

## APEC to appeal for new world trade round amid uncertainty

AFP, Shanghai

Asia-Pacific governments will this week declare the launch of a new round of world trade talks is even more urgent in the climate of uncertainty created by the terrorist attacks in the United States.

The September 11 attacks came at the worst possible juncture for global growth, according to the draft of an annual statement to be issued Thursday by foreign and trade

ministers of the Asia-Pacific Economic Cooperation (APEC) forum.

"Since the end of last year, the synchronized slowdown in the United States, Japan and Europe has dramatically dampened the prospects of (the) global and regional economy, with some members in the region affected considerably by the declining global demand," a copy of the draft obtained Tuesday by AFP says.

"The recent terrorist attacks in

the United States have further increased the downside risks in the global and regional economic outlook," it said.

In this climate, next month's ministerial meeting of the World Trade Organisation in the Qatari capital has become even more pressing as nations seek to resurrect the global liberalisation drive, the statement said.

"Given the increased likelihood of a global economic slowdown, they (APEC ministers) acknowl-

edged the critical importance and urgency for the round to be launched successfully at the 4th WTO Ministerial Conference at Doha in November to re-energize the global trading system."

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

## Japan preparing to revise growth forecast downward

AFP, Tokyo

Japan's government may revise down its economic growth forecast for the year to March in view of the terrorist attacks in the United States and their impact on the world economy, a key minister said Tuesday.

The move could push Japan's official prediction for gross domestic product (GDP) growth into negative territory from a 1.7 per cent expansion projected earlier.

"The situation has changed since September 11," State Minister for Economic and Fiscal Policy Heizo Takenaka told a regular news conference. "It is necessary to continue to discuss and react to an unexpected situation."

"(The new figure will probably be) not much different from figures calculated by private institutions," he said, which waver around minus one per cent.

Following the terrorist attacks, Dutch investment bank ING Barings revised down its growth forecast for Japan to minus 1.5 per cent for the year to March, cutting an earlier prediction by 0.2 per cent points.

Japan's Nomura Research Institute reduced its outlook for the current financial year to a negative 0.4 per cent from a prior forecast of minus 0.2 per cent, while Daiwa Research Institute revised its outlook to zero growth from an earlier positive 0.3 per cent forecast.

Prolonged slump in demand for information technology (IT) meant a downward revision was already broadly anticipated by most private economists prior to the suicide attacks.

"I am sure the terrorist attacks would have some kinds of effect. But I disagree that it was the main reason behind the need for the revision," said Akihiko Suzuki, economist at Sanwa Research

Institute.

"It was the IT sector. (Its) slump is a lot harsher than expected and the government was naive about the length and impact of the ongoing hi-tech slowdown when calculating its initial growth forecast," he said.

Minister for Economy, Trade and Industry Takeo Hiranuma also suggested negative growth was unavoidable this year.

"I see (Japan's economic outlook) is going to be very tough," Hiranuma told a news conference.

"We must responsibly execute this fiscal year's extra budget and we must effectively administer the budget for fiscal year 2002," he said.

The official GDP revision would likely come at the end of the month, when Tokyo decides on a supplementary budget for the year, Takenaka said, but tried to sound upbeat on the outlook for the world's number two economy in the long term.



### Continental Ins vice-chairman reelected

SM Abu Mohsin has been unanimously re-elected Vice-Chairman of Continental Insurance Limited for another term. The election was held at the 19th meeting of the Board of Directors of the company in the city recently, says a press release.

Mohsin is the Managing Director of Brothers Apparels Limited, Director of Mozaher Aushadhalaya, JM Industries Limited, NCC Bank Ltd. and City Hospital Ltd. He has been a successful businessman for more than 22 years.

### UCBL holds Dhaka Area Managers confce

A conference of United Commercial Bank's Dhaka Area Managers was held in the city on Monday, says a press release.

Muhammad Sajid ul Haq, Managing Director of the bank, was the chief guest on the occasion.

Salauddin Gazi and BH Chowdhury, Deputy Managing Directors, Divisional Heads in Head Office and incharge of all branches in the Dhaka Area attended the meeting.

Speaking on the occasion, Haq called upon the Managers to continue determined and concerted effort to further widen operational activities for ensuring greater profit helping the bank to strengthen its position in the mainstream of the banking sector.

### BATB, Citibank sign deal on cash management services

British American Tobacco Bangladesh (BATB) and Citibank N.A. have signed an agreement on cash management services.

Under the accord, BATB will use Citibank's branded cash management solution, Speed Collect to collect sales proceeds from outstanding sales depots around the country.

The deal was inked between the two sides at a city hotel recently, says a press release.

Earlier this year, BATB selected Citibank's e-banking solution PayLink for cash management with its vendors and suppliers. Following international management practice, this has enabled BATB to adopt state-of-the-art Citibank payment mechanism which resulted in more effective utilisation of the company's resources and concentration on core competencies.

Speaking on the occasion, David E Rees, Chief Executive Officer of Citibank Bangladesh, said "BTB is a very large and successful company in Bangladesh. We are delighted that they have selected Citibank to provide cash management services. We are sure that our product will provide them with significant cost efficiencies and improved information to run their business even better."

Paul Kirkham, Managing Director of BAT Bangladesh, said "Globally Citibank is one of our major banking partners and we are looking forward to working as partners in Bangladesh also."

Golam Mainuddin, Deputy Managing Director, Emil Moskofian, Finance Director of BATB, and SAA Masrur, Head of Corporate Banking Group of Citibank N.A. also attended the function along with other senior managers of both organisations.

Citibank N.A. (part of Citigroup) has pioneered international standard cash management services in Bangladesh providing innovative corporate solutions, including cash management, electronic banking, and corporate & institutional banking activities.

## US, European economies 'fundamentally sound'

AFP, Luxembourg

The European and US economies are "fundamentally sound," and, despite the US downturn, exacerbated by terrorist attacks, the stability of the euro has allowed Europe to withstand such "external shocks," Belgian Finance Minister Didier Reynders said Tuesday.

And Economic and Monetary Affairs Commissioner Pedro Solbes confirmed that economic growth in the euro zone would be "right around 1.5 per cent" for 2001, "clearly below two per cent, clearly above one per cent."

Both men were speaking to a press conference here prior to a morning Ecofin meeting of EU economy and finance ministers after a meeting of the 12-nation euro group ministers late Monday night.

Reynders, whose country currently presides the EU and the euro group, said that with the euro, the common currency in use the past year and which goes into general circulation in the 12 euro members on January 1, "We have a monetary

stability that we would not have otherwise had."

"The very existence of the euro has enabled us to better withstand external shocks," he said. "There's been no real monetary debate in Europe since the existence of the euro."

Solbes said the EU economic growth rate for next year would "probably not be much different from this year."

"We are in a situation of uncertainty and we can't be more precise without more information," he said.

"The EU economy is free of major imbalances and the existence of the euro has proved a major factor of stability," said Solbes. "Contrary to the US, private households are not highly indebted, and over-investment in technology was more contained."

"Inflation is falling," he said, adding that, "against this background, private consumption could pick up, helped by the implemented tax cuts."



Muhammad Sajid ul Haq, Managing Director of United Commercial Bank Ltd, speaks as chief guest at the bank's Dhaka Area Branch Managers' conference held at the bank's Board Room on Monday. Md Salauddin Gazi and B H Chowdhury, Deputy Managing Directors of the bank, are also seen in the picture.

## ROK proposes \$1.5b extra budget to boost economy

AFP, Seoul

The South Korean government on Tuesday proposed an extra budget of 1.5 billion dollars to boost economic growth and throw a lifeline to the country's troubled aviation industry, officials said.

The supplementary budget of two trillion won (1.5 billion dollars) was prompted by concerns South Korea's economic recovery would be delayed further due to the global slowdown, the finance and economy ministry said.

The ministry said the largest chunk of the extra budget would be used to ease the impact of the US-led anti-terrorist war on the South Korean economy.

It said 700 billion to 800 billion won would be used to finance large-scale public projects, including the construction of roads, ports and housing units while 200 billion won was to increase oil reserves.

It also allocated 250 billion won to help the country's two troubled airlines, Korean Air and Asiana Airlines, which are still reeling after the September 11 terrorist attacks in the United States.

The proposed aid will be given in the form of special loans. Allotment of the aid and terms, including interest rates ranging from 5.5-6.5 per cent annually, will be decided

within a month.

"The government will earmark 250 billion won in the second supplementary budget to help airlines cover up losses," an official of the construction and transportation ministry said.

The airlines' troubles have deepened since the terror attacks. They suspended international services due to the decreasing number of passengers.

The ministry official said creditor banks will be asked to roll over 400 billion won of Korean Air's corporate bonds that mature early next year, and help Asiana to repay 250 billion won of commercial paper.

The aid package also includes plans to provide various tax favours for the airlines, including the lowering of tax rates on fuel, he added.

Banking sources earlier said that creditor banks would extend 100 billion won of bridging loans to Asiana this week.

An Asiana Airlines spokesman said the company was seeking a loan to meet maturing debt before it secures proceeds from asset-backed securities (ABS) worth 200 billion won.

"We face maturing commercial paper worth 161 billion won which are due by the end of this year," the spokesman told AFP.

## BOJ-govt policy battle heats up

AFP, Tokyo

Japan's government and central bank clashed Tuesday as lawmakers threatened to revise legislation governing the bank's independence, forcing it to adopt an inflation target to halt a nationwide price slide.

But Bank of Japan governor Masaru Hayami rejected all notions of tackling deflation through targeting prices, arguing the only remedy is joint monetary and fiscal policy and a clean up of the banking system.

Hideyuki Aizawa, head of the Liberal Democratic Party's stockmarket support panel, said the ruling party wanted the law changed to make the central bank adopt an inflation target.

"We hope to submit a revision to the law in the current parliament session (which lasts until December)," Aizawa told reporters.

However, Hayami said earlier in the day targeting inflation would not buck deflation, hinting that a change in the law would be futile.

we introduce such a policy in a nation that is hit by deflation," he told a news conference.

"Besides, we have not changed our stance to resist the general idea taking any policy just to increase the inflation rate by ignoring the side-effects that it may yield," he said.

"While deflation cannot be addressed just with monetary policy, combined monetary and fiscal policy will have a large impact."

Finance Minister Masajuro Shiohara had different ideas, telling reporters in the morning he would ask the bank to set a target for price indices, based on levels seen in 1997. But Hayami said: "There is no possibility that will happen."

Price level targeting involves creating inflation to force prices back to a certain level and then holding them there.

Mounting stockpiles and a flood of cheap imports have triggered a deflationary cycle in Japan, crippling company profits, and analysts warn the central bank is powerless to reverse Japan's sliding prices through targeting inflation.

"Deflation is an ugly animal once it starts and it feeds itself," said JP Morgan chief economist Masaaki Kanno.

## CURRENCY



Paul Kirkham, Managing Director of British American Tobacco Bangladesh, and David E Rees, Chief Executive Officer of Citibank N.A, shake hands after signing an agreement on cash management services at a city hotel recently.

## Airline industry gets boost from Concorde announcement

AFP, Paris

Air France and British Airways announced Monday the resumption of supersonic Concorde flights to New York on November 7, a major boost for the city as it recovers from terrorist attacks.

The flights had been grounded following the accidental crash of an Air France Concorde near Paris in July 2000 that killed 113 people.

Monday's announcement came as the European and US airline industry struggled to bounce back from September 11 suicide attacks in New York and Washington, which were carried out using hijacked US airliners.

The terrorist acts forced a temporary closure of US airspace and traumatized the public, leaving many people afraid to fly and airline executives scrambling for solutions.

"We are delighted to be returning Concorde to the skies and back into New York," BA chief executive Rod Eddington said on Monday.

"We hope Concorde's return will play a major part in rebuilding confidence in New York and demonstrating that it is business as usual between the UK and the USA," he added.

### Standard Bank Board meets

The 33rd Board meeting of Standard Bank Ltd was held at the Board Room of the bank in the city on Thursday, says a press release.

The Chairman of the bank, Kazi Akramuddin Ahmed, presided over the meeting.

It was attended by Vice-Chairman Al-Haj Mohammad Ayub, and Directors of the bank.

Sahazada Syed Nizamuddin Ahmed, Managing Director of the bank, Mosharraf Hossain, Deputy Managing Director, S.A. Farooqui, Senior Executive Vice-President, and A.F.M. Nizamul Islam Chowdhury, SVP & Board Secretary, were also present on the occasion.

The Board took various important decisions regarding the bank's investment policy in the field of trade, commerce and industries.

Concorde back to New York."

New Yorkers, however, have not always been so charitable toward Concorde. Residents who lived near Kennedy airport protested bitterly about noise before the supersonic jet first flew there in October 1977, using their cars to block highways around the airport.

But Air France chairman Jean-Cyril Spinetta said Monday that "Concorde's return to New York is symbolic of Air France's tribute to the people of this city, to their strength and their strong resolve to rebuild."

"Within our own ranks, we have not forgotten the show of sympathy and support of many New Yorkers in the hours and days following the Concorde accident on July 25, 2000."

A BA spokesman declined to reveal full details of security measures to be applied onboard the planned flights, saying: "Obviously we would not be flying Concorde to New York unless we were 100 per cent convinced it was safe to do so."

"Stun guns are something we are actively looking at for our pilots, including Concorde. (Air) marshalls is another thing we are looking at."



Kazi Akramuddin Ahmed, Chairman of the Board of Directors of Standard Bank, presides over the Board's 33rd meeting at the Board Room in the city on Thursday.