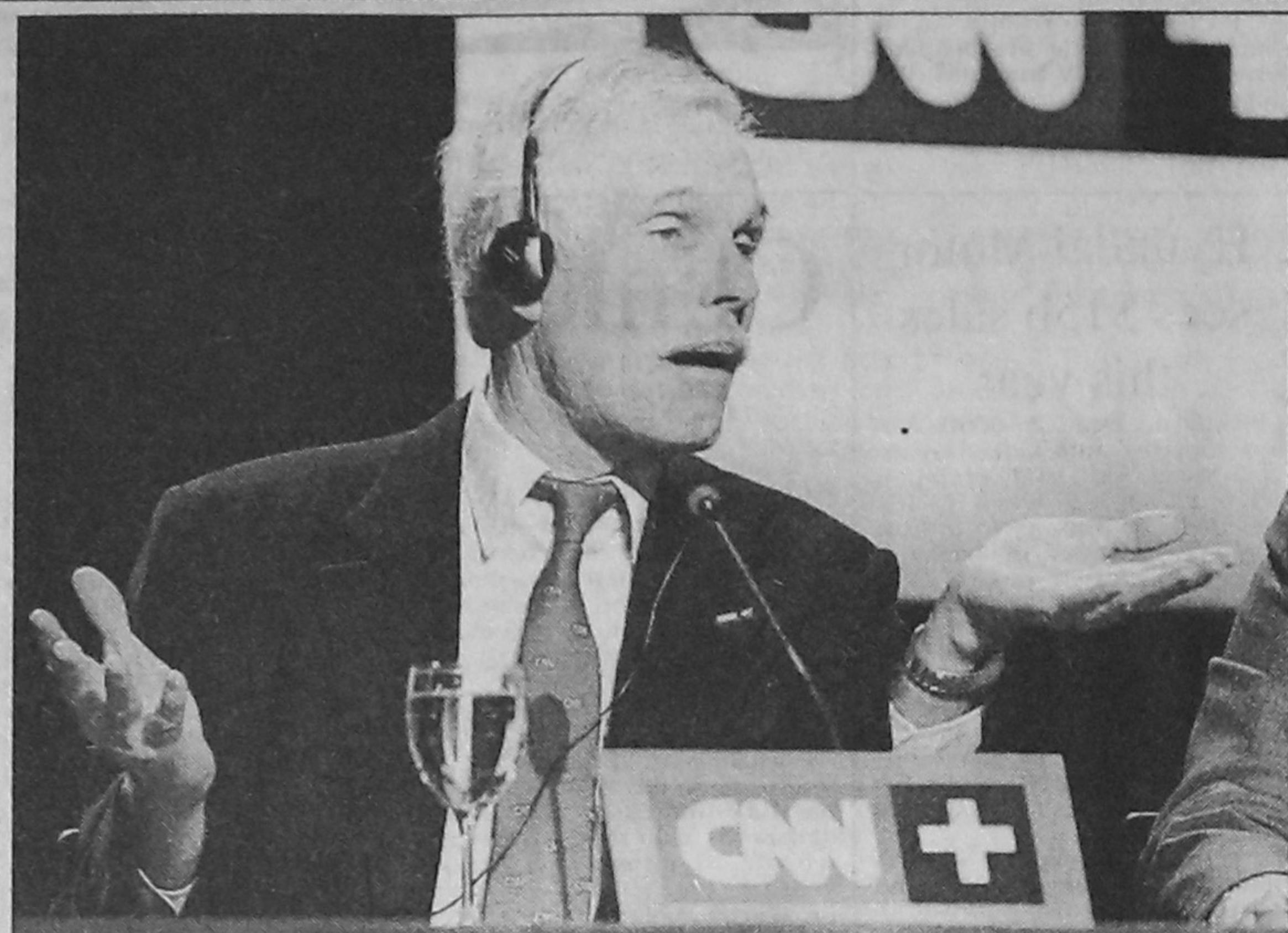
Bangladesh's acting Chief Conservator of Forest Md Nuruzzaman has been elected one of the Vice Presidents of Science and Technology Committee of the United Nations Convention to Combat Desertification (UNCCD) for the Asia and Pacific region.

He was elected vice president at the fourth conference of the UNCCD in German capital Bonn on December 14. The 11-day conference concluded yesterday with a fresh vow to fight against the global desertification, said a release here.

State Minister for Forest and Environment H N Ashiqur Rahman led the Bangladeshi delegation at the conference.

Nuruzzaman was made acting CCF on August 1 this year superseding four of his senior colleagues.

- Star photo



This file photo dated January 27, 1999 shows CNN President Ted Turner (l) gesturing at a press conference for the presentation of the news channel CNN Plus in Madrid. The United States has accepted an offer by Ted Turner, the founder of CNN, to pay the 35 million dollar (38 million euros) difference between what Washington owes the United Nations and what Congress is willing to pay, said the television station yesterday.

-- AFP photo

US for breaking up NTT to free Japanese telecom sector

TOKYO, Dec 22: The United States said Friday that breaking up giant former monopoly Nippon Telegraph and Telephone Corp. (NTT) could be the only way to free up Japan's 130-billion-dollar telecommunication market, reports AFP.

"Regulating NTT is the key to success in the telecom market," a US government official told reporters.

"Although the US government takes no position on whether there should be a break-up of NTT or not, we wonder whether fair competition will really be possible without a break-up," he said.

A Japanese government panel said this week that cutting the three NTT companies - two domestic operators and an overseas arm - from their holding company should be considered if competition does not improve.

The stranghold enjoyed by NTT, whose privatisation began in 1985, has been a major bone of contention in trade relations between the United States and Japan.

This file photo dated January 27, 1999 shows CNN President Ted Turner (l) gesturing at a press conference for the presentation of the news channel CNN Plus in Madrid. The United States has accepted an offer by Ted Turner, the founder of CNN, to pay the 35 million dollar (38 million euros) difference between what Washington owes the United Nations and what Congress is willing to pay, said the television station yesterday.

-- AFP photo

Malaysian govt slated for buying MAS stakes at high price

KUALA LUMPUR, Dec 22: The Malaysian government came under fire Friday for paying too high a price in buying back the controlling stake in the national airline from a well-connected tycoon, reports AP.

The criticism, made privately by airline employees and market analysts, was echoed openly by an outspoken leader in Prime Minister Mahathir Mohamad's ruling party, the United Malays National Organisation.

Shahrir Samad, a member of UMNO's supreme council, said the deal to pay the Naluri holding company, run by tycoon Tajudin Ramli, a share price of 8 ringgit (\$2.10) per share for its 29.1 per cent stake in Malaysia Airline System would be viewed negatively in the public.

Though that was the price Naluri paid in the mid-1990s, shares in money-losing MAS are currently trading at less than half that. Critics say that the price paid - a total of 1.79 billion ringgit (\$471 million) - has

protected Tajudin from losses.

"It will be perceived as another bailout of a particular individual," Shahrir told The Associated Press. "The party could lose more support because of this."

Shahrir said that the four ringgit share price the government recently paid to the Brunei Investment Agency for its stake in MAS should have been the benchmark of the current deal.

But the powerful finance minister, Daim Zainuddin, countered that the airline was worth more than its current share price and that the pricing would not be revised.

The national news agency Bernama, cited Daim as saying the government had also sold the shares to Tajudin well above the market value in 1994.

The Malaysian government Wednesday signed an agreement to buy back Naluri's stake as an interim measure before selling it to a foreign airline, which would bring MAS new

expertise. Contenders showing measured interest are Switzerland's Sair Group, which runs Swissair, and Australia's Qantas Airways Ltd.

Shahrir was elected to UMNO's highest body early this year following general election showings in November 1999 that were the worst in decades.

The party has been losing popularity with its Malay Muslim powerbase over the perceived injustice in the jailing of Mahathir's popular former deputy, Anwar Ibrahim, who torched a chord of approval with his calls for democratic reforms and criticism of alleged corruption.

Lim Guan Eng, vice chairman of the opposition Democratic Action Party, said the deal showed "cronyism is still the key in doing business in Malaysia."

Lim claimed that MAS had debts of nearly 10 billion ringgit (\$2.6 billion) and that the government allowed Tajudin only after it took charge of the beleaguered airline.

Tajudin was quoted in the

New Straits Times newspaper Friday as saying that the deal should not be seen as a bailout.

"We cannot base it on the share prices now, because the prices are very much depressed," Tajudin was quoted as saying. "I think we got a fair deal."

MAS suffered losses of 700 million ringgit (drs 184 million) in the last fiscal year. The airline's profitability has been hampered partly by government-imposed cuts on prices it can charge for domestic fares, fuel price increases, and alleged inefficiencies.

Tajudin resisted laying off large chunks of the airline's staff of 22,000 during the 1997-98 Asian economic crisis. Warnings have sounded that a foreign partner might seek deep cuts in the workforce as part of restructuring.

Daim said the government was open to the idea of "outsiders" leading MAS and would decide if layoffs were necessary only after it takes charge of the beleaguered airline.

Tajudin was quoted in the

China hopes to end WTO talks in January

BEIJING, Dec 22: China hopes to end 14 years of World Trade Organisation negotiations in January and formally enter the global trade body within months, chief WTO negotiator Long Yongtu said today, reports AFP.

"Actually the negotiating partners participating in China's WTO accession talks all have the political will to resolve this issue, so of course the next round will be very arduous negotiations," said Long, assistant trade minister.

"We hope that these next talks will be very, very important talks," he said, after a signing ceremony with Japanese ambassador to China, Sakutarao Tanino.

The latest round of talks in China's drawn-out efforts to join the WTO are set to start on January 10 at the WTO headquarters in Geneva.

Long said earlier this week in Hong Kong that he hoped the talks would be concluded by January 20, before US President-elect George Bush is inaugurated.

China's formal entry should some several months after the conclusion of negotiations, he said Thursday.

"If we can solve all the practical issues in the talks, and we still have a lot of technical work to do... then it will take a couple of months to finish this," he told journalists.

The latest abortive bid for a solution came earlier this week when EU Commission President Romano Prodi and Trade Commissioner Pascal Lamy went to Washington for talks with Clinton and his top trade officials.

Trade diplomats said a US official told the DSB on Wednesday that when Washington was changing the FSC law after the WTO rulings against it, Brussels had declined to engage in serious talks about exactly what it wanted in the new version.

The new aircraft row broke on Monday when the EU announced it was going ahead with a plan to support the building of the world's largest passenger jet, the 550-passenger Airbus A380 which will be in direct competition with Boeing's 413-seat 747-400.

Until now, the United States has held a monopoly on the world market for jumbo jets.

Immediately after the announcement, Washington warned it would take the EU over what it says are huge subsidies granted by European governments to Airbus Industrie towards the \$10.7 billion cost of developing the A380.

Efforts by the two sides to resolve these cases, and a row linked plan by the United States to switch around the list of EU goods affected - have so far failed.

The row, in which Brussels says it could impose sanctions worth \$4 billion a year, is the biggest between the two powers to come before the WTO - although diplomats say the looming battle over alleged EU aircraft subsidies could overshadow it.

Establishment of the three-panel, which will have 90 days to come up with a finding, was approved automatically at a meeting of the WTO's Dispute Settlement Body (DSB) after the EU tabled its request for the second time in a month.

The task of the three will be to establish whether changes to a US law on tax relief to companies known as Foreign Sales Corporations (FSCs) conform to earlier WTO panel rulings that it violated global trading rules.

The EU argues that the changes, signed by President Bill Clinton last month, not only do not bring the law into line but could make the violations of the trade body's ac-

Tale of a disabled freedom fighter

Nation needs to erase stigma of '75: Obaidul

CHITTAGONG, Dec 22: A splinter of a Pakistani grenade maker freedom fighter Golam Mohammad crumpled as he suffered from slow poisoning forcing doctors to amputate his right leg from the thigh nearly three decades after the 1971 Liberation War, reports BSS.

"I never paid any heed to the splinter which was inside my body over the years. But now I am paying much for my negligence," said the freedom fighter, who survived almost certain death at least eight times in different operations and frontal wars during the Liberation War.

A former mariner Golam Mohammad of Chittagong, who never sought anybody's help while he was physically all right, is now struggling to collect only Taka 15,000 to fix an artificial leg as he is now out of job.

Golam Mohammad, who was trained in Agartala, received the splinter when a group of freedom fighters were crawling to cross a Pakistani road check post in the darkness of night. One of the freedom fighters, Mintoo, died instantly as a bullet pierced through his chest.

He said during the President Ziaur Rahman's regime he was forced to leave the country and take a job in a ship being a prey to political victimisation, when one of his comrades in the war Maulana Shahid was killed.

Different organisations including Jatiya Gonotantrik Front, Jatiya Biplobi Front, Trade Union Sangha, Jatiya Chhatra Dal and Gonotantrik Mohila Samity placed wreaths at the grave of the communist leader.

Reports BSS.

"We have to erase the stigma of '75 for freeing the national politics from the state terrorism," he said while addressing a rally of Sheikh Russel Jatiya Shishu Kishore Parishad. He led a procession from Awami League central office to National Press Club. The parishad organised the procession and the rally which demanded immediate execution of the verdict of Baubandhu Murder Trial.

Islam is survived by his wife,

one son and one daughter and a host of relatives to mourn his death.

The quirkum of late Islam would be held at his residence on Sunday after Asr prayers.

Obituary

MYMENSINGH, Dec 22: Hafiz Nurul Islam, veteran freedom fighter and father of UNB district correspondent Jahangir Alam Liton, died of cardiac arrest at his residence here Thursday night. He was 60, reports BSS.

Islam is survived by his wife,

one son and one daughter and a host of relatives to mourn his death.

The quirkum of late Islam would be held at his residence on Sunday after Asr prayers.

CUJ demands stern action against Gias Kamal, Aftab

CHITTAGONG, Dec 22: The executive committee of Chittagong Union of Journalists (CUJ) has demanded stern action against journalist Gias Kamal Chowdhury and Prof Aftab Ahmed for their derogatory remarks against the country's Liberation War and the national anthem, reports BSS.

The journalists body at a meeting at Chittagong Press Club yesterday adopted a resolution urging the government to enact necessary laws against such comments and activities that undermine the achievements and glory of the nation earned at the cost of three million lives.

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Willes Little Flower admission forms to be submitted by Jan 2

The last date for distribution and submission of admission forms for all classes of Willes Little Flower School, for the academic year of 2001 is January 2, 2001, says a press release.

The class rooms have been increased due to construction of a new building in the school premises.

Detailed information regarding admission is available in the school office at 85 Kakrail, Ramna, Dhaka 1000 or telephone numbers 880-2-9330703 and 880-2-9331850.

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