

China airlines  
cancels flights  
to ME over  
security fears

AFP, Beijing

Chinese airlines cancelled direct flights to destinations in the Middle East Tuesday over security concerns linked to a looming US military response to this month's terror attacks.

China Southern Airlines said its three weekly flights from Beijing to Sharjah in the United Arab Emirates via Urumqi, the capital of China's far western Xinjiang region, would be cancelled from Wednesday.

The flight would instead terminate at Urumqi, said an airline official who identified himself as Li.

Li said the decision had been made by the country's aviation authorities for "security reasons" and that flights would only resume when the situation was considered safe again.

Xinjiang has a majority Muslim population and has experienced its own waves of bombings and other violent incidents in recent years which have been blamed by Beijing on Islamic separatists.

Mediacom made  
NZ Milk's ad  
agency in  
Bangladesh

UNB, Dhaka

New Zealand Milk Bangladesh, a 100 per cent owned subsidiary of New Zealand Dairy Board, Tuesday appointed Mediacom Ltd its advertising agency to promote its milk products in Bangladesh.

Managing director of New Zealand Milk Bangladesh Moinul Chowdhury and managing director of Mediacom, a sister concern of Square Group, Anjan Chowdhury signed an agreement to this effect at a function at Sonargaon Hotel.

Under the agreement, Mediacom will handle all promotional activities through electronic and print media, and outdoor and other events from October 1.

Dot.Com  
becomes IT  
partner of  
AIESEC

AIESEC, the world's largest student-run organisation present in 83 countries, and Dot.Com Limited, an innovative and diverse Information Technology firm in Bangladesh, have signed a year-long partnership deal where Dot.Com becomes the "Office and IT Partner" of AIESEC.

Md. Sujayat Hossain, Chairman Dot.Com Limited, and M. Iftekhar Alam President of AIESEC in Bangladesh, signed the agreement in the city recently, says a press release.

This partnership is hoped to develop the leadership qualities among the youth of Bangladesh.

Shamsul Arifin Jaigirdar, Vice President of AIESEC in Bangladesh, Moshfaqueen Khan, President and Abdus Sabur Chowdhury, Vice President of AIESEC in NSU signed as witnesses.

Farzana Nahid, Vice President AIESEC in Bangladesh, Mahameen Rashid and Joshua Wayes Ahmed Vice Presidents AIESEC in NSU were also present during the ceremony.

War rumblings threaten Pak economy  
despite lifting of US sanctions

AP, Islamabad

Rumblings of war are jeopardising investment and confidence in Pakistan's fragile economy despite the lifting of US sanctions to reward Islamabad for agreeing to support a possible US assault on neighbouring Afghanistan.

The prospect of new aid, debt forgiveness and more favourable lending terms may not be enough to quell investor fears of instability in Pakistan resulting from an armed conflict.

The poverty stricken South Asian nation of 140 million people is already saddled with a \$37 billion foreign debt, an illiteracy rate approaching 60 per cent and a crumbling infrastructure.

A drought in the agriculture-dominated country hurt economic growth last year, when the gross domestic product expanded only 2.8 per cent, far short of the government's 4.5 per cent target. This year the economy has been battered by a global recession.

Washington is moving quickly to assure Pakistan that its cooperation will be richly rewarded.

On Saturday the United States removed sanctions imposed on both Pakistan and India over their nuclear weapons programmes, restoring the two rivals' access to a wide range of economic and military assistance.

Economists say the biggest benefit for Pakistan of the sanctions' removal is the restoration of insurance provisions for potential investors; the restoration of US backing for multilateral loans is less significant because Washington hadn't been opposing them anyway.

The United States and Pakistan signed an agreement Monday to reschedule \$370 million in bilateral debt. The accord was in the works before the Sept 11 terror attacks, but Washington used the occasion to thank Pakistan for its support.

"At this critical time, we expect our already strong trade relations to prosper," declared US Ambassador Wendy Chamberlin. She added that the United States is "looking seriously" into lifting additional sanctions imposed after Pakistan's army overtook the democratically elected government in 1999.

The United States needs Pakistan's help because it borders Afghanistan and its security forces have collected extensive intelligence on that country's Taliban rulers, who until last week were Pakistan's close allies. The Taliban are a likely target of a US assault because they harbour Osama bin Laden, the prime suspect in the Sept 11 terror attacks in the United States.

Some Pakistanis are recalling their coun-

try's alliance with the United States during the Cold War, when they say Pakistan was left largely on its own to deal with a costly refugee crisis and regional instability after the Soviets evacuated Afghanistan in 1989.

The new alliance with Washington, they say, could similarly leave Pakistan in the lurch -- especially if war leads millions of Afghans to flee into Pakistan.

The United States "has a poor record of clearing up the debris after completing its task," said the main editorial in Monday's edition of the Pakistani daily The News.

Still, Pakistan's leaders are keenly aware that the cost of not cooperating with Washington could be much higher than the price of doing so.

The country is about to complete an International Monetary Fund-inspired restructuring programme that won the government widespread praise. In the past year or so it reduced its fiscal debt from 6.5 per cent of gross domestic product to 5.5 per cent. It increased government revenues by 15 per cent, largely through improved tax collection, and began reining in public spending.

Now officials are negotiating a new three-year poverty-reduction programme with the IMF, expected to include loans totalling more than \$2.5 billion -- not including additional

credits from the World Bank and the Asian Development Bank.

Snubbing Washington in the anti-terrorism fight would have been "disastrous" for Pakistan's efforts to secure backing for these programmes, said Sakib Sherani, chief economist for ABN-Amro Bank in Islamabad.

But new economic aid from Washington -- made possible by Saturday's lifting of sanctions -- "won't likely make up for the lack of investment" resulting from war jitters, Sherani said.

The possibility of civil unrest from Islamic militants opposed to cooperation with Washington is adding to the investor nervousness. Nationwide demonstrations called to protest the cooperation have been relatively small in recent days, but that could change in the event of actual fighting.

Many Pakistanis see hypocrisy in America's behaviour. They say Washington turned a blind eye to their nuclear programme when it needed Pakistan to fight the Soviets, then imposed punishing sanctions over the issue only to overturn them when the country's help is needed once again.

"Pakistan is saying, 'fine, we'll play along, but let's make sure we can get some benefits of our own in return,'" Sherani said.

US Senate passes free  
trade pact with Jordan

AFP, Washington

The Senate on Monday approved a landmark US-Jordan free trade pact, which is seen as a significant economic boost for a key US ally and expected to serve as a model for Washington's future commerce deals with other nations.

The agreement, negotiated under former president Bill Clinton, was approved by voice vote, despite objections from several senators over some environmental and labour provisions. It had passed the lower House of Representatives in late July.

The deal eliminates all tariffs on two-way trade in goods and services over a 10-year period, an arrangement the United States currently has with only three other countries: Canada, Mexico and Israel.

President George W. Bush, who

is expecting a visit by Jordan's King Abdullah II later this week, welcomed the agreement as "a strong signal to Jordan as well as other countries in the region, that support for peace and economic reform yields concrete benefits."

The Jordanian ruler, who strongly condemned the terrorist attacks on New York and Washington earlier this month, is to arrive in Washington Wednesday, and meet with Bush Friday.

"I commend the Congress for advancing trade and relations with Jordan, a valued friend and partner. The US-Jordan Free Trade Agreement will promote peace and security in the region, while creating jobs and new investment opportunities in both countries," Bush said in a statement.

Oil sees small bounce after  
biggest fall in 10 years

REUTERS, Singapore

Oil prices saw a corrective bounce Tuesday, retracing a small part of the massive losses from a day earlier when the market was beaten down by fears the slowing global economy would erode petroleum demand.

US benchmark light crude climbed 59 cents in Asian dealings to \$22.60 a barrel, regaining some 15 per cent of Monday's \$3.96 plunge in New York.

Monday's decline was the largest daily price drop since January 17, 1991, when the United States and its allies began the air war against Iraq for the invasion of Kuwait and major oil powers said they would keep oil supply flowing.

Prices have fallen for six straight days after jumping to close at \$30 a barrel following the plane hijack attacks in the United States two weeks ago.

The immediate fear of disruption to oil supplies from military actions that might be taken in retaliation for the attacks has been largely replaced by concern the attacks

would help tip the global economy into recession and hit oil demand.

Confidence has grown that any US-led military moves will not affect Middle East oil exports, while traders have become increasingly convinced the OPEC producers' cartel is unlikely to change output policy when it meets this week.

At the moment there is no perceived threat to supply and the major threat lies with demand," said Simon Games-Thomas at NM Rothschild & Sons in Sydney.

The organisation of the Petroleum Exporting countries will meet on Wednesday in Vienna to review production policy, but traders said the cartel appeared boxed in by the tottering US economy and political sensitivities in the wake of the attacks in New York and Washington.

"It's a very delicate time at the moment, but we're all working to maintain price stability," OPEC Secretary-General Ali Rodriguez told Reuters on Monday as prices took a tumble.

OPEC ministers arriving in Vienna could only watch helplessly as crude markets fell by up to 15 per cent.

The 11-member group has managed to keep oil in the middle of a \$22-28 a barrel target range so far this year by a series of supply cuts, which have removed 3.5 million

barrels per day from the world market.

But despite oil coming off sharply, OPEC looks powerless to act again as US demands for cooperation in the wake of the attacks make it almost impossible for OPEC's most influential member, Saudi Arabia, to support any action to rescue prices.

OPEC President and Algerian Energy and Mining Minister Chakib Khelil said on Monday he was still aiming for a target price of \$25 for the group's reference basket of seven curds.

Khelil said that while it was possible that OPEC would cut output under the terms of its price band mechanism if prices stayed under \$22 for 10 consecutive working days, "at this stage there is no reason to speculate that this might happen."

Industry consultants who track OPEC supplies reckon the 10 members with supply quotas were between 1.3 and 1.4 million bpd over production limits of 23.2 million bpd in September.

Preliminary estimates put the OPEC 10 pumping 24.5 to 24.6 million bpd this month, down by 500-600,000 bpd in August. But leakage in August, before OPEC's most recent one million bpd output cut, was lower at 900,000 bpd, they said.



An agreement was signed between New Zealand Milk Products Bangladesh Ltd and Mediacom Ltd at a city hotel on Monday. Picture shows (from left to right) Moinul Chowdhury, Managing Director of New Zealand Milk Products Bangladesh Ltd, Anjan Chowdhury, Managing Director and Sarwat Ahmad, Director-Marketing of Mediacom Ltd, at the signing ceremony.

Singapore readying  
stimulus package

AFP, Singapore

Singapore is preparing new measures to stimulate the recession-hit economy, top officials said Tuesday, ruling out a recovery in the near term due to fallout from the terrorist attacks in the United States.

Finance Minister Richard Hu told parliament the new measures would be "more substantial" than the 2.2 billion Singapore dollar (1.3 billion US) unveiled in July.

It will be finalised by mid-October when the economic data for the September quarter are known.

"Government has... been work-

ing on a second more substantial off-budget package, which will be finalised when the third quarter results are known around mid-October," Hu said.

He however warned that "leading indicators suggest that the economy has worsened further and it is likely that the third quarter results will be substantially weaker."

Trade Minister George Yeo said the government will release on October 7 a revised gross domestic product (GDP) forecast for 2001 which would show Singapore heading toward negative growth.

Philippine economy  
faces 'rough ride'

AFP, Manila

President Gloria Arroyo warned Tuesday the Philippines faces a "rough ride" due to the worsening global economy as her cabinet urged caution in opening up the country's economy.

The cabinet proposed Manila go slow on its commitment to open up services and other sectors to global competition, Arroyo spokesman Rigoberto Tiglao told reporters.

"Although our export thrust remains, we have to be realistic that the world economy could get rough," Tiglao said.

Arroyo and her cabinet agreed at a meeting that the Philippines now had to rely more on its domestic economy, he added.

The government is keeping its 3.3 per cent economic growth target this year but the Asian

Development Bank the United States two weeks ago.

Trade Secretary Manuel Roxas warned Philippine exports would plunge 10 per cent this year to their lowest level in three years.

Tiglao said Arroyo and her top aides also discussed the government's stance in the coming round of World Trade Organization negotiations.

Washington has proposed eliminating constraints to trade in industries such as financial management, telecommunications and audiovisual technology.

Tiglao said Arroyo ordered her cabinet to speed up the implementation of a number of "big projects," including her high-profile pledge to build tens of thousands of housing units for the poor.

"Most economists agreed that housing ... could give a push to the economy," he added.

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