

## APEC to go ahead with China meet schedule

REUTERS, Shanghai

The 21-member Asia Pacific Economic Co-operation (APEC) summit will go ahead as scheduled in Shanghai on October 20 and 21, the organisers said Friday.

"There's no change. Every delegation has expressed their intention to participate," Yang Guo Qiang, chief executive officer of the Shanghai APEC Preparatory Office, told Reuters.

"The applications and registration are proceeding normally," Yang said.

The summit is slated to bring together US President George W. Bush and Chinese President Jiang Zemin for the first time.

White House spokesman Ari Fleischer said on Tuesday Bush would attend the APEC forum, but had put off stops in Beijing, Tokyo and Seoul.

The announcement came two weeks after four hijacked planes brought down the twin towers of the World Trade Center, damaged the Pentagon and crashed into rural Pennsylvania, leaving nearly 6,500 people dead or missing.

The Commonwealth Heads of Government meeting, due to have been held in Australia in October, has been postponed, the Commonwealth Secretariat in London said on Friday.

APEC groups Australia, Brunei, Canada, China, Chile, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Taiwan, Thailand, United States and Vietnam.

Yang said on Tuesday China will beef up security for the APEC summit, promising a cordon to "net the sky and ground". Shanghai conducted an extensive traffic control drill on Thursday night, shutting off all major roads, highways and tunnel.

## Jamuna Bank EC meeting held

The 5th meeting of the Executive Committee of the Board of Directors of Jamuna Bank Limited was held at the bank's head office in the city recently, says a press release.

Engr Mosharraf Hussain, Chairman of the Committee, presided over the meeting.

The committee approved several funded and non-funded loans in different sectors.

The meeting also discussed different issues relating to expansion and improvement of the bank's operational aspects.

## ECB holds key rates steady

AFP, Frankfurt

The European Central Bank decided the surprise cut in euro-zone interest rates 10 days was a sufficient economic impetus for the time being and held rates steady at its regular fortnightly meeting on Thursday.

Nevertheless, economists said they expected the bank to cut rates again, maybe as early as October, in face of the overwhelming global economic uncertainty.

As widely expected, the ECB held the minimum bid rate on its regular "refi" refinancing operations steady at 3.75 per cent on Thursday, after slashing it by half a point on September 17 to help boost market confidence in the wake of the terrorist assault on the United States.

And it also left its two other key rates, the deposit rate and the marginal lending rate, unchanged at 2.75 per cent and 4.75 per cent, respectively.

Few observers had been expecting any action again this week following the shock cut last week, taken in concert with other major central banks around the world and, exceptionally, outside the ECB's regular fortnightly deliberations.

That move "was clearly a confidence-boosting measures," aimed at assuaging some of the financial and economic shock of the suicide plane hijackings in New York and Washington on September 11, said Commerzbank economist Tamiko Bayliss.

ECB officials, too, saw the surprise rate cut was an "exceptional" measure in "exceptional" circumstances.

Nevertheless, with growth prospects for the world economy deteriorating almost daily, many ECB watchers are expecting the bank to cut its rates soon, and perhaps as early as its next meeting in Vienna on October 11.

# Global recession evidence gathers pace

REUTERS, Washington

Evidence of a global recession gathered pace Thursday as grim news on the US economy, from French business and British consumers added to the growing belief that the world economy is facing its bleakest outlook in years.

The latest data, coming more than two weeks after devastating attacks on New York and Washington, showed households and businesses are suffering from the economic earthquake that followed the Sept. 11 strikes.

Policy makers insist that it is too early to fully assess the economic impact of the attacks, which rattled consumer confidence and hammered businesses like airlines, tourism, retailers and insurance firms. But the omens are bleak as the economic proof trickles in.

In the United States, the number of people lining up for unemployment assistance hit its highest level in more than nine years. Jobless claims for the week ended Sept. 22, the first full week of data since the attacks, rose 58,000 to 450,000 from the previous week. New York, where hijacked airplanes destroyed the twin towers of the World Trade Center, was the hardest hit with a spike of 11,000 new claims.

More than 122,000 US aviation jobs already have been lost since the attacks, and the jobless report showed unrelated industries like auto makers were seeing increased layoffs too.

The dismal job market news further darkens the picture for the world's richest economy, which may have already been

heading toward recession before the attacks. And if those newly unemployed Americans were hoping to find work soon, another report showed that may not be a realistic hope.

A report on how many job vacancies were advertised showed that even before the attacks, "help wanted" adverts had slumped in August to their lowest level since early 1983.

Yet another report released on Thursday showed a third monthly decline in orders for long-lasting manufactured goods in August another bad sign for the economy.

"The (US) economy is in recession. It was slammed by the terrorist attack two weeks ago, but I think with a bit of luck and some deft policy making the economy could be firming up by early next year," said Mark Zandi, and economist at Economy.com in West Chester, Pennsylvania.

In Europe, where economic growth is also slowing, polls showed that French business confidence has hit a five-year low and that British consumer optimism slipped to its weakest level since 1980 in the wake of the US attacks.

US and European officials say a rebound has been set back by only a few months and deny that recession is inevitable.

But investors are running for cover from a weakening in the United States, the euro zone and Japan, the world's three largest economies, which some fear could spiral into one of the worst depressions since World War Two.

The Congressional Budget Office said the federal budget surplus for the fiscal year

ending on Sunday will be about \$121 billion, down from the \$153 billion expected a month ago. The report, more proof of a slowing economy, means the government will have used about \$50 billion in Social Security surpluses to help fund other programs something Congress and President George W. Bush had vowed not to do.

Reflecting the uncertainty over what lies ahead, the European Central Bank kept interest rates on hold as expected at its twice-monthly meeting in Frankfurt.

"We have still not touched the lowest point," said Exane economist Emmanuel Ferry, commenting on the French survey. "It should happen in the first quarter next year, but the economic revival will not come before the second half of 2002."

The International Monetary Fund said the global economy had been near recession even before the attacks and that the risks of a prolonged slump had now grown.

IMF chief economist Kenneth Rogoff said it was possible the US was already in recession but stressed that was not "a done deal" a phrase he used on Wednesday but later retracted.

Overall, Rogoff sought to strike an optimistic tone. "There are grounds to be optimistic that the impact (of the US attacks) will not be that deep or long-lasting," Rogoff told reporters in London.

He added that there was "tremendous uncertainty" surrounding the world economic outlook but said there was "a good chance of a good bounce back in 2002."

The IMF on Wednesday forecast global

economic growth of 2.6 per cent this year, well below growth of 4.7 per cent last year and hovering just above the key level of 2.5 per cent growth viewed by economists as indicative of a global recession. But the IMF admitted that its 2.6 per cent estimate may now be too high now in light of the Sept. 11 events.

Britain's Prime Minister Tony Blair insisted on Thursday that the "fundamentals of the economy have not altered."

"In the end this is as much a matter of confidence as much as anything else and there really is no reason why we cannot carry on and be confident in the basic strength of our economy," Blair told reporters in his Downing Street office.

The attacks on the United States have caused the worst decline in US stocks since the Great Depression of the 1930s, eroding the spending power of households that had been helping to keep the world's richest economy afloat.

Some Wall Street investors used the low level of the stock market to bargain hunt on Thursday, helping the stock market overturn early losses. The Dow Jones Industrial Average closed about 1.3 per cent higher on Thursday while the technology-laden Nasdaq index ended roughly flat, erasing an earlier drop.

US Treasury Secretary Paul O'Neill reiterated on Wednesday that the US economy will bounce back. "My own view is the recovery has been slowed by a quarter or so."

And in Tokyo, Prime Minister Junichiro Koizumi said an economic revival was

## BOJ, ECB, Fed intervene to boost sagging dollar

AFP, Tokyo

The Japanese, European and US monetary authorities stepped into major currency markets Thursday for their first concerted effort to boost the sagging dollar against the yen since the terrorist attacks in the United States, a press report said.

Zembei Mizoguchi, head of the finance ministry's international bureau, confirmed that the Bank of Japan and the Federal Reserve Bank of New York, acting on behalf of the Japanese central bank, snapped up the dollar against the yen, according to the Kyodo news agency.

It was the first time for the Fed to join the repeated intervention by the

Bank of Japan and the European Central Bank (ECB) since the attacks by hijacked planes on the World Trade Centre and the Pentagon on September 11, Kyodo said.

In Frankfurt, an ECB spokesman confirmed that the European Central Bank bought euros against yen on behalf of the Bank of Japan for the third time this week on Thursday.

"I can confirm that the European System of Central Banks (ESCB or euros system) bought euros against yen on behalf of the Bank of Japan," the spokesman said.

The euros system comprises the ECB and the national central banks of the 12 countries which share the single currency.

The Bank of Japan's intervention in Tokyo on Thursday was confirmed by Finance Minister Masajuro Shiokawa.

The Japanese central bank has intervened in the currency market six times in the past two weeks to cap recent yen gains against the dollar following the September 11 terrorist attacks in the United States.

Japan is worried that strength of the yen -- the currency has gained around six per cent in value in the last two months -- will hurt its key export industries, making Japanese goods more expensive overseas and eroding foreign earnings in yen terms.

## Attacks weaken US job market

REUTERS, Washington

The number of Americans lining up for first-time jobless benefits reached its highest level in more than nine years last week as US labour markets, already hurt by a sinking economy, suffered a fresh blow from the Sept. 11 attacks on

the United States.

The Labour Department said Thursday early data showed an 11,000 rise in claims just in New York, the state hit hardest after hijacked planes slammed into the World Trade Center, collapsing buildings and shutting down stock markets for days.

Several days of grounded airline flights followed by substantial cutbacks in flights also contributed to increased jobless claims among auto workers in Michigan, where companies were unable to have needed parts delivered from Canada.

"I'm going out every day looking for a job," said Sharon Askew, 43, who sat in the A Terminal at Ronald Reagan National Airport -- open only for those applying for unemployment aid -- waiting to apply for state jobless benefits.

Askew, who worked for an airline catering service, is one of some 60,000 workers expected to lose jobs in the Washington, D.C., area where the airport has been closed since the attack on the Pentagon. Its reopening is uncertain given its proximity to the Pentagon, White House, Capitol and other landmarks.

The dismal job market news further darkens the picture for the world's richest economy, which may already have been heading toward recession before the attacks. A separate report released on Thursday showed a third monthly decline in orders for long-lasting manufactured goods in August.

"It's going to be a very difficult period and it's going to be hardest on workers. Jobs are already being cut and the disruption of the economy is very significant," said Mark Zandi, economist at Economy.com in West Chester, Pa.

The soft economy is going to eat into government surpluses as well, the Congressional Budget Office said on Thursday as it cut its fiscal 2001 estimate of the government surplus by \$32 billion to \$121 billion.

"It's going to be a tough few months as we find out the total fallout of the tragedy of the Sept. 11 attacks," said Kurt Karl, chief economist at Swiss Re in New York.

In its latest report, the Labour Department said the number of initial jobless claims rose by 58,000 to 450,000 for the week ended Sept. 22, the highest level since July 1992 when the United States was emerging from its last recession.

US Treasury bonds rose for a third straight session as the weak jobless data cemented expectations for another Federal Reserve interest rate cut next week.



PHOTO: AFP

US President George W. Bush (L) shakes hands with an airline pilot (unidentified) shortly before he announces expanded US aviation security procedures that include more Air Marshalls, aircraft cockpit modifications and new standards for ground security operations on Thursday at Chicago's O'Hare International Airport. The slump in air travel since hijackers crashed airliners into the World Trade Center and the Pentagon has led airlines to announce layoffs in the tens of thousands and deepened the US economic slowdown.

## Bush announces new airline security measures

AFP, Chicago

In a bid to convince the US public that commercial flights are safe again following the September 11 terror strikes, President George W. Bush issued directives here broadening federal control over air travel security.

"Get on the airlines, get about the business of America," Bush urged US residents, as he addressed thousands of cheering airline workers here on Thursday.

The workers waved small US flags at a rally held on the airport tarmac between American Airlines and United Airlines aircraft like those used in the attacks.

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thousands and has deepened the US economic slowdown.

Bush vowed to "dramatically increase" the newly re-instated federal "sky marshal" program, in which armed plainclothes agents ride aboard commercial airlines as defense against skyjackings.

"They're going to be like any other passenger, but Americans will know that there are more of them, and our crews will know there are more of them. And the terrorists will know there are more of them," said the president.

To ensure airport security during the four-to-six month implementation period, Bush's plan calls for the federal government to pay for some 4,000 to 5,000 uniformed National Guard to deploy to the nation's 420 airports.

Moreover, the president said he would work with lawmakers to put

federal agents in control of passenger and bag screening and all safety inspections.

The president also said he would create a 500-million-dollar fund to enhance security aboard aircraft, including stronger cockpit doors and video monitors enabling pilots to keep an eye on the cabin, and would invest in technology aimed at enabling ground staff to land a plane by remote control.

A group of leading opposition Democrats, who had argued for full federalization of airport security, said they doubted the plan "goes far enough."

Separately, a Bush spokesman confirmed that the president had empowered top officials to order commercial airliners shot down as a "last resort" if the aircraft cannot be contacted and threatens a US city.

## IMF chief economist puts brave face on world economy

REUTERS, LONDON

The economic impact of the attacks on the United States on the world economy may not be as deep as many people fear, International Monetary Fund chief economist Kenneth Rogoff said Thursday.

He acknowledged that it was possible that the US economy was already in recession but stressed that was not "a done deal", a phrase he used on Wednesday but later retracted.

"There are grounds to be optimistic that the impact (of the US attacks) will not be that deep or long-lasting," Rogoff told reporters in London as he presented the IMF's World Economic Outlook, published on Wednesday in Washington.

He added that there was "tremendous uncertainty" surrounding the world economic outlook but said there was "a good chance of a good bounce back in 2002".

"In 2002 we could easily find ourselves in the position where the immediate global recessionary pressures are behind us," he said, stressing he did not feel under any pressure from anyone to paint a rosy picture of the global economy.

## IMF mulls more debt relief for some countries

REUTERS, Washington

The International Monetary Fund has decided that additional debt relief can be given to some countries that complete the Heavily Indebted Poor Countries (HIPC) programme but whose debt burden remains unsustainable.

The decision to extend debt relief will be taken only on a case-by-case basis and only in exceptional circumstances, according to a statement Thursday.

"Additional HIPC debt relief could be considered only in exceptional circumstances when there are fundamental changes in a country's circumstances due to exogenous factors," the statement from the IMF said.

Most of the board members said they were in favour of using the debt thresholds already established under HIPC to determine whether a country's debt is sustainable or not. Under the program, the debt profile is unsustainable if the net present value of debt relative to its exports is over 150 per cent.

So far only three countries have completed the HIPC programme. Uganda, Mozambique and Bolivia -- but a further 20 are in the pipeline to reach this point and some have debt profiles which are not expected to be sustainable when they finish.

The charity, Oxfam, welcomed the report. "On the positive side the board has accepted there is a need for additional debt relief in some cases and this should deliver debt sustainability in line with the spirit of the HIPC," said Oliver Buston, a policy adviser at Oxfam in Washington.

## India delays convertibility of rupee

AFP, New Delhi

India on Thursday suspended its plan to lift the cap on the amount of rupees that can be converted into other currencies, citing a global economic slowdown after the terror attacks in the United States.

However, in an attempt to allay the fears of industry, the government assured the rupee's full convertibility was not being "permanently put off."

"There will be some delay but I would not say it had been permanently put off," Finance Minister Yashwant Sinha said.

Full convertibility of the rupee would permit industry or individuals to convert limitless amounts of the money into any foreign currency.

Current rules put a cap on the amount that can be changed into other currencies for business or for pleasure.

Sinha said one of the main reasons for putting the rupee's full convertibility on hold was the September 11 strikes in New York and Washington, which would effect the Indian industry, already reeling under a basket of economic woes.

The United States is India's largest trading partner.

The rupee's full convertibility would allow the industry here to expand its overseas business.

## US attack may hit India growth

REUTERS, New Delhi

India's economic growth rate for 2001/2002 could be affected by the global turmoil in the aftermath of the attacks on the United States, Finance Minister Yashwant Sinha was quoted as saying Thursday.

Sinha told a meeting of opposition leaders that there was an atmosphere of uncertainty across the world after the September 11 attacks in New York and Washington.

"When the global growth rates are itself running low, our growth rate can be affected," federal parliamentary affairs minister Pramod Mahajan quoted Sinha as saying at the meeting.

Sinha gave no estimate of India's growth rate this year.

India's economy, one of the fastest growing in the world, has been battling a slowdown with

growth falling to 5.2 per cent in 2000/2001 from 6.4 per cent a year earlier.

"Even before the September 11 attacks there was declining demand for our exports. Now it is increasing, exports are sluggish," Sinha was quoted as saying. Foreign direct investment into India could also be affected by the turmoil, he said.

The International Monetary Fund said in its report this week the Indian economy was still "relatively closed" and could therefore remain insulated from the global economic slowdown.

The Washington-based lender, however, said that the attacks could hurt global growth projections.

Sinha said Indian financial markets had mirrored the fall in the global markets after the attacks but were now "stabilising."

United States has steadily built up its military forces within striking

distance of Afghanistan where it believes Osama bin Laden, the prime suspect in the suicide attacks, is hiding.

The greatest impact of the crisis in India's neighbourhood would be on the tourism industry, the finance minister told opposition leaders.

Sinha, however, said India was sitting on a huge stock of foodgrains and foreign exchange reserves were comfortable. Inflation, too, was under control.

"We don't have to depend on others (for food)," Mahajan quoted him as saying.

Opposition leaders were called to the meeting at Prime Minister Atal Behari Vajpayee's house to discuss the government's response to the crisis.

Vajpayee's government was the among the first to offer co-operation to the United States in its fight against global terrorism.