

Economic woes, terrorism to dominate Nov ASEAN meet

AP, Jakarta

Terrorism and fears of a worldwide economic slowdown will top the agenda when Southeast Asian leaders meet next month, the region's most senior official said Wednesday.

"The urgency of the terrorism problem and the issue of economic competitiveness will mark the next summit," said Radolfo Severino, secretary general of the Association of Southeast Asian Nations.

Following the Sept. 11 attacks in New York and Washington, several Southeast Asian leaders have called for increased regional cooperation in combating terrorist groups within the 10-nation grouping that will meet in the oil-rich sultanate of Brunei in November.

They include Philippine President Gloria Macapagal Arroyo, Malaysian Prime Minister Mahathir Mohamad and Indonesian President Megawati Sukarnoputri. "What happened on Sept. 11 has

made the world notice this problem that we have been facing for a long time," Severino said in an interview at ASEAN's headquarters in Jakarta.

"In the past it has been regarded as a problem of the nations concerned, but perhaps now the international community will be willing to do more to help," he said.

Under a Philippine proposal, ASEAN nations would share intelligence on terrorist activities and keep tighter control over their borders to stop the movement of weapons and terrorists.

Analysts have warned that groups with Afghan mujahadeen connections have formed a loose network within Malaysia, Indonesia and the Philippines.

They say the ultimate goal of militant Muslim groups including Indonesia's Laskar Jihad and Darul Islam, Malaysia's Laskar Mujahadeen, and the Moro Islamic Liberation Front from the Philippines is to destabilise the region and carve

out a Muslim homeland.

Severino said the Nov. 5-6 summit will also focus on ways to forge a closer economic partnership in order to overcome a looming global recession and challenges posed by tougher competition from China, India and South America's Mercosur trading bloc.

ASEAN already plans to create a unified investment zone by eliminating restrictions on foreign investments, bringing down tariffs, improving transportation links and streamlining bureaucratic procedures.

"There is no doubt in people's minds that we have to push ahead faster with regional economic integration," Severino said.

He noted that several positive developments, such as the resolution of leadership crises in Indonesia, the Philippines, and Thailand would also help restore investor confidence.

"It eliminates the element of uncertainty, which investors abhor,"

Severino said.

At their annual meeting, ASEAN heads of government will review progress on infrastructure projects designed to bind together their economies and those of neighboring countries.

These include a century-old scheme to build a railroad to link Singapore with southern China and via the Trans-Siberian Railway to Europe.

The line, first proposed by Malaysia's Mahathir in 1995, would snake through five ASEAN member states and would have branches to connect it to two more.

Severino said a feasibility study had been completed and the routes agreed upon.

"The idea now is to have specific projects that would be embodied in national development plans and (be financed) by governments, private investors and international institutions," he said.

Euro-zone growth may remain below 2pc for next two years

AFP, Frankfurt

Economic growth in the 12-country euro zone will be below 2.0 per cent, not only this year but probably next year as well, Bundesbank President Ernst Welteke said in remarks released on Wednesday.

"I believe that we won't reach growth potential in 2002 either," Welteke told journalists at a dinner on Tuesday evening in remarks embargoed until Wednesday.

As head of the German central bank, Welteke sits on the governing council of the European Central Bank.

The ECB estimates the single currency area has potential to grow by 2.0-2.5 per cent.

"I believe that growth in 2002 will be higher in 2002 than this year, but possibly won't reach the potential."

His comments make Welteke more pessimistic than the International Monetary Fund which predicted growth of 2.2 per cent next

year for the single currency area after 1.8 per cent in 2001.

The IMF, however, drew up its latest forecasts before the devastating terrorist attacks in the US on September 11.

Welteke said the attacks would have a negative impact on euro-zone growth. But he was "cautiously" optimistic not only that Europe would be able to escape "a wide recession", but would see a rebound in growth in the medium term.

Euro-area fundamentals "are better than they have been for years," Welteke said. "That means there is reason to remain cautiously optimistic that the crisis can be overcome, not only in the short term, but in medium and long term as well."

The United States would probably see negative growth in both the third and fourth quarters, technically speaking a recession, Welteke continued.

Special World Economic Forum session on Russia in October

AFP, Moscow

The World Economic Forum is to hold a special session on Russia's reforms and economic prospects in Moscow in late October, WEF officials said as quoted by the RIA-Novosti news agency.

The session, due to open on October 29 in Moscow's Marriott Grand Hotel, will focus "on new tendencies, future reforms and opportunities that will impact the business environment in Russia," the WEF said in a statement.

"The investment climate has improved substantially over the past few months and investors are reassessing the risks and the opportunities in the Russian market," the statement read.

The WEF, which brings together political, economic and business heavyweights from around the world for its annual meetings in Davos, Switzerland, seeks to "determine those spheres that would be of greatest interest to both the Russian authorities and the investors."

Both Russian President Vladimir Putin and Prime Minister Mikhail Kasyanov are expected to attend the session, along with other ministers and prominent officials.

Nortel to cut more jobs

AFP, Toronto

Canadian telecom giant Nortel Networks on Tuesday announced further job cuts and predicted a third quarter net loss from continuing operations of approximately 910 million US dollars after taxes.

The Brampton, Ontario-based firm, which earlier refused to offer guidance -- citing poor visibility in industry demand -- said third quarter revenues from continuing operations should come in at some 3.5 billion US dollars.

The company expects an after-tax net loss of approximately 3.6 billion US dollars in the quarter when including incremental charges of some 1.3 billion US dollars, restructuring charges of some 735 million US dollars, and ongoing amortisation of intangible assets of some 650 million US dollars.

"Nortel Networks expects its overall workforce to be approximately 45,000 following additional workforce reductions ... and the divestiture of non-core businesses (expected to ultimately approach approximately 10,000 positions)," it said in a statement.

A Nortel spokeswoman said an additional 10,000 Nortel jobs would be cut and another 10,000 would come off the firm's total workforce when it divests certain businesses. Nortel, which announced the latest cuts after markets closed, will notify the employees affected by October 31.

Earlier this year, Nortel cut 30,000 positions.

On Tuesday, Nortel also announced the appointment of Frank Dunn, presently chief financial officer to succeed John Roth as president and CEO, effective November 1, 2001.

Roth, speaking in a conference call, said although the industry has been in a period of adjustment since January 2001 "the industry is approaching what you would call sustainable levels of spending."

He also revised downward its break even point for the quarter to four billion dollars instead of five billion dollars.



Actors Glen Close (2nd from R), Jerry Orbach (R), Michelle Lee (2nd from L) join New York Governor George Pataki (L) in New York Tuesday. Governor Pataki announced a \$40 million coordinated advertising campaign to encourage business travelers and tourists to come back to New York in the wake of the World Trade Center attack.

UNCTAD urges EU, Japan to boost economies

REUTERS, Geneva

The UN's trade body Tuesday urged the European Union and Japan to act to boost their economies and help the world bounce quickly from any recession.

"Japan and particularly Europe need to assume a much more expansionary stance if the global economy is to make a quick rebound," the United Nations Conference on Trade and Development (UNCTAD) said in a report.

It said that even before September 11, when suicidal hijackers crashed planes into the World Trade Center and the Pentagon, killing thousands of people, the world economy had appeared to be heading for recession.

But the attacks on landmarks in New York and Washington had made such an outcome even more

likely, it said in an update to its earlier Trade and Development Report 2001.

UNCTAD noted the internationally coordinated cuts in interest rates that followed the attacks and called for continued close cooperation between the major economies.

"The economic fallout from the attacks cannot be dealt with in isolation," it said. The rate cuts were a move in the right direction. "However, much more can and should be done."

"As much as in the political and military spheres, policy coordination and coalition building at a multilateral level is taking on an increasing importance in economic matters," it said in a reference to Washington's bid to forge an international alliance to fight "terrorism".

But it warned that interest rate cuts and liquidity expansion in the industrialised states might not be

enough to revive the economies of the developing world.

"The threat of contagion to developing countries from a still sharper slowdown in the industrial countries is mainly through weaker export prospects and a worsening of the outlook for private capital flows," it said.

UNCTAD called for the development of a global mechanism to inject liquidity into the world system at times of "stress".

It also urged international institutions, such as the International Monetary Fund (IMF), to mobilise all resources to aid developing countries, including emergency financing.

Finally, UNCTAD said that the hunt for the funds that helped finance the attacks on the United States underlined the need for measures to "manage" international financial markets better.

EU plan to fight money laundering hits new hurdle

REUTERS, Strasbourg

European plans to fight terrorism through tougher money laundering rules hit a stumbling block on Tuesday when EU parliamentarians objected to a provision forcing lawyers to disclose information.

An agreement on the hard-fought proposal seemed in sight last week after Klaus-Heiner Lehne, the key European lawmaker on the issue, dropped most of parliament's reservations to including lawyers within the scope of the legislation.

But the parliamentarians said yesterday they were unhappy with new amendments added by member states, citing in particular the obligation for lawyers to reveal information about their clients if they had "reason to believe" they were involved in money laundering activities.

"There's one point where we differ considerably. The phrase 'reason to believe', Lehne, himself a trained lawyer, told a news conference.

"What is that? We are dealing with criminal law here. It is not specific enough. What would the judge make of that in a court case? We suggest this phrase should be omitted."

Parliamentarians said they hoped agreement could still be reached but it was up to EU governments to compromise.

"It's now up to national governments to make up their minds what their position is," said James Provan, vice-president of the European Parliament and head of a conciliation committee.

"The ball is firmly in their court now."

The EU's Belgian presidency declined comment on parliament's objections but said member states would consider them at a meeting on Wednesday.

European leaders cited the proposal to clamp down on illicit cash as a key tool to combat terrorism when they held an emergency summit in the wake of the September 11 attacks on the United States.

Washington froze the assets of 27 alleged terrorists and organisations last week, including top suspect Osama bin Laden, and urged allies to follow suit in clamping down on suspected funding for such groups.

November would kill the legislation.

Under existing EU law, only banks and financial institutions are obliged to report any suspicion of money laundering.

The new legislation would extend such reporting requirements for the first time to all those likely to come in contact with large sums, including real estate agents, luxury goods dealers, casino operators, and accountants.

It would also cover for the first time laundering proceeds from organised crime and fraud against the EU. So far only proceeds from drug trafficking were covered.

The issue of whether to compel lawyers and other legal professionals to report suspected money laundering activities by their clients in breach of traditional confidentiality has been the main stumbling block to an agreement on money laundering.

Last week Lehne broke a long-standing deadlock by proposing a compromise that would bar lawyers from taking part in money laundering activities or giving legal advice for such purposes.

However, receiving general legal advice would, as in the Parliament's wishes, remain a citizens' right in the EU.

GM, Ford see auto sales drop

AFP, Detroit

US car giants General Motors, Ford and Chrysler reported Tuesday a slump in September auto year to 388,365 in the month as car sales fell 14 per cent and truck sales managed to beat the trend, rising 10 per cent.

But Chrysler reported that its sales plummeted 28 per cent to 152,165 units in September, forcing it to announce production cuts at five factories this month.

Ford's sales dropped 9.7 per cent.

General Motors said in a statement that industry sales, hurt by the September 11 terrorist attacks, appeared to be performing stronger than expected.

As the leading US auto maker GM said it felt it had a responsibility to help stimulate the economy.

"The message is clear for all Americans in the weeks and months ahead -- business and consumers need to pull together to strengthen our nation's confidence and to keep the economy moving forward," said JMBgroup vice president of North America vehicle sales, Bill Lovejoy.

Chrysler was the biggest victim of the depressed sales.

"These are extraordinary times, and there is no doubt that our sales were affected by the tragic events of September 11, primarily because this country's focus has been justifiably elsewhere," said Chrysler senior vice president for sales, Gary Dilts. "Nevertheless, we are confident in the resolve of the American people to move forward and restore a sense of routine in their lives. In fact, we had a sharp increase in both sales and showroom traffic in the final week of the month, which bodes well for the coming months."

Chrysler announced it would cut production by 26,000 autos at five factories in October.

"We are making realistic -- and short-term -- production adjustments," Dilts said.

"Similar to others in the industry, we are making temporary, measured response to the fact that consumers were showing limited interest in shopping for new vehicles for about a third of the month."

Ford, despite an overall decline, said sales of its F-Series truck rose.

Crossair to take over Swissair flights

AFP, Zurich

Crossair was authorised to immediately take over short and medium-haul flights in Europe from Swissair on Tuesday night, the Swiss Federal Office of Civil Aviation (OFAC) announced.

Swissair's long-haul flights still remain grounded but the formal transfer of routes between Swissair and Crossair has been set in motion.

The authorisation deals with routes which Crossair already serves for Swissair as well as 11 European Swissair destinations.

The OFAC said it had to act quickly after Swissair was forced to suspend its flights early Tuesday because oil companies refused to sell it fuel.

The company said late Tuesday it did not expect its flights to resume Wednesday when it would make a decision concerning the following day.

The grounding order affected

some 19,000 passengers on 262 flights but Swissair said it was able to maintain 80 flights.

Swissair boss Mario Conti told Swiss television that he "begged Swiss banks all day to give an advance" to pay for fuel, "but in vain".

The Swiss government on Tuesday evening criticised banks that did not supply the necessary money to buy fuel for the airline.

Saddled with billions of Swiss francs (euros, dollars) in debt, Swissair announced on Monday that as well as handing over flight operations to Crossair, it was seeking bankruptcy protection for its other activities.

Basel-based Crossair was split off from the rest of the bankrupt Swissair Group and effectively bought up by two Swiss banks, UBS and Credit Suisse, in a rescue package on Monday.

Emirates achieves full e-business cargo bookings

Flights on which every single shipment was booked via the Internet using SkyChain have been achieved by Emirates SkyCargo at two of its stations Lahore in Pakistan and Bangkok in Thailand, says a press release.

In Pakistan, the first flight to carry shipments all booked via SkyChain was recorded on August 17 when EK675 from Lahore to Dubai carried seven shipments totalling 11 and a half tonnes.

In Bangkok, such flights are now a regular occurrence. Emirates' cargo team there has promoted strongly the advantages of SkyChain in recent months and has experienced flights with all shipments booked via the internet on a regular basis.

In September alone, all shipments on six flights have been fully booked electronically. On September 12, EK086 carried just over 11 tonnes; the following day, EK082 carried nearly 15 tonnes. These were both flights eastwards to Hong Kong.

Westwards to Dubai, EK9881 (Emirates' leased Boeing 747-400 freighter) on September 5 carried

just over 24 tonnes, EK087 on September 6 carried 12 tonnes, EK083 on September 10 carried nine and a half tonnes and EK9881 on September 12 carried over 24 tonnes.

Pradeep Kumar, General Manager Cargo Revenue Optimisations, said: "It looks like e-business has arrived sooner than we thought. We expected a slow start as our customers gradually became used to the idea of electronic bookings, followed by an increase in use as they discovered the advantages of SkyChain. It is an ideal platform for total cargo solutions. However, we did not expect to achieve full flights booked via the internet so soon."

Emirates SkyChain, is the most advanced online cargo tracking system in the world. Cargo customers can use SkyChain to check schedules and space availability, make reservations and trace or track the consignment using the Internet or email. SkyChain can be accessed via the airline's cargo website www.sky-cargo.com and clicking on the SkyChain icon.

