

APEC leaders must act to help reverse economic slowdown

Draft summit declaration says

AFP, Shanghai

Asia-Pacific leaders must act to help reverse the global economic slowdown while pressing for the launch of a new round of World Trade Organisation talks, according to a draft declaration.

The draft obtained by AFP of the declaration by leaders of Asia-Pacific Economic Cooperation (APEC) forum economies, due to be released at the end of a week-end summit here, also reaffirms the leaders' confidence in the region's prospects.

Since last year's APEC summit in Brunei, the global slowdown has hurt the region, with some of the 21 member economies particularly affected by unfavourable external market conditions.

However, the draft said the leaders affirmed "unwavering confidence in the medium and long-term growth prospects" for the Asia-Pacific region.

The leaders would also reiterate their strong commitment to the launch of the new round of global trade talks at the WTO ministerial meeting scheduled next month for

Doha, Qatar.

They agreed on the need for a balanced and broad agenda, which would include increasing trade liberalisation and strengthening WTO rules. It would "reflect the interests and concerns of all members, especially those of the developing ones".

It would also call for the rapid completion of the accession to the WTO of China and Taiwan at Doha, and the advancement of the WTO accession process for APEC members Russia and Vietnam.

Both China and Taiwan have

finalised deals to enter the WTO, with only formal ratification by the trade organisation remaining to be completed.

The draft said APEC needs to demonstrate its ability to respond and adapt to changes in the world.

While global integration holds great promise for delivering higher living standards, the opportunities were not shared widely enough among and within economies.

The draft of the leaders' declaration was put together before this week's APEC talks and may be amended during talks by officials and ministers here.

Japan flirts with new steps to boost economy

AFP, Tokyo

Tokyo will pursue tax-related stimulus measures rather than additional spending to boost the economy, Japan's finance minister said Wednesday as lawmakers failed to approve a draft 22.5 billion-dollar extra budget.

"We believe additional spending cannot return the economy to recovery," Masajuro Shioikawa told a lower house parliamentary committee, quashing speculation of a hefty supplementary package to support the faltering economy as it teeters on the brink of recession.

"We will launch tax-related stimulus measures on top of the promotion of economic structural reforms," he said.

But economists doubted a tax-cutting policy would work in the current downturn due to logistical and economic difficulties.

"I kind of doubt whether they would deliver anything on that front as they have a huge reluctance to fiddle the tax policy on an interim basis... it is a real headache (for the finance ministry)," said JP Morgan economist James Malcolm.

Tax cuts would save people money, but in the current slowdown it is doubtful they would reinvest to help stimulate economic growth, he said.

"(Shioikawa) is probably trying to play down calls for extra spending indicating that it should be done on tax," he added.

Unanswered questions about a controversial cap on new government bond issues and possible extra spending on anti-terrorist measures prevented Japan's ruling coalition parties from approving a draft extra budget earlier Wednesday.

"Finance ministry officials noted the supplementary budget will total 2.7 trillion yen (22.5 billion dollars) but the policy chiefs believe the draft is unclear on whether to keep the 30 trillion-yen bond limit or spend more to avoid negative growth," said Fumio Kyuma, acting policy chief of the Liberal Democratic Party.

"We could not have approved the draft at this stage unless the government showed a much clearer picture," Kyuma told reporters after a budget meeting between the parties' policy chiefs and ministry officials.

A cap on bond issues this financial year and next is central to a reform pledge by Prime Minister Junichiro Koizumi to kick-start the moribund economy after a decade of drift.

But ministers and lawmakers

warn Japan could fall into a deep recession if the government fails to open its purse strings wider and spend more to stimulate economic growth, especially after the September 11 terrorist attacks on the US, which have pushed chances of recovery further away.

"The government's supplementary budget draft does not include anti-terrorism spending and, if needed, such spending will be added later," Kyuma said.

Speculation among private economists is high that Tokyo will stick to tight pump-priming measures for now and follow them up with a second stimulus package early next year as the full financial blow of last month's suicide attacks in the US and the ensuing war on terrorism are felt.



An LG-Butterfly show-room was inaugurated at Bangshal in the city by prominent social worker Md. Amir Ullah. On his left is MA Mannan, Chairman and Managing Director and on the right M M Ferdous Manager (Admin) of the company.

Bill Gates sees Internet troubles lasting one more year

AFP, Seoul

Microsoft Corp. chairman Bill Gates said Wednesday the fallout of the bursting of the Internet bubble will be around for one more year as he set up long term deals in the world's most avid Internet using nation.

Microsoft and Samsung Electronics Co. announced a strategic alliance to jointly develop digital home technology. The United States software giant also established a partnership with Hanvit Bank to develop new financial web services.

Gates told a Seoul press conference he was looking for long-term success from the alliance with Samsung Electronics to network digital equipment in homes.

"We know that Samsung has long-term plans and the company will be here a very long (time), and Samsung would say the same about Microsoft," he said.

"So despite all the turmoil taking

LG-Butterfly showroom opens at Bangshal

An LG-Butterfly showroom has been opened at Bangshal in the city, says a press release.

Well known social worker Md Amirullah formally inaugurated the showroom.

M A Mannan, Chairman and Managing Director of Butterfly Marketing Ltd, Director (Finance) Syed Asaduzzaman, Director (Marketing) Mustafizur Rahman Sazid and Manager (Adm) M M Ferdous were present.

US Commerce secretary sees swift recovery

AFP, Moscow

US Secretary of Commerce Donald Evans forecast Wednesday that the US economy would soon recover from what he described as "mild shock" of the September 11 terrorist attacks on New York and Washington.

"The US economy was growing at a low rate prior to the attack of September 11. The attack... was a mild shock to the US economy," Evans said, adding that he continued "to have great confidence in the longer-term fundamentals of the US economy."

"I expect some time in the next 12 months for us to return to the kind of acceptable growth rate we experienced in the 1990s -- which would be somewhere in the 3.5-percent range," he added.



(From left) E C S R Muttupulle, Chief Executive Officer of Vanik Bangladesh Limited; D Justin M Meegoda, President Vanik Bangladesh Limited, S A Chowdhury-Managing Director of Sonali Bank, Mangola Boyagoda, Chief Executive Officer of Standard Chartered Grindlays Bank, Sri Lanka, and Ifikar Ahmed, Assistant General Manager Personal Financial Solutions & Treasury of Nations Trust Bank Limited, Sri Lanka, are seen at a seminar on 'Treasury Risk Management' organised by VB Corporate Solutions Limited at Pan Pacific Sonargaon hotel on Sunday.

BOE predicts 3-year global downturn

AFP, London

Eddie George, the governor of the Bank of England, has warned the global economic slowdown could last for three more years and hinted he would back further cuts in Britain's interest rates, the Financial Times reported Wednesday.

The Bank of England chief warned of "a bumpy ride" ahead, but believed the British economy could avoid a recession, with domestic demand helped by government spending and robust consumer confidence.

He promised the bank's monetary policy committee would not hesitate to cut interest rates if there were insufficient demand to keep inflation on target.

George's outlook for the global economy was far more cautious

than that of most private-sector forecasters, the FT said.

"There is little reason that I can see to suppose that global growth will not recover to at least its earlier trend rate over the next two to three years once the immediate shock has been absorbed," the FT quoted him as saying.

"It may be a bumpy ride for a time".

Official figures released on Tuesday showed a fall in underlying inflation in September of 0.3 percentage points to 2.3 percent -- back below the British government's 2.5 percent target.

George acknowledged that the continuing imbalance between internationally exposed sectors such as manufacturing and better-performing domestically-orientated sectors was "not without risks".



Murshid Kuli Khan, Managing Director of Bangladesh Krishi Bank (KKB), addresses a general managers' conference at the head office of the bank yesterday. Deputy Managing Director Nurul Islam Khan, general managers of head office and divisional offices, divisional audit officers and other concerned deputy general managers were also present.

US economy may grow at 1.1 pc this year: WB

REUTERS, Washington

The World Bank (WB) said Tuesday the US economy is likely to grow at 1.1 per cent this year and 1.0 per cent next year, lower than originally expected because of the Sept. 11 attacks on New York and the Pentagon.

In a regular report on the East Asian region which included some growth forecasts for other countries, the bank said US growth would rise to 3.9 per cent in 2003.

"The main impact (of the Sept. 11 attacks) in the near term will be to heighten uncertainty and depress consumer and business confidence both in the United States and elsewhere," the bank said in the report.

The bank described the likely impact as "Effects that are hard to gauge with any precision -- other than that they are likely to be large."

The bank noted the US economy was near recession before Sept. 11

and said that the Japanese economy was already in recession.

"Growth in the United States, which had been near recession, and in Japan, which was already in recession, will now slow even more in the rest of 2001 and in 2002," the bank said.

The Washington lending institution said the Japanese economy would likely shrink 0.8 per cent this year, with growth rising to an anemic 0.1 per cent in 2002. In 2003, the economy is likely to expand more quickly at 2.4 per cent, the bank said.

Growth outlooks are generally rosier for 2003 as the bank is expecting a global economic recovery "to gather steam" next year. The World Economy will grow 1.3 per cent this year, down from 4.0 per cent last year. This will climb to 1.6 per cent in 2002 and then pick up to 3.9 per cent the following year.

Year-long US output slump fans recession fears

REUTERS, Washington

Adding to fears the US economy may be in a recession, the Federal Reserve Tuesday said industrial production fell for a 12th straight month in September, its longest losing streak since World War II.

Separate reports also out on Tuesday showed the largest monthly drop ever in a widely watched measure of housing activity and consumers cautiously returning to chain stores.

The Fed said overall output of the nation's factories, utilities and mines fell 1.0 per cent in September, the biggest monthly drop since June. The last time there had been a similar unbroken series of declines came in a string that extended from November 1944 to October 1945, the Fed said.

Factory output alone, which makes up the largest portion of industrial production, fell 1.1 per cent, its 11th decline in the past 12 months.

Analysts said the Fed report reflected the beleaguered shape of the nation's manufacturing sector, which has been in its own slump since late last year. While economists had hoped manufacturing was

beginning to show signs of life in recent months, the Sept. 11 attacks on the United States are now thought to have reduced demand in turn delaying, at best, any upturn in production.

"Although there have been some positive reports from shopping malls and hotels in recent days, it still seems inevitable that the spike in job losses in recent months has begun another round of cutbacks in sales, orders and output the classic self-reinforcing process that defines a recession," said David Orr, chief economist with Wachovia Securities in Charlotte, North Carolina.

Stocks ended the trading day a tad higher, despite the news. The Dow Jones Industrial average was up by 36.61 points while the tech-laden Nasdaq index was up by 25.76 points.

Tuesday's downbeat reading comes on the heels of two earlier reports suggesting consumer spending, one of the main engines of the economy, was not holding up well before or after the Sept. 11 attacks. On Friday, the Commerce Department said September retail sales fell 2.4 per cent. On Monday, Commerce said inventories at the retail level grew 0.6 per cent in August, indicating store shelves were bulging before the attacks.

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