

Japan's economic meltdown threatens global economy

Economists warn of further erosion

AFP, Washington

The already anemic Japanese economy is now in danger of further erosion and economists warn that Tokyo's partners in Asia and elsewhere may not escape the consequences.

"The Japanese economy has been stagnant for a decade," said economist Rob Scott of the Washington-based Economic Policy Institute, who added that efforts by Japanese authorities to stop the rot through deficit spending have been futile.

"If their economy collapses, it will certainly have a negative impact on the region," he said, notably as Japan is the largest importer in Asia.

Its economic meltdown, he warned, would be a serious blow to regional countries that depend on it as an export market and could trigger a new financial crisis

similar to that which paralyzed momentum in Thailand, South Korea and Indonesia in 1997-1998 and ultimately affected Russia and Brazil.

"The Japanese economy is the second most important economy in the world" and its collapse would have enormous consequences "both for the region and the United States," said Sherman Katz, and economist with another Washington think tank, the Center for Strategic and International Studies.

"Japan has been a great exporter of capital investment in China but also in southeast Asia... A decline in that investment is not good for the region or for the United States."

"In the region such capital exports contribute to economic growth and economic growth contributes to political stability."

In January International Monetary Fund Managing Director Horst Koehler also highlighted the importance of Japan, noting that its recovery "albeit at a moderate pace... will still provide a stabilizing influence for the region."

Japan's coalition government on Friday adopted emergency measures aimed at halting a further slide in the economy and called on the central bank to ease its monetary policy. But with its benchmark lending rate at 0.25 per cent in the bank has limited room for maneuver.

"Policymakers have little leeway in stimulating domestic demand," explained First Union economist Jay Bryson. "Economic activity will likely remain weak until global growth strengthens."

Recession in Japan threatens the rest of the world — and the

United States in particular — with a painful interruption in the flow of Japanese financial investment.

Given the perilous state of the US stock market and the US economy, according to Scott of the Economic Policy Institute, "it's not clear that (Japanese) investors will be willing to put their money here."

"Any sense that one of the three major anchors of the world economy is getting into trouble could heighten fears that the United States could be the next to fall," he added.

According to Sherman Katz of the Center for Strategic and International Studies Japanese authorities have played a "major behind-the-scenes role in keeping banks and companies afloat... and people continue doing business in the economy without regard to the real facts and the real credit risks."

Japan's LDP refuses structural reforms

AFP, Tokyo

The emergency economic package unveiled Saturday by the Liberal Democratic Party (LDP) and its allies once again saw a refusal to embark on major structural reform and passed the responsibility to sort out the crisis onto the Bank of Japan, say analysts.

With the de facto resignations Saturday of Yoshiro Mori, reform hopes will now hang on who will succeed him as LDP president and prime minister.

Among the catalogue of financial, legal and regulatory measures, the clearest message that emerged was the pressure exerted on the central bank for a qualitative relaxation of monetary policy.

"The Bank of Japan says that it expects a series of reforms in a number of areas," explained Robert Alan Feldman, chief economist with Morgan Stanley Dean Witter in Tokyo. "The LDP is telling them: 'We are not going to play that game, we want you to do everything,'" he added.

While the central bank in principle enjoys complete independence, which is guaranteed in law,

the leaders of the conservative coalition did not hesitate to pressure it "to keep pace with the government's economic policies" as well as pushing for the "further promotion of monetary easing" and "setting targets on stabilising prices."

Since its decision last August to abandon the policy of zero interest rates, the Bank of Japan has come under a barrage of fire from LDP politicians.

There have already been two successive cuts in rates this year. But the bank has expressed its scepticism over the efficiency of quantitative easing or inflation targeting while increasing the tone of its calls for structural reforms.

For Feldman, the only "good news" is that the LDP plan recognises there is no more public money available. Finance minister Kiichi Miyazawa caused a storm last week when he predicted that the country's finances were "on the verge of collapse."

In its programme, the LDP also called for the government to put into practice a battery of tax incentives to help the stock exchange recover.

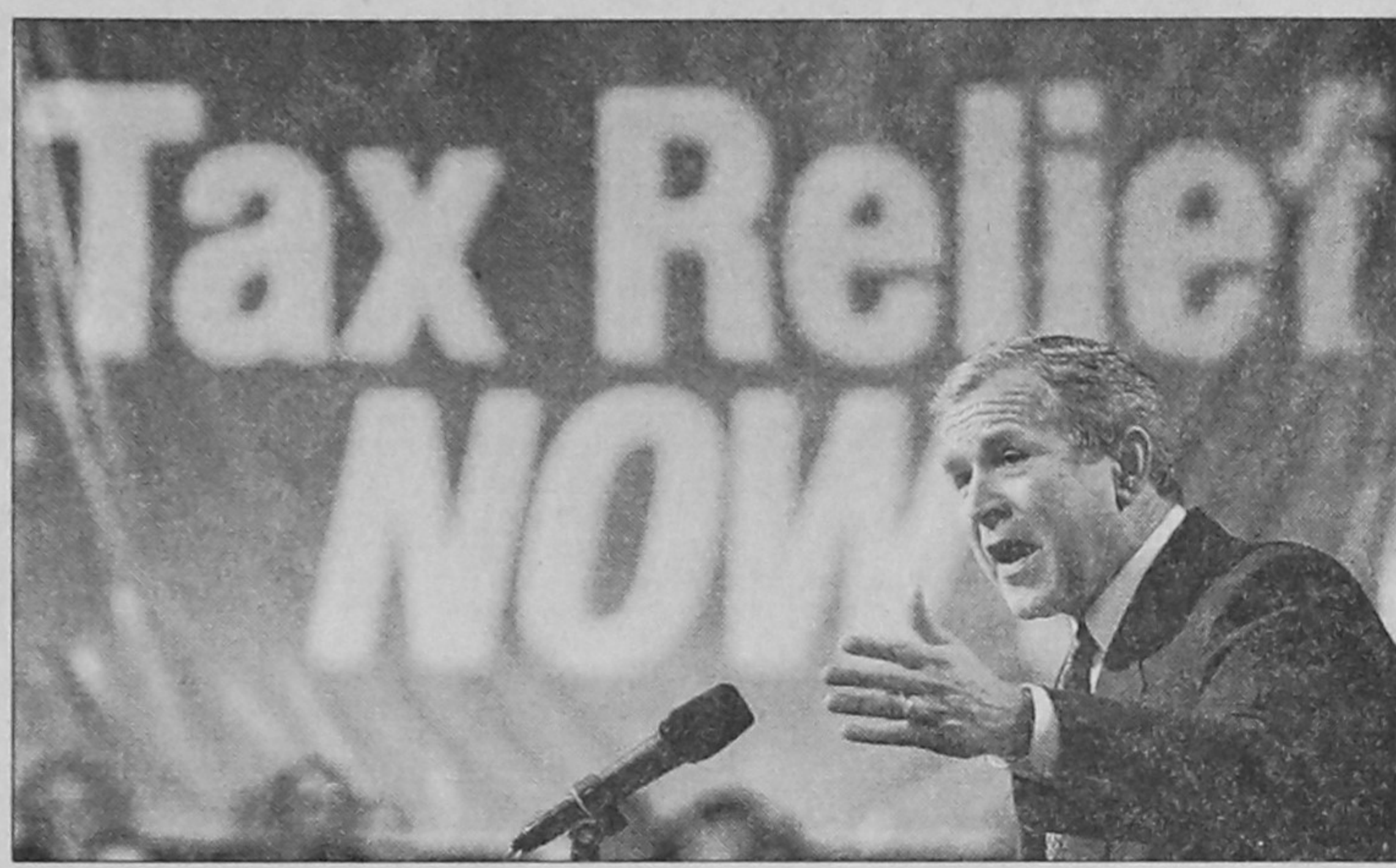
World's largest urea phosphate plant in Dubai

AFP, Dubai

A 30,000 tonnes per annum urea phosphate plant was opened on Saturday in Dubai's Jebel Ali free trade zone, the Emirati-Finnish joint venture announced.

The Kemira Emirates Fertiliser Company (Kefco) said it was the "world's largest" urea phosphate plant. Construction started in May 2000 and was completed at the end of January.

The plant was built at a price of 70 million dirhams (19 million dollars), said the Emirati news agency WAM.



US President George W. Bush addresses a rally at Lafayette Regional Airport in an effort to sell his tax cut plan to the American people in Lafayette, Louisiana on Saturday. Bush, on a five-day campaign to win over moderate Senate Democrats from small states he carried easily in the November election, lashed out against "spending orgies" and joked that a small electrical fire was a divine sign that his budget blueprint will fare well in the coming pitched Senate battle.

Samsung Group owner's son made Senior VP

AFP, Seoul

South Korea's Samsung conglomerate Sunday shrugged off objections from minority shareholders and named the son of the group's ailing patriarch Lee Kun-Hee as a top executive in its electronics business.

Samsung Electronics Co. (SEC) appointed Lee Jae-Yong, 33, as a vice president of the company's crucial decision-making body, the Corporate Strategic Planning Office.

The son's appointment coincided with a sweeping reshuffle of Samsung Group management involving 360 executives. It was the biggest management change in the group's 40-year-old history.

"In his position, Lee Jae-Yong will work to develop near and long term strategic business opportunities for Samsung Electronics," SEC said in a statement.

He will take up the position after completing his studies in the United States in April, and will be engaged in "special accelerated management training," it added.

The appointment follows objections raised by small shareholders and civic groups that the conglomerate would push ahead with hereditary governance.

Minor shareholders have launched a campaign to block what they called Samsung's illegal transfer of wealth from father to son, claiming the son would eventually take over his father's place.

US slowdown may hit Chinese export industries this year

AFP, Beijing

A slowing US economy could pose serious problems for China's beleaguered export industries this year, trade statistics published by Chinese state media on Sunday suggested.

Xinhua news agency said exports to the United States grew just 3.3 per cent in January from the same month last year to 3.5 billion dollars, suggesting a 16 per cent decline from December and underlining recent concerns over the impact of a US slowdown.

"The possibility of an abrupt economic recession in the United States is slim, but if it does happen, China's economy could be greatly influenced," the state-run China Economic Times warned in a recent editorial.

The January figure compares with a 24.2 per cent increase in exports to the United States during all of last year, and is a halving of an approximate seven per cent gain as late as in December.

While the January data was affected by the Lunar New Year fes-

tival, China's largest holiday, the implications for China's economy this year could be severe if the trend continues.

This is because overall growth last year -- at eight per cent the highest since 1997 -- was fueled almost exclusively by exports, while the exports in turn soared on the back of a still vigorous US economy.

China posted a trade surplus of 29.7 billion dollars with the United States last year, more than the 24.1 billion dollar net surplus it reported with the world as a whole.

Early this month, the Organisation for Economic Cooperation and Development estimated the US economy could grow by around two per cent this year, down sharply from a forecast of 3.5 per cent by the same body in November.

Given the US economy's pivotal role, a worsening outlook in the US is likely to have ripple effects across the Pacific to the Asian markets which take more than half of China's exports according to Chinese statistics.

Win in House of Representatives Bush for quick Senate move on tax cuts

REUTERS, Crawford, Texas

With victory in the House of Representatives in hand, President George W. Bush on Saturday urged the Senate to act quickly on his sweeping tax cut proposal as the first whiffs of compromise emerged.

Beginning a two-day break at his central Texas ranch, Bush used his weekly radio address to thank the House for making "a good start" by approving the biggest part of his \$1.6 trillion, tax package -- a \$958 billion across-the-board reduction.

He singled out the 10 Democrats who broke ranks to cross party lines in the 230-198 vote, although with the emphasis Bush has placed on bipartisanship since taking office on Jan 20, he might have hoped for more.

"The outcome in the Republican-controlled House was never in

doubt. In the Senate, which is evenly divided between the parties, his tax package faces an uncertain fate and Bush hinted he might have to strike a deal.

"I understand how the process works," he told the Washington Post. "People are sending messages to the White House in a variety of ways and I'm listening."

Noting the Senate vote was "a little ways down the road," Bush's spokesman Ari Fleischer told reporters "to fight for the tax plan that passed the House."

"The president believes things are going in the right direction and that his tax plan is the best plan to help keep the economy strong and give people the tax relief they need," Fleischer said.

Republican sources in Washington said Bush might be willing to consider a smaller tax cut for the wealthiest Americans.

Chinese stocks bubble may burst: Experts

REUTERS, Shanghai

Three Chinese economists have blown the whistle on what they call a stock market scam, warning that a soaring asset bubble created with corrupt government collusion could burst, and rattle the economy.

While this only echoes what many analysts have said for years, the economists' unusually blunt letter to an annual parliamentary session highlights escalating anxiety that spiking valuations inevitably must crash, and perhaps soon.

It's common knowledge China needs robust equity markets to bail out ailing state enterprises, and has spent years shifting the burden of support from the government to stock investors by floating state assets on domestic share bourses.

The country also desperately needs money to cover unfunded pensions to head off social unrest. Officials estimate the bill for state employees not covered under current plans is at least 1.8 trillion yuan (\$217.4 billion), about a fifth of annual GDP.

Morgan Stanley Dean Witter estimates total unfunded social security liabilities at a more alarming \$500 billion, roughly the combined capitalisation of the domestic A share markets.

China's households need to sink half their incremental savings into stocks to pay for welfare and support corporate expansion, says Morgan Stanley economist Andy Xie.

"The A share market today is still a subsidy mechanism for inefficient state enterprises," Xie said in a recent report.

The three Chinese economists, including two with a leading state think-tank, were more blunt.

"A huge interest group" of market regulators, stock exchange officials, listed firms, brokerages and investment funds all had a stake in a rising market where rampant speculation was increasing, they told the National People's Congress last week.

Asset price Inflation

In a country where open dissent is rare, the direct criticism suggests authorities are also worried, analysts said.

Weekly Currency Roundup

Battered yen, Aussie dollar tilt Asian units down

AFP, Hong Kong

Word that Japanese finances were "close to collapse" and uncertainty over how Tokyo would respond pushed the yen to its lowest point in nearly two years last week -- and also edged down other regional currencies.

Currencies also followed the lead of the Australian dollar, which continued its decline to sink to an all-time low amid worries it could dip even lower.

Japanese Yen: The yen slumped to a 19-month low during the week after Finance Minister Kiichi Miyazawa said Japan's debt-ridden national finances were "close to collapse."

It hit a low of 120.40 to the dollar when the remark was made on Thursday but recovered gradually to fetch 119.75-78 to the dollar late Friday, down from 118.31-34 a week earlier.

Miyazawa apologised for his remark on Friday, saying it was "inappropriate." The yen gained further ground when State Economics Minister Taro Aso said the

government did not favour a weaker yen as a policy tool.

But it stalled after Japan's ruling coalition proposed a package of economic rescue measures seen as giving no further lead to the currency.

Singapore-based DBS Bank said the "policy uncertainty" coming out of Tokyo was not healthy for the Japanese economy, with speculation rife that Prime Minister Yoshiro Mori would shortly announce his resignation.

He announced his intention to resign Saturday.

"While the market is use to messy statements coming from Japanese policymakers in the past, the economy is currently not in a position to have that practice continued," DBS said in a report.

"The yen rose against the dollar early in the week as investors bought back the currency following a rebound in Japanese stock prices from 15-year lows. It stood at 118.65-68 to the dollar late Tuesday.

But it tumbled on Wednesday after Bank of Japan Governor Ma-

saru Hayami hinted at a dramatic devaluation.

Australian Dollar: The Australian dollar remains unsteady and could plummet further after dropping to a record low against the US dollar, dealers said.

After sinking to an all-time low of 50.61 US cents, some dealers and currency strategists raised the spectre of an Australian dollar worth just 48 US cents.

Reams of economic data which showed GDP contracted during the December quarter, and an official interest rate cut to 5.5 per cent, removed the barriers that prevented the dollar breaking the 50 US cent barrier last November.

Commonwealth Securities chief economist Craig James said a fall below the 50 US cent mark remained possible, despite the dollar's mildest of recoveries late Friday.

"Given negative sentiment on the Aussie, clearly 49 US cents is possible in the current environment," James said.

"Australia has not yet started a

debate as to what level the Australian dollar must reach to be against national interests.

"Other countries have had the debate on the currency, ultimately leading many to change to a fixed relationship with the US dollar," he said.

The Australian dollar closed at 51.21 US cents Friday.

"We may not go to 50 cents but the recovery will be slow," Arab Bank foreign exchange dealer Scott Young said.

New Zealand Dollar: New Zealand's dollar closed Friday worth 42.39 US cents but brokers say it is fragile on the back of a weakening Australian dollar.

Bank of New Zealand chief currency dealer Mike Symonds said the kiwi had a steady day on reasonable volumes, after hitting a low of 41.85 US cents overnight, in line with the Australian dollar.

"(There was) also a generally weaker US dollar out there as well, with a stronger euro, and yen. The US dollar's just lost a little bit of ground in the last 24 hours, helping the kiwi," Symonds said.

A dealer at Shinhan Bank said the exchange rate would move

within a range of 1,260 won and 1,280 won in the foreseeable future.

Taiwan Dollar: The Taiwan dollar fell 0.1 per cent against the greenback over the weekend to close at 32.402 on Friday due to weakness in the Japanese yen and foreign remittance outflows, dealers said.

The currency closed at 32.368 on Monday and 32.362 on Tuesday. It finished at 32.370 on Wednesday and ended at 32.381 on Thursday.

Thai Baht: The Thai baht extended its losses against the dollar over the past week due to weakness in the yen and the bombing of a Thai Airways jet, which Prime Minister Thaksin Shinawatra was to board.

The baht hit a two-month low at 43.72 baht to the dollar before a slight rebound amid profit taking by local exporters and overseas investors.

The Thai currency closed Friday at 43.55-59 baht to the dollar compared to last week's close of 43.35-37.

Singapore Dollar: The US dollar traded at 1.7573 Singapore dollars late Friday from 1.7473 in the previous week.

Hong Kong Dollar: The Hong Kong dollar was marginally lower at 7.7998-7.8000 to the greenback compared with the previous week's 7.7998-7.7999.

Indonesian Rupiah: The Indonesian rupiah weakened near the psychological 10,000 to the dollar level, closing trade on Friday at 9,958 to the greenback, compared to 9,878 a week before.

Dealers blamed the weakening on a shaky domestic political situation.

Philippine Peso: The Philippine currency closed higher at 48.065 pesos to the dollar on Friday from 48.345 pesos to the greenback on March 2.

South Korean Won: The won further weakened to 1,268.80 won from 1,265 won to the dollar a week earlier, reflecting a strong dollar against the Japanese yen and falls on Nasdaq.

A dealer at Shinhan Bank said the exchange rate would move

CURRENCY

American Express Bank Ltd foreign exchange rates (indicative) against the taka to major clients.

Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	54.2800	54.3100	53.8150	53.6970	53.6250
Pound Stg	80.3453	80.3897	78.5268	78.3547	78.2496
Deutsche Mark	26.3181	26.3326	25.2479	25.1926	25.1588
Swiss Franc	33.0653	33.0835	32.3680	32.2970	32.2537
Japanese Yen	0.4581	0.4583	0.4463	0.4453	0.4447
Dutch Guilder	23.3578	23.3707	22.4080	22.3388	22.3288
Danish Krona	6.8240	6.8278	6.6775	6.6629	6.6540
Australian \$	28.1767	28.1923	26.8322	26.7733	26.7374
Belgian Franc	1.2760	1.2767	1.2241	1.2214	1.2198
Canadian \$	35.4377	35.4573	34.4372	34.3617	34.3156
French Franc	7.8471	7.8515	7.5280	7.5115	7.5015
Hong Kong \$	6.9728	6.9767	6.8861	6.8710	6.8618
Italian Lira	0.0266	0.0266	0.0255	0.0254	0.0254
Singapore \$	31.2817	31.2990	30.2978	30.2314	30.1909
Euro	51.4737	51.5022	49.3806	49.2724	49.2063
Saudi Rial	14.5122	14.5202	14.3098	14.2785	14.2593

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
53.7512	53.3665	52.9181	52.4696	52.0212	51.1243

US dollar London Inter Bank Offered Rate (LIBOR)

Buying (\$)	Selling (\$)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
53.6250	54.2800	USD	5.18750	5.04000	4.91000	4.84125	4.86125
78.2496	80.3453	GBP	5.62313	5.61938	5.52656	5.52391	5.49750
Cash/TC	Cash/TC	EURO	4.83500	4.77750	4.66125	4.57938	4.56563

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
46.48/46.58	60.20/60.25	43.53/43.58	3.7999/3.8001	10130/10180	1268.8/1269.1

Amex notes on Sunday's market

USD/BDT rates in the inter-bank market remained between 54.18 and 54.2. The inter-bank market was quiet because of the weekend in the international market. The average call rate ranged between 13 and 15 per cent level today.

On March 9, 2001, the Labour Department reported that February non-farm payrolls had risen by 135,000. The unemployment rate remained unchanged at 4.2 per cent, on target with forecasts. Resilient US employment data gave the dollar a brief boost against the Euro on that day, but slumping US stocks helped erased all of the greenback's gains.

While the US economic data bolstered the dollar against the euro, the Japanese yen managed to hold its early gains, having backed away from the 20-month lows reached on March 8, 2001, when it hit 120.40 yen per dollar. The dollar was also pulled slightly lower against the yen, despite mounting political and economic turmoil in Japan, but stayed within 20-month peaks reached earlier this week.

The Swiss franc hovered around seven week lows against the euro in European trade on March 9, 2001, amid increasing expectations that Swiss rates could be cut as early as this month. Sterling turned tail from one-week highs against the dollar on the same day after poor economic news fuelled concern Britain was feeling the winds of slower global growth.

In New York on Friday, the majors closed against US\$119.50/119.58 JPY, 1.6516/1.6526 CHF, Euro at \$0.9326/0.9333 and GBP at \$1.4692/1.4702.

SHIPPING

Chittagong Port

Berth position and performance of vessels as on 11.03.2001.

Berth No	Name of Vessels	Cargo	L Port	Local Call	Date of Arrival	Leaving
J/1	Southern Queen	GI (Cupra)	Sing	Aeka	28/11	-
J/2	Le Chang Ling	C Clink	Koshi	RML	3/3	18/3
J/3	Naval Gent	Wheat (P)	Tuti	Rainbow	3/3	14/3
J/4	Banglar Maya	GI Pipa	BSC	BSC	3/3	15/3
J/5	Yon Pung Ho	Sugar (TCB)	Tuti	SBS	16/2	11/3
J/6	Chopid-2	Sugar (TCB)	Tuti	OCNL	23/2	14/3
J/7	Eltanidin	GI (Log/MA)	Yang	SMSL	5/3	18/3
J/8	Chief of Cherokee	GI (St C)	Sing	ASA	8/3	11/3
J/9	Sungrisan-8	Urea (BCIC)	Sing	PSAL	20/2	12/3
J/10	Storm Wind	C Clink	Jaka	MBL	3/3	17/3
J/11	Jurong Balsam	Cont	Sing	NOI	4/3	11/3
J/12	Salzach	Cont	Sing	BDShip	6/3	12/3
J/13	Acturia	Cont	P Kel	QCSL	4/3	11/3
CCT/1	Banglar Shikha	Cont	Sing	BSC	7/3	14/3
CCT/2	Banga Biraj	Cont	P Kel	BDShip	4/3	11/3
CCT/3	Kota Bintang	Cont	Sing	Pil (BD)	8/3	13/3
RM/14	Banglar Kallol	Idle	K Dia	Lams	27/1	16/3
RM/15	Banglar Urm	Repair	-	BSC	R/A	17/3
CJ	Diana	C Clink	Tanj	Seacom	23/2	11/3
GSI	Al Bauraq	H B Iron	Cebu	RML	27/2	12/3
TSP	Patchara Naree	R Phos	Xing	Atlantac	1/3	15/3
DOJ	Banglar Shourabh	Repair	-	BSC	R/A	11/3
DD	Banglar Shou	Repair	Sing	BSC	19/2	15/3
DD/1	Seabulk Command	-	K Dia	IBS	R/A	-
CUFL	Mary Nour	Cement	Lang	BBL	4/3	21/3
Kafco(U)	United Santosh	Urea	Hald	Everett	10/3	15/3

Vessels due at outer anchorage

Name of Vessels	Date of Arrival	L Port	Local Call	Cargo	Loading Port
Ova	11/3	Sing	OTBL	-	-
Km Armada Ternak	11/3	Jaka	OTBL	Demolition	-
Valchiera	11/3	Viet	UMTL	-	-
Bangla Bijoij (Cont)	28/2	11/3	P Kel	BDShip	Cont
Kapitan Vanchuk	13/3	-	Uniship	C Clink	CBO
Orient Independence	11/3	-	TTL	Cont	Sing
(Cont) 8/3	-	-	-	-	-
Banga Lanka (Cont)	27/2	12/3	Mong	BDShip	Cont
Da Fa (Cont) 4/3	15/3	Sing	RSL	Cont	Sing
Kota Naga (Cont) 4/3	12/3	Sing	Pil (BD)	Cont	Sing
Kota Berjaya (Cont) 4/3	13/3	Sing	Pil (BD)	Cont	Sing
Cendikawan	12/3	-	STL	Cement	-
Dea Captain	12/3	Sing	Arafeen	Proj Equip	-
Oro(72)25/2	13/3	Yang	Everett	GI (St C)	-
Qc Pintail (Cont) 4/3	16/3	-	QCSL	Cont	Sing
Top Concord	14/3	Nago	SSST	Rice (G)	-
Banga Bonik (Cont) 9/3	14/3	CBO	BDShip	Cont	CBO
Ava	15/3	Yang	MTA	Rice (P)	-
Samsun Honour	15/3	Naga	SSST	Rice (G)	-
Ocean Blue (Roro) 21/1/3	15/3	-	Everett	Vehi	-

Tanker due

Name of Vessels	Date of Arrival	Cargo	L Port	Local Call	Date of Arrival
Dai Long	12/3	Mina	ECSL	HSD	-
Performance-9	11/3	-	Seacom	CPO	-

Vessels at Kutubdia

Name of Vessels	Cargo	L Port	Local Call	Date of Arrival
Energy Explorer-IV	-	-	BBAL	5/4
Ismaya	-	-	Arafeen	17/8
Dea Conqueror	-	-	Arafeen	R/A (31/12)
Dea Champion	-	-	Arafeen	R/A (1/3)
Mystras-II	C Oil	Rast	Unique	9/3
Banglar Jyoti	C Oil	-	BSC	R/A

Vessels at outer anchorage

Ready On

Name of Vessels	Cargo	L Port	Local Call	Date of Arrival
Bombay	R Phos	Mali	RML	14/2
Boxer Capt Cook (Cont)	Cont	P Kel	TIL	6/3
Triumph Chittagong	GI (St C/Ling)	Yang	RML	8/3
Togo Charm				