

ASEAN okays world's largest free trade bloc with China

AFP, Bandar Seri Begawan

Southeast Asian leaders pushed back their economic frontier Tuesday, confirming the world's largest free trade zone with China and beginning work on a broader bloc taking in Japan and South Korea.

Approval for the landmark deal with China was reached as the leaders of the Association of Southeast Asian Nations (ASEAN) held separate talks with their key dialogue partners China, Japan, and South Korea on closer integration.

"For the countries of Southeast Asia this agreement is of enormous historic significance," the meeting chairman, Brunei's Sultan Hassanal Bolkiah, said.

By the time the free trade area is established it will cover two billion consumers in a region with a com-

bined gross domestic product of two trillion dollars, and two-way trade of 1.23 trillion dollars.

"We wish to signal that we are more determined than ever to accelerate the liberalisation of trade in East Asia," the sultan said following the ASEAN summit.

"ASEAN cannot simply sit back and wait for our traditional export markets to recover from the current global economic downturn."

But the euphoria came with a warning that the zone was 10 years away and would not solve the immediate problems facing a region struggling in the face of a global economic downturn.

Indications on the eve of the summit that the Chinese proposal could be scuttled by ASEAN's golden rule of consensus and Malaysia's objections to rigid free

trade policies proved unfounded.

"My suggestions were all accepted by them. They agreed that China will become a part of the ASEAN Free Trade Area," Chinese Premier Zhu Rongji said.

"China is not trying to increase its exports through this measure. We will help each other and cooperate with each other," Zhu told reporters.

"Today Malaysia's prime minister said it very well 'When our friends are doing well, we will do well. When we are doing well, we don't forget our friends'."

But Malaysian Prime Minister Mahathir Mohamad still harboured reservations.

"The details need to be worked. If we are not careful we may lose out."

He had earlier said: "We must

make sure the influx will not cause our industries to shut down."

From being often criticised as a sunset body unable to take decisive action, the trade agreement highlighted a new urgency by ASEAN to engage China as it stands on the verge of entry to the World Trade Organisation.

The Sultan set the tone for the new look saying ASEAN must "improve its credibility as a regional organisation and respond decisively to challenges."

He said Southeast Asia discussed "pushing the frontiers of our economic cooperation beyond existing agreements for free trade ... and go beyond the ASEAN free trade area." An even larger free trade area taking in ASEAN's two other dialogue partners Japan and South Korea is now being examined by an experts' group.



PHOTO: APTECH

Amitava Ghosh (second from right), Managing Director of Aptech Worldwide Bangladesh Ltd, signs an agreement with A A Newaz (second from left), an official of Dhanmondi Tutorial, to impart training to the teachers of Dhanmondi Tutorial on computing. Zaber Karim (right), Business Manager of Aptech Worldwide Bangladesh Ltd, and Edward Walter Dias (left) of Dhanmondi Tutorial were also present on the occasion.

Japan cuts growth forecast to negative 0.9pc

AFP, Tokyo

Japan has slashed its official economic forecast to a negative 0.9 per cent for the year to March due to weak demand for technology products and falling investment after the September 11 terror attacks, a report said Tuesday.

The forecast sharply reversed a 1.7 per cent economic growth seen earlier and it would mark Japan's first fiscal year economic contraction in three years, the Yomiuri Shimbun newspaper said.

Japan's top economic chief Heizo Takenaka will submit the latest gross domestic product (GDP) projection to the cabinet of Prime Minister Junichiro Koizumi

on Friday, Japan's biggest circulation daily said.

"Aside from depressed demand for IT (information technology)-related products, a slowdown in the US economy and falling capital investment after the attacks on the United States are the reasons" for revising down the economic forecast, the daily said. Last month the Bank of Japan said the country's GDP would shrink between 0.9 per cent and 1.2 per cent, contrasting sharply with a prior forecast of 0.3 per cent to 0.8 per cent growth.

Takenaka also warned Japan would experience negative economic growth in the current fiscal year due to the impact of the terrorist attacks in an address to the East Asia Economic Summit in Hong Kong on October 29.

BA bracing for full-year loss

AFP, London

Struggling British airline BA said profits evaporated in the July-September quarter, and warned that full-year results would nose-dive into the red.

BA said second-quarter pre-tax profit fell to five million pounds (eight million euros, 7.5 million dollars), from 200 million pounds in the same quarter last year. For the first half, pre-tax profits were 45 million pounds -- down 70 per cent on last year's equivalent.

Turnover fell 11.8 per cent to 2.25 billion pounds in the troubled July-September quarter, during which the global aviation industry was hammered by the terrorist attacks on the United States.

The subsequent slump in passenger numbers has prompted BA to reduce capacity by more than 12 per cent in the past two months, BA said.

The company made an operating profit of 72 million pounds in the quarter, but chairman Lord Marshall warned that that would become a loss over the full year.

"The outlook for the second half is difficult to predict, although we anticipate a significant operating loss for the year," Marshall said.

BA recovered from a bout of turbulence in the late 1990s to post handsome profits last year, as it reined in capacity and focused on upmarket travellers.

But that programme has been turned upside down by this year's global downturn, aggravated by the events of September 11 which turned many regular travellers off flying, particularly on the transatlantic routes.

US firms cut 242,000 jobs in October

AFP, Washington

US companies announced 242,192 layoffs in October as the September 11 attacks devastated economic activity, according to a private survey released Monday.

Challenger Gray and Christmas said that over the past two months 490,052 job cuts were announced -- with 90 per cent of them coming after September 11.

The latest layoffs brought the total for the year to 1.6 million or one million more than all of 2000, the consulting group said.

October was the second-highest month for job cuts after the September figure of 248,332 and was the third time in four months that the total exceeded 200,000, the firm said.

"It may seem as if the light at the end of the economic recovery tunnel keeps getting farther away, but our research has shown that there are opportunities for the growing number of Americans who suddenly find themselves unemployed," said chief executive John Challenger.

Telecommunications was the hardest hit sector with more than 42,000 job cuts announced in October, bringing the year-to-date total to more than 266,000.

Other hard-hit sectors in October were computers, with 25,697 layoffs, defence/aerospace (24,045), industrial goods (21,415) and automotive (18,838).

Challenger noted that while telecom, transportation and manufacturing jobs continue to be cut, other areas are growing including defence, health care, insurance, energy and security.

"Not only do these sectors improve job seekers' chances of becoming reemployed, but they fulfil a growing desire to have a career that is meaningful, that is critical to the nation's rebuilding or defense that has some value to fellow man."

The Challenger survey measures layoffs announced by companies. Separately, the government reported last week that 415,000 jobs were lost in October and the unemployment rate jumped to 5.4 per cent.

Supachai sees global recession for 2002

AFP, Kuala Lumpur

World Trade Organisation (WTO) director general designate Supachai Panitchpakdi said Tuesday he foresees a global recession for the whole of 2002.

Supachai, who will take over at the WTO next year, told reporters after presenting a paper at an economic seminar here that the recession was based partly on the need for restructuring in the new economy.

"Most of the predictions for the global economy in 2001 and 2002 have been adjusted downwards but with a tinge of optimism in the tone," he said.

"But I think we should be cautious with that kind of prediction."

The recession would be quite severe, he said, adding that a lack of financial reform as well as growing public debt may depress the economy further.

"There's a need to relook at public debt because governments

have taken away quite a lot of private debt.

"I fear that when we get over the first crisis, another crisis may come about... so for the whole of next year, we should brace ourselves for a period of global recession."

Supachai said globalisation was set to play an even more crucial role with the global economic slowdown.

"The failure of the whole system to make use of globalisation is mainly because not everyone has partaken in the globalisation process," he said.

"I would say that there is a pronounced need for globalisation to be better managed. We need globalisation even more so now, but we need also a better management of globalisation."

Supachai said poorer countries had not really been part of the globalisation process due to their lack of capacity, resources, legal framework and attractiveness for foreign direct investments.



PHOTO: ELECTRA

Md Zakiullah Shahid, Managing Director of Electra International, inaugurates a Samsung sales & display centre at Dholairpar in the city on Sunday. Md Wahiullah Shahid, Director of Electra International, was also present on the occasion.

Online direct marketing set to take off despite slowdown

AFP, Singapore

Online direct marketing via email and Internet advertising is set to take off despite the global economic slowdown and dotcom bust, but improved technology is crucial, industry executives said Tuesday.

Email promotions and letters are the "best media for generating immediate sales," besides direct mail catalogues, said a July study by the Direct Marketing Association of Singapore (DMAS).

About 10 per cent of the 500 Singaporean households polled bought a product directly or shortly after receiving an email about it while 11 per cent did likewise after reading a direct mail catalogue.

"These results, I believe, can also be applied to consumers everywhere," said David Black, principal researcher and managing director of Blackbox Research.

He added: "If you are a small or medium business, either in Singapore or anywhere else, I think the Internet presents enormous opportunities for you because the barriers that are there in the physical world are not necessarily exist online."

The study also revealed about half of the households were willing to spend more than 200 Singapore dollars (111 US) per online purchase.

"Equally, companies appear to be embracing online marketing with vigour despite the dotcom bomb," said DMAS market

research chairman Brad Jeffreys, who said he expected online direct marketing to take an increasing share of Singapore's billion-dollar direct marketing pie.

He said the 100 multinationals and smaller enterprises polled felt online marketing was "easy to do" and more than 60 per cent said they were very likely to use emails and Internet banner ads to advertise in the next 12-18 months.

But two in three businesses believed online marketing had stalled in the past year and it "will not be truly useful until there are more sophisticated technologies which allow interactive behaviour."

"Businesses are sort of saying, well, we've gone so far so quickly but there has been a bit of a stalling

process now. Businesses are waiting for... the next generation of technology to take that next step," Black told AFP.

Last month, industry monitor AC Nielsen said advertising spending in recession-hit Singapore was expected to remain flat at 1.5 billion Singapore dollars this year.

Singapore's trade-dependent economy is projected to post negative 3.0 growth this year, from a robust 9.9 per cent growth last year, due to declining exports and a global crunch in the electronics sector.

Turkish trade deficit drops 60.1pc

AFP, Ankara

Turkey's trade deficit dropped by 60.1 per cent to 6.74 billion dollars in the first eight months of the year from the figure for same period 12 months earlier, the state statistics institute announced on Tuesday.

The trade deficit in the first eight months of 2000 was 16.89 billion dollars.

The institute said that imports fell by 22.5 per cent to 27.14 billion dollars in January-August this year, while exports rose by 12.5 per cent to 20.39 billion dollars.

In August 2001, imports decreased by 30.6 per cent to 3.38 billion dollars compared to August last year and exports were up 26 per cent to 2.57 billion dollars, it added.

Turkey's trade deficit hit 26.7 billion dollars in 2000, a 89.1-per cent rise from the previous year.

Cash-strapped Turkey is hoping to reduce its trade deficit by boosting exports after a severe financial turmoil in February forced the government to float the Turkish lira, causing the currency to lose more than 50 per cent against the dollar.

REUTERS, Tokyo

A Japanese official has cast doubt on quick resolution to a festering trade row with China ahead of talks in Tokyo on Wednesday, upping the ante in a seven-month old dispute that touches a range of products from mushrooms to mobile phones.

The dispute, triggered by Japan's decision in April to impose 200-day "safeguard" import curbs on Chinese-made stone leeks, shiitake mushrooms and rushes used in "tatami" mats, reflects rising concern in Japan over a flood of cheap Chinese goods.

Beijing struck back in June with 100 per cent punitive tariffs on Japanese cars, mobile phones and air conditioners, and threatened last week to take the issue to the World Trade Organisation unless it was resolved by the end of the year.

"It will be very difficult to reach an agreement," a Japanese official close to the trade talks told Reuters on Tuesday. "I think we've come to understand their position, but I'm not sure if they understand ours."

Day-long talks last week in Beijing yielded no agreements. China's Foreign Ministry has said Japan must make the first move by

lifting its import curbs.

Giving the issue more urgency, Japan's temporary import curbs expire on November 8, after which Tokyo can make them official.

The Japanese official said the agricultural ministry was already preparing to impose official curbs. Beijing may retaliate, but Tokyo officials hope it will take a softer approach since China is poised to enter the WTO.

Japan has said its import controls were allowed under WTO rules and are necessary to cushion the impact of a surge in Chinese goods to give manufacturers and farmers more time to adjust.

"We only want to prevent a rapid rise in imports such as the one we've been seeing this year, we're not too particular about how to do that," the Japanese official said.

"We've made several suggestions to the Chinese, but all of them have been turned down. So, this time we're waiting for them to hit the ball back into our court."

Trade Minister Takeo Hiranuma has said he hoped to resolve the dispute as quickly as possible, and Finance Minister Masajuro Shiokawa had expressed optimism that the talks would reach some kind of conclusion.

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