

APEC backs new WTO round

AFP, Shanghai

Pacific-Rim nations accounting for nearly half the global economy called Thursday for the launch of a new round of World Trade Organisation (WTO) talks to free up global commerce.

The September 11 attacks on the United States had cast a new shadow over an already slowing world economy, Asia-Pacific Economic Co-operation (APEC) foreign and trade ministers also said in a joint statement.

"Given the increased likelihood of a global economic slowdown, ministers agreed on the critical importance and urgency of successfully launching the round at the fourth WTO Ministerial Conference to reenergize the global trading system," said the statement issued after annual APEC ministerial talks.

The joint call from the 21-member APEC, which accounts for

44 per cent of the world's total economic output, could lend powerful impetus to the launch of a new WTO round at a November 9-13 meeting scheduled in the Qatari capital Doha.

However, the APEC statement dropped a reference to Doha seen in an earlier draft by AFP.

Security concerns about holding the meeting in the Middle East, in light of the US-led strikes on Afghanistan, have intensified in recent days and European Trade Commissioner Pascal Lamy said WTO members were discussing switching the meeting elsewhere.

The WTO meeting will revive a global liberalisation initiative abandoned at Seattle in 1999.

Wide disagreements in areas such as agriculture threaten the launch of the new round, and the APEC foreign and trade ministers called for strong political will and flexibility to allow agreement to be reached on an agenda.

"Ministers firmly underlined their commitment to open regionalism and strong support for an open, equitable, transparent and rules-based multilateral trading system, as represented by the WTO," the statement said.

The ministers including US Secretary of State Colin Powell noted a worsening economic climate since September 11.

"Since the end of last year, the slowdown in the United States, Japan and Europe has dampened the prospect of global and regional economy, with some members in the region affected considerably by the declining global demand.

"The recent terrorist attacks in the United States risk undermining some industries as well as consumer confidence," said the statement.

The final version went further than the draft seen by AFP which said the attacks had simply "increased the downside risks" for the

world and regional economic outlook.

The change appeared to have firmed up APEC's fears about the post-attacks outlook, with the regional grouping's top think-tank warning that Pacific-Rim growth will barely top one per cent this year.

"This sober outlook had been mostly defined before the tragedy on September 11," Pacific Economic Cooperation Council forecaster Ross Garnaut said Wednesday.

But he added: "September 11 and the response to it has further damaged the short-term outlook."

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.



PHOTO: ISLAMI BANK

Shah Abdul Hannan, Chairman of the Board of Directors of Islami Bank Bangladesh Limited, address a round table on 'Formation of Islamic Capital Market: Problem and Prospects' held at the bank's head office in the city Wednesday.

World's major tea producers seek larger market

REUTERS, Nairobi

The world's major tea producers, faced with depressed prices and a stagnant market, began a week-long meeting in the Kenyan capital Nairobi Wednesday, seeking to expand global consumption, officials said.

Representatives from black tea producers India, Sri Lanka, Kenya and Indonesia, all fighting for a share in a dwindling market, hope to convince consumers that "regular intake of three to four cups of tea per day is beneficial to human health," officials said.

The industry hopes to stimulate growth in demand to help stabilise prices currently pressured by rising production and competition from soft drinks.

Analysts estimate that world tea prices are currently stuck at two to three-year lows and have been further pressured by uncertainties

after the September 11 attacks in America.

"It is important to examine how steps and measures can be initiated in order to stabilise the tea market and thus enhance remunerations from black tea production," said Kenya's vice president George Saitoti while opening the World Tea Convention.

The meeting brings together other industry players like blenders, packers and major consumers.

High production costs, poor infrastructure and fluctuations in production are some of the other challenges tea farmers have to contend with globally, officials said.

"Prices have nose-dived and the cost of production is very high," Durgadas Ganguly, a delegate from India told Reuters.



PHOTO: MUTUAL TRUST BANK

Mosharrif Hossain, Managing Director of Mutual Trust Bank Limited, presides over a conference of branch managers and executives of the bank in the city on Tuesday. Quamrul Islam Chowdhury, Executive Vice-President, and MA Shahjahan, EVP, are also seen in the picture.

Islami Bank holds discussion on Islamic capital market

A roundtable discussion on 'Formation of Islamic Capital Market: Problems and Prospects' was held at the board room of the Islami Bank on Wednesday, says a press release.

Organised by Islami Bank Training and Research Academy, the discussion meeting was presided over by Shah Abdul Hannan, Chairman of the Board of Directors of the bank.

Prof. Abu Ahmed, Chairman of the department of Economics of Dhaka University, presented a keynote paper on the subject.

Emphasising on the establishment of Islamic Shariah based capital market, speakers said that Islamic financial institutions might work through reformation of existing stock exchange. They stressed on exchange of experience with those countries including Malaysia where such initiatives have been successful.

Abdur Raquib, Executive President of the bank, Dr Ayubur Rahman Bhuiyan of Economics Department of Dhaka University, Joinal Abedin, share market specialist, and Mujahidul Islam of the Department of Finance and Banking of Dhaka University spoke on the occasion.

US, China unveil small business plan ahead of WTO entry

AFP, Shanghai

The United States and China unveiled a plan Thursday to help their small and medium-sized businesses take advantage of the opportunities created by China's World Trade Organisation membership.

"The United States, China and the world economy stand to benefit tremendously from China's accession to the WTO," American Chamber of Commerce president Thomas Donahue said after sealing the agreement with Yu Xiaosong, chairman of the China Council for the Promotion of International Trade.

Speaking at a gathering of Asia-Pacific nations in Shanghai, Donahue added that market potential "can only be tapped if US firms, especially smaller and medium-sized companies, have better market information, access to qualified potential Chinese partners, and the technical help to close profitable business deals".

Japan, US agree to launch new auto talks

AFP, Shanghai

Japan and the United States agreed on Thursday to launch a new round of auto talks after a 1995 accord designed to prise open Japan's auto market expired last year, a Japanese official said.

Japanese Trade Minister Takeo Hiranuma and US Trade Representative Robert Zoellick reached the deal during a one-hour meeting on the sidelines of a Pacific Rim gathering here, the trade ministry official said.

Under the Automotive Consultative Group, Japanese and US trade officials will hold talks once a year to discuss issues concerning the Japanese and US auto industries, the official said.

"This is a mechanism that allows Japan and the United States to discuss auto issues amid globalisation," he said. "We believe the accord is significant given the importance of the US and Japanese auto industries."

The official declined to say when Tokyo and Washington would hold the first round of the revived talks, but Kyodo News agency said Wednesday the first meeting would take place early next year.

US prospects bright despite uncertainty: Greenspan

REUTERS, Washington

Federal Reserve Chairman Alan Greenspan said Wednesday it was too soon to tell how the aftershocks of Sept 11 will ripple through the US economy but insisted that long-term prospects remained bright.

Testifying before Congress's Joint Economic Committee as a fresh wave of fear swept Capitol Hill about the potential biological warfare agent anthrax, Greenspan tried to sound a reassuring note by citing tentative signs of renewed activity after a sharp slump following September's tragic events.

"As the initial shock began to wear off, economic activity recovered somewhat from the depressed levels that immediately followed the attacks, though the recovery has been uneven," Greenspan said.

He conceded it was hard to assess how businesses and consumers will react after being hard-hit by worry in the period since the attacks. "But in the weeks ahead, as the initial shock continues to wear off, we should be able to better gauge how the ongoing dynamics of these events are shaping the immediate economic outlook," Greenspan said.

He was hopeful the negative effects would pass.

"The pronounced rise in uncertainty also has dampened consumer spending and capital investment; households and businesses, confronted with heightened uncertainty,

have pulled back from the marketplace, though that withdrawal has been partial and presumably temporary," the Fed chief said.

But later, White House Economic Adviser Lawrence Lindsey said the United States was facing its first recession in more than a decade -- one of the few Bush administration officials to acknowledge what private economists have been saying for several weeks.

"Some would say we're in a recession. In fact, when the numbers are out, I suppose my prediction would be we are going to have two quarters of negative growth," Lindsey told a Schwab Capital Markets symposium. Six months or more of shrinking output is commonly defined as a recession.

Greenspan said economic activity dropped sharply in the days after hijackers slammed airplanes into the World Trade Centre and the Pentagon as Americans "stayed riveted to their televisions and away from shopping malls."

But he said although consumer wealth has suffered in the past year and the economy has been "taking all of the tremendous pressures on it, (it) has nonetheless remained standing and I would still characterise that as the case despite the attack on Sept 11."

Stock prices closed with significant losses and traders said markets were hurt by the renewed anthrax worries as well as Greenspan's caution and -- late in

the session -- Lindsey's outlook for the economy. More than 30 congressional employees were reported to have tested positive for anthrax exposure and New York Governor George Pataki said tests revealed his Manhattan offices may be contaminated.

The Dow Jones Industrial Average tumbled 151.26 points to close at 9,232.97 while the high technology-laden Nasdaq composite index skidded 75.73 points to end at 1,646.34.

Bond prices gained, as they typically do when investors seek greater security in government-guaranteed US treasury issues. In late afternoon trade, the 30-year US Treasury bond was up 16/32 of a point to yield 5.31 per cent.

Analysts said Greenspan, widely respected across the political spectrum as a key architect of America's prosperity since the last recession in 1990-91, clearly was trying to offer a balm to worried consumers.

"He is trying to show a little confidence that the economy is going to recover and prosper and try to dampen some of the anxiety that goes along with uncertainty," said Gary Thayer, chief economist for AG Edwards and Sons Inc in St Louis.

The Fed has cut US interest rates nine times since the beginning of the year, including twice since the attacks, and Greenspan's remarks were seen as keeping a door open for more.

ECB insists economy to recover next year

AFP, Frankfurt

The European Central Bank insisted on Thursday the euro-zone economy would recover next year in a view which was sharply at odds with the apparent gloom prevailing in the rest of the world.

The economic fundamentals for the 12 countries that share the single currency remained "positive" and there was "a good base for recovery in the course of the next year," the ECB wrote in its October monthly bulletin released on Thursday.

The report was published on the same day that German Finance Minister Hans Eichel slashed his forecasts for German growth both this year and next year and just a day after a chief economic advisor to US President George W. Bush said the September 11 terror attacks had tipped the US economy into a recession.

In Asia, a panel of economic experts from the APEC countries estimated Thursday that the Japanese economy would shrink both this year and next year as a result of the attacks. An APEC study said that nearly all 21 APEC countries had cut growth prospects.

Nevertheless, the ECB remained defiantly upbeat.

Despite the economic shock of the attacks, "there are no major imbalances in the euro area which would require a lengthy period of economic adjustment," the bank insisted.

Recent developments in inflation, public spending, wages and the structural economic reforms meant that "the euro area fundamentals remain positive," it said.

Furthermore, financing conditions "are favourable and the expected decline in consumer price inflation should provide further support to household consumption in the euro area."

"Taken together, all these elements should provide a good base for a recovery in the course of next year once the initial shock has been absorbed," the ECB said.

But in an apparent move to cover itself, it added: "This notwithstanding, downside risks to the current prospects will have to be monitored."

By contrast, the rest of the world appeared to believe those risks already had the upper hand.

In Washington, White House chief economic advisor Lawrence

Lindsey had said Wednesday the US economy was in recession.

"My prediction would be that we are going to have two quarters of negative growth," Lindsey in the starkest warning yet by a member of the Bush administration about the direction in which the world's powerhouse economy was headed.

In Shanghai an expert panel of the 21-member APEC forum estimated that the Japanese economy would shrink by 0.5 per cent both this year and next year.

And in Brussels, European Commission President Romano Prodi said that recovery in the EU would be delayed by the September 11 attacks and would now only be seen in the second half of next year.

In the meantime, dark clouds also continued to gather over Germany, the biggest economy in the euro zone.

Finance Minister Hans Eichel finally conceded that his previous estimates for German growth -- of 2.0 per cent this year and 2.25 per cent next year -- were too optimistic.

Eichel said on public television that the German economy was likely to grow by only 0.75 per cent this year as it felt the full impact of the global slowdown.

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Bleak outlook for cereal, rice output in '01-02

AFP, Rome

The global outlook for 2001-2002 cereal and rice production is well below expected levels because of persistent drought in some important crop producing countries, according to a new UN Food Agency report.

The shortfall could lead decline in worldwide stocks, the UN Food and Agricultural Organization said, given that the world cereal trade in 2001-2002, looks to be virtually unchanged from the previous season's 230 million tonnes.

Around 62 million people worldwide face varying degrees of food emergencies, from malnutrition to famine, according to FAO estimates made in September.

China, India and Pakistan are among the countries worst effected by this year's poor cereal harvests. Cereal production in 2001 is now forecast at 1.84 billion tonnes, about 0.7 per cent below the estimate for 2000.

Output of wheat is forecast at 565 million tonnes, 3.4 per cent down

from the previous year while that of coarse grains is now put at 885 million tonnes, 1.4 per cent up on last year's level.

The global rice crop is forecast at 392 million tonnes, 1.5 per cent down from 2000.

International export prices for most cereals showed some recovery since the previous report in June, says the FAO.

However, the economic and the political uncertainty triggered by the tragic events of September 11 in the United States has put some prices under downward pressure again in recent weeks.

Despite this, global trade in cassava products is expected to recover this year, owing mainly to large purchases by China.

Finally the FAO notes that international meat prices continued to strengthen in 2001. However, a deterioration in economic conditions around the globe and the first reported case of BSE, or mad cow disease, in Asia may limit gains in meat prices.

Pakistan close to deal with IMF

REUTERS, Washington

As Pakistan struggles to cope with refugees pouring into from its bombed-out neighbour Afghanistan, economic officials from Pakistan said they are close to a deal with the International Monetary Fund.

The Pakistan team, in Washington for delayed talks with the IMF that were scheduled before the Sept. 11 attacks, said they have cut their economic growth target for this year because of the regional turmoil.

The officials said while they were in talks with leaders like the IMF before that date, there have also been offers bilateral help since then as Pakistan cooperates with the United States over the attacks.

"We have made very good progress on reaching an agreement on

the macroeconomic stance," said Choudhri Mueen Afzal, secretary general for finance in an interview with Reuters. "In the next 2-3 days we hope to firm up with the fund the outlines of the programme."

Pakistan, which successfully completed a one-year programme with the fund in September, is hoping to agree a new three-year poverty reducing loan.

The IMF is also upbeat about progress in the talks which began last week. Finance Minister Shaukat Aziz was here but returned to Pakistan early on Saturday to be in Islamabad for the visit of US Secretary of State Colin Powell, leaving behind Afzal and Ishrat Husain, the central bank governor, in finish the talks.

India think tank sees 6pc growth in current fiscal

AFP, New Delhi

India's official economic think tank Thursday expressed confidence that economic growth would climb to six per cent in the fiscal year ending March 2002.

The growth rate in the first quarter of the financial year fell to 4.4 per cent, slipping from the 5.2 per cent growth registered for the whole of the last financial year.

But officials at the Planning Commission said the Indian economy was likely to show a much improved performance by fiscal year-end.

"We are hopeful of ending the financial year ending March 2002

with a six per cent gross domestic product growth rate," Planning Commission member N.K. Singh told reporters on the sidelines of an annual economic summit.

The Planning Commission itself had set a growth target of seven per cent for the year, but experts say a global slowdown combined with the regional instability triggered by US-led military strikes in Afghanistan is bound to affect growth.

However, the commission's deputy chairman K.C. Pant played down fears that the economy would slump to even lower growth in the coming months.

"We should not be guided by the short-term outlook," he said.