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Star BUSINESS

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Aftab becomes AmCham President

STAR BUSINESS REPORT

Aftab Ul Islam has become the new president of American Chamber of Commerce in Bangladesh (AmCham) for 2001-2002, says a press release.

Islam succeeded Forrest E Cookson who led the chamber since its inception some eight years back.

The new president along with other officer bearers were elected in the fifth annual general meeting of the chamber on Tuesday, the release said.

Scott Barber, President and Managing Director of Unocal Bangladesh Ltd, has been elected as vice-president while AZMR Osmani, Country Manager, Wyeth Ayerst International Inc, has been made the treasurer.

NEPC Consortium Power Ltd Managing Director Mahmood Mir, The Asia Foundation Representative Dr Karen L Casper The Westin Dhaka General Manager Ian HW Kent and Pangaea Partners (BD) Ltd Managing Director Irfanul Islam have been elected executive members of the chamber.

Islam is a former President of Bangladesh Computer Samity (BCS) and immediate past president of Dhaka Chamber of Commerce and Industry (DCCI).

AB Bank organises meet of RMG exporters

A meeting of exporters of readymade garments organised by Arab Bangladesh Bank Limited was held in its head office last week, says a press release.

The meeting focused on the present export-trend of RMG sector following the recent terrorist attacks in New York. It was viewed that the aftermath of such incident may cast a bad impact on the export of RMG to USA, which is the leading buyer. The meeting condoled the huge loss of lives and observed two minutes' silence.

A total of 68 owners of RMG units financed by AB Bank attended the meeting. Welcoming the guest, C M Koyes Sami, Managing Director of AB Bank, said the bank is not only a mere financier but in true sense is a partner ready to come forward in the need of the hour.

The owners of RMG units appreciated such initiative and said more and more interactions will strengthen the relationship between the bank and the customers.

A Iman Khan, JMD of the bank, said the bank will remain by the side of its customers during crises. The meeting was also attended by the senior executives of the bank.

Myanmar seeks Malaysian help in developing IT projects

Myanmar's military leader said Wednesday his junta wants Malaysia to help it develop information and communications technology, officials said.

Gen. Than Shwe and several ministers of the Myanmar regime toured part of Malaysia's Multimedia Super Corridor, a government-sponsored project to develop high technology industries, on Wednesday on the second day of a three-day visit to Malaysia.

After briefing Than Shwe on the project, Multimedia Development Corp. executive chairman Ohman Yeop Abdullah told reporters the Myanmar leader expressed hope that Malaysia could help his country develop similar projects.

Than Shwe, the chairman of the ruling State Peace and Development Council, met Prime Minister Mahathir Mohamad Tuesday for talks, and officials signed two agreements on boosting cooperation in information and tourism.

FDI in country drops by 5pc despite global growth in 2000

SHAHRIAR KARIM

Foreign direct invest (FDI) in the country decreased by more than 5 per cent in 2000 over the previous year despite a record global growth of 18 per cent reaching US\$1.3 trillion.

In Bangladesh, FDI inflow dropped to US\$170 million in 2000 from US\$179 million in 1999, according to World Investment Report (WIR) 2001 released by UNCTAD recently. So far, the peak year for FDI inflow in the country was 1998 when US\$190 million came.

With a declining prospect in FDI flows in 2001, as mentioned by WIR, it could be hard for Bangladesh to have better share of global FDI flow, experts fear.

Bangladesh in the list of the bottom 20 FDI recipient countries, many of which 'under perform' in attracting FDI, with a nominal share of the total global FDI between 1998 and 2000, according to WIR.

The FDI outflow from Bangladesh also

declined in 2000 to US\$20 million from US\$24 million in 1999. On the other hand, both the FDI inward and outward stocks increased for Bangladesh in 2000.

The FDI inward stock increased to US\$873 million in 2000 from US\$703 million in 1999 and the FDI outward stock increased to US\$100 million in 2000 from US\$81 million in 1999.

Similarly the South Asian region witnessed a drop in FDI inflow by 1 per cent over the previous year, although the developing Asia hit a record boom with US\$143 billion a 44 per cent increase over 1999. In the subcontinent, India was the largest recipient of FDI in 2000 with US\$2 billion.

The major share of the unprecedented FDI boom in Asia went to Hong Kong that topped the list with US\$64 billion. China remained fairly stable with US\$41 billion FDI inflow.

The FDI outflow from Asia also touched a record level of US\$85 billion in 2000. "Hong Kong with US\$ 63 billion outflow continued to be the single largest investor of the region. But FDI from

China and India is also rising," WIR revealed. More than half of Hong Kong's outward FDI went to China.

The FDI upside in developing Asia has been attributed to several reasons, according to WIR, that include, among others, "reflection of recovery from the economic turmoil and a major cross-border M&A (merger & acquisitions) in telecommunications, which alone accounted for nearly one-third of the territories total FDI inflow".

The WIR also mentioned the greatest FDI increase in Hong Kong was due to "anticipation of China's expected entry into the WTO" and "an element of increased 'round-tripping' of capital flow into and out of Hong Kong".

The UNCTAD investment report also said that despite reaching a record level in 2000 the FDI is unevenly distributed. "The world's top 30 host countries account for 95 per cent of total global FDI inflow and 90 per cent of stocks. The top 30 home countries account for around 99 per cent of total FDI flows and stocks, mainly industrialised economies."

China's growth may not reach forecast

REUTERS, Beijing

China's economic growth will be slower this year than originally expected and the global downturn could cause even more pain next year, analysts said Tuesday.

That bodes poorly for China's attempts to stand by its pledges after entry to the World Trade Organisation and keep a rein on simmering social unrest caused by government reforms, they said.

"So far we have not heard from any country suggesting that the meeting should be postponed. Rather, we have various embassies and governments coordinating with us for accommodation, transport and other facilities," he added.

EU and US trade chiefs have already said the Doha meeting should go ahead as planned. The EU and the United States hope to launch a new trade round at the ministerial meeting.

The next chief of the WTO, former Thai deputy prime minister Supachai Panitchpakdi, said on Monday the unpredictable environment ahead of the planned talks was eroding political will for an imminent launch of a fresh round of global liberalisation talks.

"We will satisfy the market," OPEC president Chakib Khelil told reporters in the Austrian capital, Vienna, who also is Algeria's oil minister. "OPEC wouldn't change its production or pricing policies at this week's meeting."

Lawmakers said Greenspan and Rubin stressed the importance of restoring consumer and business confidence in the economy and in airline safety.

Sen. Charles Grassley of Iowa, the top Republican on the Finance Committee, said there was general agreement that any package should be short-term, but enough to give the economy a jolt.

"I think it has to be temporary, but significant enough to make a difference," he told reporters following the meeting.

Sen. Olympia Snowe, Maine Republican who sits on the Finance Committee, said Greenspan told them that something in the order of \$100 billion would be needed to have an impact on the \$10 trillion US economy.

He told them it would take at least another week to get a better sense of the health of the economy following the attacks, he said.

Senate Republican Leader Trent Lott of Mississippi said many lawmakers felt the economy would need help.

"I think everybody is willing to wait a week or two to get an assessment of how things are coming back. But there is also a feeling by a lot of us that we are going to probably have to put a little more juice in the economy with some sort of economic stimulus," Lott said.

Congress has already approved \$15 billion to help airlines recover.



C M Koyes Sami, Managing Director of AB Bank, speaks at a meeting of exporters of readymade garments held last week in the city. The bank organised the meeting to discuss the impact of the terrorist attacks in New York on the country's RMG export to the US.

US needs \$100b to boost growth

REUTERS, Washington

nomic effect."

"In giving a rough approximation of what could be considered significant, the chairman noted that 1 per cent of GDP, or roughly \$100 billion, might be an appropriate benchmark, depending on the nature of the programme. This number includes the additional spending approved by Congress in the last two weeks," the Fed spokesman said.

But the central bank chief told members of the Senate Finance Committee in a closed-door session that more time was needed to gather data and anecdotal information that would show how badly the US economy was shaken by the hijacked attacks on New York and Washington that left nearly 7,000 people missing or dead.

A Fed spokesman, responding to inquiries from reporters, said late in the day the \$100 billion price tag included money already approved by Congress for counter-terrorism and recovery efforts in the wake of the attacks, about \$40 billion to date.

The spokesman said Greenspan told lawmakers any possible package should be "of significant size in order to have the intended eco-

nomic effect."

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Global economy shaky as US consumer confidence plunges

REUTERS, New York

A plunge in US consumer confidence Tuesday that could unhinge the world's largest economy underlined the shakiness of the global outlook in the wake of deadly attacks in the United States two weeks ago.

Eager to assure the world that their economies will get back on their feet soon, finance officials from the top industrial nations tried to reassure battered consumers.

Finance ministers from the Group of Seven major economies prepared for a meeting in Washington on Oct 6 after agreeing in a telephone conference that the fundamentals for continued growth remained in place despite the Sept 11 attacks on US landmarks that left thousands dead or missing.

"For the US economy, we reported that the events of September 11 will delay the recovery that was underway," said a joint G7 statement issued at the US Treasury department.

However, our economic policies and fundamentals remain strong and we expect a near-term return to sustained economic growth and stable financial markets," the ministers said.

Underlining the precarious state of the economy, a closely watched survey of US consumers said confidence suffered its sharpest one-month drop in September in almost 11 years.

But the survey captured just a small part of the economic shock because most of it was compiled before the attacks. That left econo-

mists fretting about even more bleak consumer data in the weeks ahead that would give the Federal Reserve plenty of reason to cut US short term interest rates further.

"I think it will keep the Fed worried that consumer spending could falter. It will keep them on track to cut aggressively again," said Jade Zelnik, chief economist at Greenwich Capital Markets.

Will Street initially brushed off the gloomy numbers and focused on news that existing home sales had risen to a record rate in August. The Dow Jones industrial average rose in early trading, building on Monday's rally that followed the market's worst week since the Great Depression of the 1930s.

But the benchmark index fell back into negative territory in mid-day trading as uncertainty over the economic outlook and the risk of a prolonged military conflict once again gained the upper hand, before closing moderately higher.

Fed Chairman Alan Greenspan, who orchestrated a global round of interest rate cuts last week, addressed lawmakers in Washington behind closed doors earlier Tuesday.

Members of the Senate Finance Committee said after the meeting a short-term stimulus package of as much as \$100 billion had been discussed but no decision had been made.

The central bank chief also cautioned lawmakers that more time was needed to gather data and anecdotal information that would show how bad the US economy was affected.

US airlines could see the first instalments of a \$15 billion bailout package as early as Tuesday. In Europe, carriers pushed for more aid amid bleak forecasts for the global aviation industry, which has been hit hard by rising security costs and falling demand for air travel.

US Commerce Secretary Don Evans said the blow inflicted on the world's top economy by the attacks on New York and the Pentagon may cause a deeper downturn than previously expected -- but one that would be followed by a sharp rebound.

"I think one can make a valid case there," Evans told CNBC television when asked about the odds of a V-shaped downturn, in which growth falls sharply and then recovers quickly.

"We had a set-back two weeks ago. How severe and how deep and exactly what the results are going to be, it is hard to say at this moment," he said.

Evans said a drop in oil prices should aid the recovery by keeping a lid on inflation and giving consumers and businesses extra spending power.

Oil prices had dropped to their lowest level in almost 15 years Monday amid fears a world recession was on the way. The Dow Jones industrial average rose to 1.8 per cent from 2.1 per cent and for 2002 to 2.1 per cent from 3.4 per cent.

The US economy barely edged ahead at an annual rate of 0.2 per cent in the second quarter and, since the attacks, most private economists say it likely already has slipped into recession, in which output shrinks over six months or

more.

Tuesday's consumer numbers appeared to confirm such fears. The Conference Board, a private research group, said its monthly index of consumer confidence fell 16.4 points to 97.6 in September, from a downwardly revised 114.0 in August.

Two separate reports added to the gloom, showing that US retail sales at discount, chain and department stores took a nosedive last week as consumers held off spending in the wake of the terror attacks.

Up to thirty-five African countries were expected at the two-day meeting early next month in

Most economists expect the Fed to cut borrowing costs for a ninth time this year when policymakers next meet on Oct 2 to consider how best to give the economy -- and battered financial markets -- another shot in the arm.

Despite the Fed's efforts, investment bank Morgan Stanley said it was lowering its forecast of global growth for 2001 to 1.8 per cent from 2.1 per cent and for 2002 to 2.1 per cent from 3.4 per cent.

The bank's global chief economist, Stephen Roach, said he saw a risk that world growth next year could slow to just 1.25 per cent. Because 2.5 per cent growth is usually viewed as the global recession threshold, Roach said his forecast depicted a world in deep recession.

Qatar getting ready to host WTO summit amid tension

REUTERS, Doha

Qatar said Tuesday it was going ahead with preparations to host the World Trade Organisation (WTO) conference despite tensions in the region following the deadly attacks on the United States.

Sheikh Abdullah bin Ahmed al-Thani, the spokesman of the Qatar committee organising the conference, told Reuters the Gulf Arab state had had no indication from WTO member states that the November 9-13 meeting would be postponed or cancelled.

The world body has said the ministerial meeting in Doha would go ahead as planned despite the September 11 attacks on US territory, but some diplomats said they believed the meeting might be moved or postponed especially if the United States launched retaliatory military strikes in the region.

"Signals coming from the US, European Union and the (WTO) director-general suggest that they are anxious to hold the conference as scheduled," Sheikh Abdullah said.

"So far we have not heard from any country suggesting that the meeting should be postponed. Rather, we have various embassies and governments coordinating with us for accommodation, transport and other facilities," he added.

EU and US trade chiefs have already said the Doha meeting should go ahead as planned. The EU and the United States hope to launch a new trade round at the ministerial meeting.

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