

## Filipino economy sinks deeper into red

AFP, Manila  
The Philippines may notch up Southeast Asia's biggest economic growth this year, but the country is sinking deeper into the red as investments drop, exports shrink and other key sources of revenue are hit by the global slowdown.

Analysts say that while many of its neighbours struggle to avoid recession, the Philippines is expected to post gross domestic product (GDP) growth of about, or just under, three per cent this year.

Thanks to good weather boosting agriculture production and a relatively large population fuelling domestic-induced growth, the Philippines is less dependant on exports compared to Singapore and Malaysia, whose economies are expected to contract this year.

"But while Singapore has a strong war chest in terms of reserves and Malaysia has good savings, the Philippines doesn't have much ammunition up its sleeves during a downturn," noted economist Song Seng Wun of G.K. Goh Stockbrokers Pte. Ltd.

Philippine foreign reserves of about 14.5 billion dollars are among the lowest in the region.

As the September 11 terror attacks on the United States take a toll on an already languishing global economy, Philippine exports -- the lynchpin of the economy -- are set to post their "worst ever annual decline" in 2001, Song said.

Exports in August fell by more than 25 per cent -- the worst drop in 20 years -- and Song expects the annual drop to be about 16-17 per cent this year.

The government expects exports to contract by up to 15 per cent in 2001 but is confident that GDP will grow by at least 3.3 per cent year-on-year.

But falling exports will send the country's balance of payments deeper into the red and force Manila to borrow funds from abroad.

## Japan's IT sales projections slashed

AFP, Tokyo  
The terror attacks in the US combined with a global slump in demand has forced Japanese manufacturers to expect lower sales of mobile phones and personal computers, a press report said Sunday.

Matsushita Communication Industrial Co. Ltd., Japan's top cell phone maker, has lowered by 10 per cent its estimate of handset shipments for nearest rival Mitsubishi Electric Corp. now expect sales for the year to remain flat at 18.5 million handsets, d78Mr :MJtm earlier estimate of 28.2 million, the leading business daily said.

Japan's leading computer maker NEC Corp., which had projected annual shipments of 3.82 million units in April, has slashed the figure to three million units, down 13.8 per cent from the preceding year.

Fujitsu Ltd., ranked second in the domestic computer market, has lowered its annual shipment projection by 400,000 units to 3.0 million, about the same as the previous year.

The daily noted that these companies had already assumed.

"But the simultaneous terror attacks occurred in the United States in September, quickly decelerating domestic and overseas economies. Now it appears possible that their growth will slow down and they will even register negative growth," Nihon Keizai said.

Producers of digital cameras, the only bright spot in the IT appliance industry, are also lowering their shipment estimates, the daily said.

Fuji Photo Film Co., the top digital camera manufacturer, now expects to ship 4.0 million units, down from an earlier forecast of 4.8 million but still up 60 per cent from actual shipments in the previous year.

Canon Inc. expects to ship 2.5 million digital cameras in the year to March 2002, up 150 per cent from the previous year. The shipment had been earlier estimated at 3.0 million units.

## DIIT software exhibition held

Daffodil Institute of IT (DIIT) arranged daylong Software Exhibition at its Dhanmondi Campus recently, says a press release.

The exhibition was inaugurated by Gulshan Showkat, mother of one of the best students of DIIT named Rakhshanda Jabeen who got the highest marks in Bangladesh last session under NCC education (UK).

Only the customised software of DIIT students was displayed in the exhibition.

# Right time to restore country image for FDI

## French envoy tells CCIFB meeting

STAR BUSINESS REPORT

French Ambassador Michel Lummaux yesterday said that time was ripe for Bangladesh to initiate steps to restore its image in the international arena to increase foreign direct investment.

He said that the country has just witnessed an election reasonably free and fair as stated by the observers, with high turnout of voters. The ambassador was speaking at a luncheon meeting of France-Bangladesh Chamber of Commerce and Industry (CCIFB) at a city hotel yesterday.

A number of measures should be taken for improvement of political atmosphere in the country, Lummaux said.

"Democracy should start from a new ground. It could be through electing deputy speakers from the Opposition party and by making Opposition

MPs chairmen of the parliamentary standing committees," the ambassador said.

He said that such moves would convey positive signals to the potential foreign investors and boost FDI in the country. "These are only matters of political will."

Lummaux said Bangladesh is truly a democratic country with freedom which is often not seen in the least developed countries (LDCs).

He said that despite being an LDC, Bangladesh was not a starkly poor country. "You have a GDP size of US \$46 billion which is higher than Ukraine, Romania and Morocco," he told the members of the chamber attending the meeting.

He also said that the external debt of the country was manageable at a proportion of 30 to 35 per cent of GDP.

The ambassador said Bangladesh has a middle class of 10 million which indicates a real poten-

tial market with potential purchasing capacity.

Speaking on the occasion, Bangladesh Garments Manufacturers and Exporters Association (BGMEA) President Kutubuddin Ahmed said despite attacks on the twin tower, Bangladesh RMG export to France was increasing.

He said that the garments sector scenario was gloomy and the situation was likely to aggravate following the attacks.

CCIFB President Michel Folliet informed the members that the chamber was arranging a major event this year by organising a trade show in November to display French products in Bangladesh.

The event will include a one-day discussion meeting followed by trade show on the next day.



France-Bangladesh Chamber of Commerce and Industry (CCIFB) President Michel Folliet speaks at the luncheon meeting organised by the Chamber at a city hotel yesterday. BGMEA President Kutubuddin Ahmed, French Ambassador to Bangladesh Michel Lummaux and CCIFB Director Rifat Rashid are also seen.



Sayed Hossain Chowdhury, Chairman of ONE Bank Limited, inaugurates on-line banking services between Dhaka and Chittagong branches of the bank at Agrabad branch of the bank. Directors, Managing Director and senior executives are also seen in the picture.

## One Bank launches on-line banking in Ctg

ONE Bank Limited Saturday introduced on-line banking services in Chittagong branches of the bank, says a press release.

In a simple ceremony, the service was inaugurated by bank's Chairman Sayeed Hossain Chowdhury at the Agrabad branch, Chittagong.

Directors, managing director and other senior executives were present on the occasion.

This services will enable the customers to carry out transaction from any of the branches of Chittagong to Dhaka and vice versa.

Earlier, Dhaka branches of the bank came under the on-line services on August 21.

## ECB sees euro zone recovery at end of year

AFP, Washington

The euro zone should pull out of its economic downturn at the end of this year, European Central Bank president Wim Duisenberg said Saturday.

"Around the turn of the year we expect growth to be upward again," he told a news conference following a Group of Seven meeting to confront the fallout of the September 11 terrorist attacks on the United States.

"There are reasons to be confident that the slowdown in the euro area should be short-lived."

Inflation would ease off, he said, while the ECB would keep its eye on the future when deciding monetary policy.

"Inflation in the euro area will continue its recent decline to levels compatible with price stability," Duisenberg said.

"Our monetary policy stance is consistent with the outlook for price stability," he added. "Our monetary policy will continue to be forward looking."

The ECB has cut its rates three times so far this year, lowering eurozone borrowing costs by a full per cent point in all.



## Harun ur Rashid re-elected chairman of Continental Ins

A R M Harun ur Rashid has been unanimously re-elected chairman of Continental Insurance Limited for another term, says a press release.

Rashid was re-elected in the 19th meeting of the Board of Directors of the company held recently.

Rashid is also the managing directors of Madonna Advertising, Madonna Printers, Debonair Limited, Debonair Fashions Limited, Orbitex Knitwear Limited, Victory Builders and Prophecy International Limited.

## Dhaka to get Tk 130cr German grant

UNB, Dhaka

Bangladesh and Germany have signed an agreement on financial cooperation for the vital sectors of the country that will bring 50 million DM equivalent Tk 130 crore in grant assistance.

German ambassador Dietrich Andreas and ERD Secretary Dr A K M Masihur Rahman signed the agreement on behalf of their respective governments on Sunday, said an official announcement.

"This agreement formalises new financial assistance by Germany. The German funds are being made available to Bangladesh as grants without any repayment obligation," it said.

In accordance with the government negotiations held in October-November last year, these new funds are earmarked for direct bilateral support to four sectors as current key areas of German-Bangladesh development cooperation, namely energy, health, private sector development and primary education.

Both governments agreed that this support would be used for the following projects.

The highest share, Tk 65 crore, is earmarked to support the rural electrification programme of Bangladesh. It will be used for energy generation through Mymensingh Power Station.

In health and population, both sides agreed to allocate an additional Tk 6 crore for the Health and Population Programme (HPPS) as a topping up of Tk 117 crore already committed for this programme in previous years. The additional funds will be used for the procurement of oral contraceptives.

The allocation of Tk 26 crore for a programme to promote the private sector shall support small and medium-sized enterprises in the formal and informal sectors.

It will focus on creating a favorable environment for the long-term investment by supporting the establishing of sustainable credit schemes with the local banking system.

In primary education, an additional amount of Tk 13 crore has been allocated to support the efforts of the government of Bangladesh in the education sector and to complete the Bangladesh-German programme already under implementation.



A seminar on business development organised by Paramount Insurance Company Ltd was held recently at Khulna Club in Khulna. Chairman of Paramount Insurance Company Ltd Md Shakhawat Hossain was present at the seminar as chief guest. The high officials of the company and elite of Khulna were also present.

## US slowly struggling back to normalcy

AFP, Washington

Nearly a month after taking the worst terror strike in history, the United States is a country slowly struggling back to normalcy but clearly still on edge.

Talk of business as usual is tempered by official warnings of possible new attacks, including the nightmare scenario of biological or chemical warfare.

A madman crashes a bus on a southern highway and the largest US carrier shuts down nationwide. An outdoorsman in Florida comes down with a rare form of anthrax and the media goes into a bio-frenzy.

If the US flag symbolizes American resolve, the empty airline seat epitomizes American jitters. "The issue of the moment is one of feeling vulnerable," said Dr. Robert Ursano, a psychiatrist with the Uniformed Services University School of Medicine in Bethesda, Maryland.

"It's an alteration of our experience of safety," said Ursano, an expert on the psychiatric aspect of disasters. "We want to hear reassuring and comforting comments, but the problem is that the world is not constructed this way."

Polls show the US public recovering from the shock of the

September 11 attacks. But a Pew Research Center survey still found 42 per cent of those interviewed feeling depressed, 21 per cent with difficulty concentrating, 18 per cent having problems sleeping -- and 72 per cent filled with anger.

Signs of rage and fear abound around the country.

Some 100 stewards of the America West airline have started studying karate and chaffeurs to the rich are signing up for counterterrorism driving classes. At the DFW gun range in Dallas, Texas, shooters paper their target with the face of terror suspect Osama bin Laden.

The famed Waldorf-Astoria hotel in New York runs everything from bed sheets to scotch through its x-ray machines while backpacks, coolers, bottles and cans are banned at the baseball mecca of Yankee Stadium.

National Guardsmen patrol US airports and local police check trucks at key access points of New York and other cities. Security guards are posted at the gates of private schools in Manhattan and cops are deployed on the roofs of posh Fifth Avenue buildings.

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## Thousands protest HK govt job cuts

AFP, Hong Kong

Thousands of workers marched on Hong Kong's government headquarters Sunday to call on the authorities to stop public sector layoffs and launch job creation programmes to alleviate economic hardship.

Legislator and protest spokesman Lee Cheuk-yan slammed the government for cutting jobs amid the global economic slowdown, saying this would set a precedent for private sector entities.

"When the government announces the public sector has to downsize, it gives the appearance that they are taking the lead. It shows the community and the private sector that these actions are right," he told AFP.

Many of the protesters, who represented more than 40 unions, waved banners and chanted slogans calling for an end to government policies of sub-contracting, corporatisation and downsizing, which they claim were damaging both the public and private sectors.

They also demanded an end to layoffs and called on the government to create more jobs for the unemployed.

"We hope Tung will call on public corporations to take the lead in stopping job layoffs."

"We want the government to invest in creating job stability and raise public spending to launch an aggressive job creation programme -- we have a target of 22,000 (new) jobs a year," Lee added.

## Little chance of snap OPEC output cut

AFP, Nicosia

There is very little chance that the OPEC oil-producing cartel will cut production at this time, the Middle East Economic Survey (MEES) says in its October 8 edition.

"MEES understands there is very little chance of an OPEC production cut at this point for a number of reasons," the industry newsletter said.

"To cut production when the world economy is entering a recession would lead to widespread criticism."

"The organisation feels the impact of the September 1 cuts has not yet been felt in the market and will not be fully apparent until the end of October," it said.

"And the price band mechanism is designed for normal market circumstances, not the current combination of apparent demand collapse and impending military strikes."

The Cyprus-based weekly added the inadequate compliance of OPEC member states to production quotas as another factor.

"During this uncertain period, a politically more acceptable option for the OPEC producers would be to reiterate and demonstrate their commitment to quota observance, which in turn would boost their credibility in the market," MEES said.

"MEES also understands that the bulk of major players in OPEC are determined to avoid reducing quotas again despite the conditions being reached for triggering the mechanism," it added.

However, OPEC secretary general Ali Rodriguez said Friday that a cut could be agreed in response to slumping oil prices before expected US military action, and possibly as early as next week.

## 7-page compromise drawn up to pave way for WTO talks

AFP, Tokyo

A seven-page compromise drawn up by Hong Kong's WTO negotiator Stuart Harbinson could provide the key to unlocking a new round of global trade talks, a senior European trade official says.

The text is to be presented at informal negotiations in Singapore next weekend of 22 select trade ministers invited by World Trade Organisation (WTO) director general Mike Moore.

The talks, after a similar meeting in Mexico last month, are aimed at narrowing differences between rich and poor nations ahead of the WTO ministerial conference set for Doha, Qatar next month, officials in Singapore said.

There is mounting pressure on some countries to soften their positions on free trade, to avert a repetition of the failure to launch a

new round of global trade talks at the last full WTO ministerial meeting in Seattle in 1999.

Harbinson's document, which will go to the Singapore meeting, was described by the senior European official as a "good working base" which "finds a middle ground and covers all the subjects."

Harbinson, Hong Kong's permanent representative to the WTO, has drawn lessons from the Seattle debacle by preparing a much shorter text -- seven pages compared to 34 -- which comfortably merges the issues under negotiation with a working programme for the next round of talks, the European official told AFP.

However, the Europeans still believe it does not go far enough on the thorny issues of trade and the environment or on setting out rules for competition and investment -- the latter held especially dear by

industrialised countries. Harbinson, who is chairman of the WTO general council, is also due to present on October 9 his drafting on agriculture trade, as of now limited to a list of subjects.

"On the environment, Harbinson's text is clearly not up to scratch, which will be a major difficulty for us," the official said, adding EU negotiator Pascal Lamy will have his work cut out "as the margin for manoeuvre is very narrow."

The issue of the environment is just introduced "by the side-door" saying only that analysis should continue without really opening the door to full negotiations in the next round of talks.

Developing countries have opposed the implementation of standards to protect the environment on international trade, deeming it a protectionist measure by industrialised countries.