

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 Hamai.

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 economic friends in the United States 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 world 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.

"We are disappointed that we were not able to do that."

The US official's remarks came after Japan's car industry warned that its exports would be damaged as the US economy hits the brakes, and that trade tension with US rivals would rise.

"The US auto market has been sharply deteriorating in the last two to three months of this year," Japan Automobile Manufacturers Association Chairman Hiroshi Okuda said Thursday.

US carmakers' share of their domestic market could shrink, even if Japanese imports decline, added Okuda, who is also chairman of Japan's top car company Toyota Motor Corp.

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

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 telecommunications 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 — free from their holding company should be considered if competition does not improve.

The stranglehold 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 Nauri 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 by the public.

Though that was the price Nauri 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 Zaiduddin, 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 Nauri'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 touched 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 to get off "scot free."

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 (dls 184 million) in the last fiscal year. The airline's profitability "has been hampered partly by government-imposed limits 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.

EU seeks WTO panel on tax break row with US

GENEVA, Dec 22: The European Union yesterday took a new step in its long-running row with the United States on tax breaks for US exporters, insisting on the creation of a dispute panel by the World Trade Organisation (WTO), says Reuters.

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-man 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 with offshore branches 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 accords on subsidies, agriculture and trade in goods even worse.

In a paper for the DSB, it said the new law had introduced further banned subsidies to FSCs — which include aircraft maker Boeing Co B.A.N., a prime mover in the latest row, and software giant Microsoft MSFT.O.

The EU has already given the WTO a list of US goods it plans to hit with additional duties if the new hearings — by the same three panelists who made the original findings against the FSC law — goes in its favour.

The list has not yet been published, but a US official said on Wednesday it went across the whole range of exports to the 15-nation EU, the world's largest trading bloc.

In September, the two powers agreed to hold back on further action while they try to resolve other disputes — over EU banana import rules and a ban on imports of hormone-treated beef — in which the United States is hitting EU goods with sanctions worth \$308.2 million annually.

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

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 to the WTO over what it says are huge subsidies granted by European governments to Airbus Industrie towards the \$10.7 billion cost of developing the A380.

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, Sakutaro 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.



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. — Star photo

Bangladeshi made vice-president of UNCCD Committee

By Staff Correspondent

Bangladesh's acting Chief Conservator of Forest M 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 Ashkur Rahman led the Bangladesh delegation at the conference.

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

What's on today

WCFFC presentation: War Crimes Facts Finding Committee will arrange a brief conference on documentation of genocide in presence of actual witnesses. Venue: CIRDP auditorium, Chameli House, 17 Tophkhana Road. Time: 10:30 am.

Discussion meeting: National Executive Council of Nipa Shishu Foundation Bangladesh will hold a discussion meeting on "Women and Child Torture: Context Bangladesh". It will also distribute the Nipa Gold Medals for 1999 and 2000. Venue: National Press Club, Tophkhana Rd. Time: 3:15 pm.

Memorial meet: Bangladesh-China Friendship Association will hold a memorial meeting on BNP leader Mirza Golam Hafez. Venue: Association premises, 18 Sonargaon Road.

Weather

Dry weather likely

Dry weather is likely to prevail over the country in the next 12 hours till 6pm today, reports UNB.

Met Office predicted little change in night temperature over the country during the period.

The country's highest temperature recorded yesterday was 28.5 degree Celsius at Teknaf and Bhola and the lowest 10.8 degree at Srimongal.

The sun sets in the capital today at 5:17 pm and rises tomorrow at 6:38 am.

Maximum and minimum temperature and humidity recorded in some major cities and towns yesterday were:

City/Town	Temperature in Celsius		Humidity in percentage	
	Max	Min	Morning	Evening
Dhaka	27.0	16.1	68	66
Chittagong	27.0	14.0	90	75
Rajshahi	26.5	13.5	78	82
Khulna	27.2	13.5	87	89
Barsat	27.6	13.3	89	88
Sylhet	27.5	15.2	70	54
Cox's Bazar	28.4	15.6	78	76

Tale of a disabled freedom fighter

CHITTAGONG, Dec 22: A splinter of a Pakistani grenade made freedom fighter Golam Mohammad cripple 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 any 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 taking a job in a ship being a prey to political victimisation, when one of his comrades in the war Maulana Shahid was killed.

Nation needs to erase stigma of '75: Obaidul

State Minister for Youth, Sports and Cultural Affairs Obaidul Quader yesterday said the brutal killing of Bangabandhu Sheikh Mujibur Rahman and most of his family members in 1975 is a stigma in the history of the nation, 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 Bangabandhu Murder Trial.

Death anniversary observed

The fifth death anniversary of Comrade Abdul Huq was observed here yesterday through placing of wreaths at his grave and discussion, reports BSS.

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



Manoh Kalyan Society, Bangladesh held a milad mahfil in the city on Wednesday to mark the eighth death anniversary of educationist Alhaj Jalal Uddin Ahmed.



IGP Muhammad Nurul Huda distributing prizes among the winners of the annual Azan and Quat competition 2000 of the Bangladesh police yesterday in the city.



Nagorik Adhikar Bastobayon Parishad staged a rally in Kahul area of the city recently protesting the deterioration of law and order situation.

Obituary

MYMENSINGH, Dec 22: Hakim 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 UNB.

Islam is survived by his wife, one son and one daughter and a host of relatives to mourn his death.

The qukhiron 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.

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 over telephone numbers 880-2-9331850 and 880-2-9330703.



Muslim devotees brought out a procession in the city yesterday to mark the World Al-Quds Day. — Star photo