

# Accord on launching new world trade talks soon

## Canadian minister says at APEC business confce

AFP, Shanghai

Canada's International Trade Minister Pierre Pettigrew said Friday an agreement to launch a new round of world trade talks was "very, very near" with the deadline just three weeks away.

Frantic negotiations have been held to allow the launch of a new round of trade talks at a World Trade Organisation (WTO) ministerial meeting scheduled to be held from November 9-13 in Doha, Qatar.

Pettigrew said ministers were "very very near an agreement" on an agenda.

"I am quite optimistic that we would be able to launch a new round in three weeks' time," he said at a business conference on the sidelines of the Asia Pacific Economic Cooperation (APEC) meeting of ministers and leaders here.

"We narrowed some gaps on agriculture and I do believe honestly that we have made a lot of progress on the implementation issues in the last few months and the last few weeks and days."

Developing countries have expressed dissatisfaction with the implementation of the last major round of trade talks, known as the Uruguay round.

In a joint statement Thursday, APEC ministers spoke of the "critical importance and urgency" of launching a new round of trade talks next month to revive the drive abandoned at Seattle two years ago.

Pettigrew said the WTO system must be made "more transparent and effective" and more resources be channelled to developing countries to help them benefit from the globalisation process.

He said it was imperative for

WTO to launch a new round of talks after its failure in Seattle and that it "cannot afford to wait any longer."

Thailand's Commerce Minister Adisai Bodharamik told the APEC CEO Summit there appeared to be more flexibility in the WTO agenda but called for debt relief as well as "special and preferential treatment" for developing countries to ensure a level playing field.

"Not all of us can move at the same pace ... developing countries need time but this is not measured in months or years but in terms of readiness," he told the conference.

Malaysian Trade Minister Rafidah Aziz said here earlier this week there would be "no chance" of a new round of WTO trade talks being launched if countries were not allowed to "opt out" of contentious issues.

These included competition

policy, investment rules, environment and government procurement.

On Thursday US Trade Representative Robert Zoellick said the choice of Qatar as host of next month's WTO meeting was under review because of security concerns.

APEC ministers have said, however, that the dates for the meeting should not be changed even if the meeting is moved to a new venue.

Pettigrew said Friday Canada was continuing to prepare for Doha "but it is clear that we are monitoring the uncertainties in the region, keeping a close eye on it."

Singapore is gaining ground as an alternative to Qatar to host the WTO conference as members are concerned about security in the Gulf emirate following terrorist attacks in the United States.

## Microsoft profit falls sharply to \$1.29b

AFP, Redmond, Washington

Software giant Microsoft saw a third-quarter drop in profits, due in part to more than a billion dollars in investment losses, the company reported Thursday.

Microsoft's net income for the third quarter was 1.29 billion dollars, down 42 per cent from 2.2 billion dollars for the same period last year.

The company reported revenues of 6.13 billion dollars for the quarter, up from 5.77 billion dollars from last year.

Microsoft also reported an earnings per diluted share of 23 cents, compared to a 49 cent share for the same period last year. The company attributed a per share price of 20 cents to its 1.24 billion dollars in investment write-offs. That pre-write off share price of 43 cents beat analyst expectations of earnings of 39 cents per share.

The company said in a statement accompanying its report that "this is a period of unprecedented global uncertainty that could have an impact on the economy and our business."

## Meghna Life Ins holds divisional executives' confce

The top-ranking divisional officers' conference-2001 of Meghna Life Insurance Co Ltd was held at its head office in the city recently, says a press release.

Nizam Uddin Ahmed, Chairman of the Company, was chief guest at the conference while Directors Mia Mohammed Abdul Hai and Colonel (Rtd) Samsuddin Ahmed were special guests.

Managing Director Mujid-ud-Daula presided over the meeting. Adviser (Admn. A&F) MA Majid, FCA, Deputy Managing Director MA Sultan Khan, General Manager Md Mahidur Rahman, General Manager Md Abdur Razaque, General Manager (Adm) DS Taiful Islam also spoke on the occasion.

# Japan calls for safety nets to help 'losers' in globalisation

AFP, Shanghai

Japanese Economy, Trade and Industry Minister Takeo Hiranuma called Friday for safety nets to give "losers" in the globalisation race a second chance to compete.

"The economic globalisation has reached a point where we have what is termed as mega-competition and leading companies from around the world are engaged in fierce competition everywhere," he told a two-day business conference attended by Asia-Pacific chief executives here.

While the competition has spurred the quest for greater efficiency and economic expansion, Hiranuma said it had also led to a "sharp divide between winners and losers."

But he said protectionist measures could not resolve the disparities and tensions that came with globalisation and governments must instead create safety nets to help those battered by economic competition.

"Rather than trying to prevent this natural outcome, we need to put

safety nets in place for the losers. Yet these safety nets should not seek to automatically put losers at parity with the winners. To do that would negate the benefits of globalisation," he said.

"The important thing is that the safety nets be set up to give the

losers a second and even a third chance ... all companies should be given an opportunity to try again and again."

Hiranuma said globalisation's other "dark sides" were that it led to vast disparities in employment and income, a deeper divide between developed and developing countries, loss of forests and the risk of food-chain contamination.

"The tide of globalisation is irreversible. We cannot jump the globalisation ship. Rather than rejecting globalisation, we need to respond positively to it and harness it for economic growth," he said.

"Those who fail to do this will be left behind in history's dust."

He urged member economies of the Asia-Pacific Economic Cooperation (APEC) forum to stick to plans to lower and dismantle trade and investment barriers and deepen cooperation to cope with the negative aspects of globalisation.

## Merrill Lynch net profit slumps

AFP, New York

Financial titan Merrill Lynch reported Thursday a 52.3 per cent slide in third quarter net profits as the September 11 terror attacks compounded an already-weakening economy.

Net profit dropped to 422 million dollars in the July-September quarter from 885 million dollars in the same period a year earlier, the financial services group said in a statement.

# 4,000 Taiwan factories closed in 9 months

AFP, Taipei

Nearly 4,000 Taiwanese factories were shut down in the nine months to September as the economy took a sharp turn for the worse, the economic ministry said Friday.

"The current slump has forced many companies to either close down or relocate their plants elsewhere, such as China, to lower production costs," a ministry official told AFP.

The number of factory closures in the January-September period rose 16.4 per cent year-on-year to 3,912, but the official feared the actual number was greater because many firms had not registered with the ministry.

"More are likely to be forced out of business later in the year as the economic condition worsens after

the terror attacks in the United States," he said.

The number of factory closures could reach 6,000 this year, up from 5,000 last year, he added.

Meanwhile, the number of newly registered plants in the nine-month period fell 33.6 per cent to 2,844, according to the ministry.

"We expect the number of new plants to decline further as more businesses scale down their investment in face of weaker demand," the official said.

Taiwan's gross domestic product (GDP) had already suffered its biggest quarterly fall in 26 years of 2.35 per cent year-on-year in the three months to June, and is expected to contract by 0.37 per cent over the full year, according to the Directorate General of Budget, Accounting and Statistics.

## Tech sector woes hit Hitachi, Casio

AFP, Tokyo

Japan's Hitachi Ltd. said Friday it will double job cuts at its loss-making chip division, while Casio Computer Co. Ltd. warned of a 30.6 million-dollar net loss in the year to March amid a technology slump.

Hitachi will trim 3,100 staff from its chip sector this financial year up from 2,000 announced earlier, with around half leaving the firm completely and half shifting to other divisions.

"The business environment surrounding the semiconductor market has remained very, very tough. We want to streamline the division to make it more efficient and profitable," said Hitachi spokesman Kenichiro Mizoguchi.

## Hyundai shipyard submits spin-off plan

AFP, Seoul

South Korea's lucrative Hyundai Heavy Industries Co. has submitted a plan to separate the world's largest ship builder from its embattled parent group, officials said Friday.

The Fair Trade Commission (FTC) said it received the shipyard's spin-off plan on Tuesday. Hyundai Heavy Industries (HHI) hopes to complete its separation in December.

FTC rules require the shipyard to cut stakes in listed Hyundai group units to below 3.0 per cent and to below 15 per cent in case of unlisted units.

"The plan includes specific actions the company will take to reduce its stakes in Hyundai units and eliminate payment guarantees so as to be eligible for a spin-off by the year-end," a Hyundai restructuring team official said.

The family-controlled conglomerate had acted as a leading engine of South Korea's impressive economic growth until last year when it was hit by a liquidity crisis and a family dispute.

But HHI and other key Hyundai units, intertwined with each other through cross shareholdings, stepped up their separation this year.

HHI now holds a 3.02 per cent stake in Hyundai Securities Co., 5.9 per cent in Hyundai Corp. and 22.88 per cent in Hyundai Development Co.

The money-making shipyard has promised to write off a 49.87 per cent stake in Hyundai Petrochemical Co. before launching a new group with Hyundai Mipo Dockyard.

HHI and Hyundai Mipo have a combined 25.44 per cent in unlisted Hyundai Asan Corp., which has sucked money from other Hyundai units to support the group's troubled projects in North Korea.

The stake in Hyundai Asan should be reduced to below 15 per cent. HHI plans to resolve payment guarantees to Hyundai Merchant Marine.

## Japan plans to expand economic support for Iran

AFP, Tokyo

Japan plans to expand its economic support for Iran, focusing on energy development, to help forge a diplomatic front ahead of the possible collapse of Afghanistan's Taliban regime, a press report said Friday.

Japan will propose the plan to Iran at a meeting of their vice ministers of energy scheduled for Tuesday in Tokyo, the leading business daily Nihon Keizai Shimbun reported.

With the economic package, Japan hopes to woo Iran in working out a stable international framework for a post-Taliban peace process while US-led air strikes on Afghanistan continued, the report said.

Tokyo, which has diplomatic ties with Tehran, sees Iran's cooperation as vital to such a process as the country borders Afghanistan and wields influence over the anti-Taliban Northern Alliance, the report added.

Japan is also expected to consider extending financial help for Iran to ease economic burdens resulting from an expected inflow of refugees from Afghanistan, the daily said.

The package will follow another Japanese initiative related to the US-led campaign against terrorism, the daily said, citing a visit to Tehran earlier this month by former foreign minister Masahiko Komura.

As a special envoy of Prime Minister Junichiro Koizumi, Komura proposed to host an international conference on Afghanistan's reconstruction.



PHOTO: MEGHNA LIFE

Nizam Uddin Ahmed, Chairman of Meghna Life Insurance Co Ltd, addresses the company's top-ranking divisional officers' conference-2001 at the head office of the company recently.

# EU leaders meet amid deepening gloom

AFP, Ghent, Belgium

Amid deepening economic gloom, European Union leaders gathered in Ghent Friday to discuss prevention of a further slowdown after the terrorist attacks in the United States and the January conversion to euro cash in the 12-state single currency zone.

A bleak reading by a closely watched confidence indicator in Germany, Europe's largest economy, depressed the equities markets and the euro.

The Ifo business confidence indicator for west Germany fell sharply to nearly an eight-year low in September after the September 11 assaults on New York and Washington.

In Frankfurt, Exane economist Emmanuel Ferry said that "the risks of a general recession are rising."

But a European Commission report issued Wednesday stressed the conditions for a European recovery in 2002 exist, with an important caveat: "providing the political situation does not deteriorate fur-

ther."

Topping the agenda of the EU one-day summit was a report preparing the 74-day runup to the historic January 1, 2002, launch of euro banknotes and coins which replace national monies.

European Central Bank President Wim Duisenberg; Belgian Finance Minister Didier Reynders, who chairs the euro group; and EU Monetary Affairs Commissioner Pedro Solbes were to detail the status of preparations, only this month deemed insufficient by the European Commission.

EU economy and finance ministers had spurred member states Tuesday to create a common information network to help prepare for the changeover on January 1.

The network, to be created by the European Commission and the ECB, would bring together a representative from each member state who will be required to report regularly on preparations for the euro transition.

Thursday's revelation in Austria that euro notes and coins are

already in circulation after leaks from banks and firms with access to the new money also has raised concerns.

Euro notes had already turned up in the southern Dutch town of Venlo in late September.

In London, the single currency fell below 90 US cents for the first time in more than a week, undermined by the German Ifo indicator.

"Even with the uncertainties in the US, investors still don't want the euro, and one of the reasons is that the economic conditions in Europe are pretty gloomy," said Jane Foley, currency strategist at Barclays Capital.

The spreading uncertainty also was underscored by the ECB, which confirmed in its monthly bulletin that the terrorist attacks had plummeted confidence in the euro zone.

In a last-minute summit program switch, the leaders were to address the impact of the September 11 terrorist attacks in the United States before tackling EU expansion in the evening.

# German business confidence slumps to eight-year low

AFP, Munich

Industrial confidence in Germany slumped to the lowest level for nearly eight years in September, reeling from the economic shock of last month's terror attacks in the US, data published by the Ifo economics research institute on Friday showed.

Ifo's business climate index for western Germany fell to 85.0 in September from 89.5 in August, Ifo said in a statement.

That was much lower than expected -- analysts had been forecasting a decline to around 88.0 -- and it was the index's lowest level since November 1993.

The news sideswiped the euro on the foreign exchange markets where the single currency plunged below the level of 90 US cents to 0.8988 dollars from 0.9019 dollars previously.

"Business and demand was hit more substantially than first assumed by the attacks," Ifo's chief economist Gernot Nerb told AFP in a telephone interview.

"But it's still too early to say whether this trend will continue in coming months. Prior to September 11, we had seen the first tentative signs of stabilisation or recovery in the index. We can't say yet whether

the attacks have completely wiped out those signs."

Businesses might be overreacting to the events in the US, Nerb suggested.

"It's unlikely that the sharp decline in the index seen last month will be repeated," the economist said.

The Ifo index measures companies' assessment of their current business, as well as their expectations for the next six months.

It is based on a survey of more than 7,000 companies and is measured against a basis of 100 for 1991.

The September data were being particularly closely watched because it was the first time the figures had fully taken into account companies' responses to the devastating terrorist attacks in the United States on September 11.

And a closer look at the index showed the gloom was likely to remain unbroken for some time to come.

Ifo also publishes separate sub-indices for companies' current business assessment and for their future expectations.

The index assessing current business fell by nearly four points to 79.6 on September from 83.2 in August.

## Weekly Currency Roundup

October 14 to October 18, 2001

Last week the local foreign exchange market was active. Demand for dollar was steady in the interbank market.

The weekly Treasury bill auction was held on Sunday. Bangladesh Bank accepted treasury bills worth of BDT 22.36 billion against a maturity of BDT 20.3408 billion. Bangladesh Bank accepted treasury bills worth of BDT 20.490 million for 28 days at 6.03 per cent, BDT 100 million for 91 days at 6.55 per cent, BDT 350 million at 6.90 per cent, BDT 1340 million for 364 days at 7.13 per cent and BDT 80 million for 2 years at 7.97 per cent. Demand for overnight borrowing at call was steady during the week. The call money rate ranged between 6.5 and 8.5 per cent closing the weekly average at 8.25 per cent.

In the early part of the week, dollar drifted lower against yen, down to a level of 121. The market was weary at a loss for direction as people considered the Anthrax contamination equivalent of a second round of terrorist strikes on USA. A slump in U.S. retail sales intensified the worries of an imminent recession. Moreover, the consumer confidence is forecast to fall further in the wake of anthrax contamination fears and strikes on Afghanistan. However, Japan is unlikely to gain anything on this backdrop as it struggles with shrinking current account balance, worsening job and income conditions, weaker production etc. in the domestic front.

In the middle of week, dollar traded in narrow ranges against yen and other currencies. Trading was thin, dealers hesitant to take new positions lacking a short-term view on the forex market. Although apprehension over plummeting consumer confidence due to fears of biological assaults still prevails, dollar's apparent resilience is noteworthy. According to currency market analysts, dollar's holding up can be attributed to the prompt monetary and fiscal steps by U.S. government and possibility of further intervention by Japanese financial authorities if dollar tends to plunge. Meanwhile, Japanese investors sold euro against yen worried over the single currency's failure to ascend to levels above 110 yen, causing euro to drift lower both against yen and dollar.

In the last part of the week, dollar faded against yen on the backdrop of former U.S. Treasury Secretary's comments and uncertainties over impact of Anthrax attacks on U.S. economy. The former secretary stressed on achieving structural reform, rather than a weaker yen, as a solution to the financial sector problems in Japan. U.S. stock index plunged a little, leading many to believe it contributed to dollar's fall. Japanese authority is expected to intervene again by buying foreign assets, with a view to increasing the yen surplus in the market. The Bank of Japan (BOJ) has shown a strong determination in keeping the yen weak against dollar. Euro fell against yen, tumbling down to a level of 109. The single currency has repeatedly failed to sustain its gain beyond a level of 110 yen

-- Standard Chartered Bank