

'WTO damages developing economies'

AFP, Vienna

US Nobel Economics Prize winner Joseph Stiglitz slammed as "selfish" World Trade Organisation decisions which heedlessly damaged developing economies, in an Austrian newspaper interview Friday.

"The USA, Canada, Japan and the European Union have profited disproportionately from the first round of free trade and have taken no notice of the effects it had on other countries," Stiglitz told the daily Die Presse.

"In many developing countries trade liberalisation has had a detrimental effect on the economy, because it has left them at the mercy of the international markets," he added.

Shortly before the start of a five-day round of negotiations in Doha Friday, representatives from developing countries insisted that agreements in the 1994 Uruguay Round Pact be implemented before new ones are reached.

The Group of 77 developing countries, plus China, complained last month that "the benefits of the existing multilateral trading system continue to elude developing countries."

"These implementation issues caused us an enormous amount of difficulty and difference," WTO head Mike Moore admitted Thursday.

Stiglitz dismissed Moore's claim that "all WTO members" had profited from the 1994 Uruguay Round Pact as "nonsense and pure propaganda."

He said US-led decisions were dictated by "selfish special interests" to the detriment of poorer countries and accused the WTO of forcing developing countries to accept agreements "with a gun to their heads".

US-Japan-China free trade zone 'desirable'

AFP, Tokyo

The creation of a free trade zone between the United States, China and Japan would benefit the global economy, said Steve van Andel, chairman of the United States Chamber of Commerce Friday.

"I would certainly promote the idea of a free trade agreement between Japan and the US as I would promote the idea of a free trade agreement between China, Japan and the US," he said in response to a question posed to him at the foreign correspondents' club in Tokyo.

"When I look at the potential for growth in China I don't look at that as an attack or a deterrent to the US economy or the Japanese economy," he said.

"I certainly look at that as an opportunity for all of us to grow."

Asked about the necessity to facilitate foreign direct investment in Japan, Andel said: "Investment tends to slide where it is the easiest to go."

"If business is going to see more opportunity and easier opportunity in another market and if Japan is much more difficult and is much more uncertain than the likelihood is that investment would go someplace else."

EBRD launches new push for reforms in Central Asia

AFP, London

The European Bank for Reconstruction and Development (EBRD) said Friday it would launch a new push for economic reform in Central Asia next week, arguing that the investment-starved region must make the most of its current limelight.

EBRD President Jean Lemierre heads to the region for a week of talks to impress on officials the need to improve the investment climate, particularly given the turn of current events.

Uzbekistan and Tajikistan in particular have been thrown into the spotlight by the events in neighbouring Afghanistan, the former welcoming US troops onto its territory and the latter considering whether to follow suit.

"The Central Asian countries have been catapulted into the global spotlight and the region must take this opportunity to open its doors by making significant reforms," said Lemierre, who is due in Uzbekistan on Monday.

"Market reforms and democracy go hand in hand and this is crucial for growth," said Lemierre, who will meet heads of states and business leaders in Uzbekistan, Tajikistan and Kyrgyzstan on his trip.

"We are committed to the region, but we alone cannot make the difference. We must work as partners and as partners we must work to attract foreign investment," he said in a statement.

Bush admn readying \$700m trade promotion package for Pakistan

REUTERS, Washington

The Bush administration is readying a trade promotion package of up to \$700 million for Pakistan, a key ally in the US war on terrorism, officials said yesterday.

The US Export-Import Bank package, which would help finance deals in the aviation, oil and gas sectors, among others, is expected to be finalized in the "very near future," bank spokeswoman Cheryl Crispin said.

The trade financing would be part of a broader initiative including more than \$500 million in direct financial aid debt rescheduling, and Washington's support for international loans that could be worth billions of dollars for Islamabad.

In addition, the White House has told lawmakers that it wants to slash tariffs on Pakistani products. That proposal has, however, run into stiff resistance from key law-

makers from textile-producing states.

They assert that the proposed tariff cuts would undercut American textile manufacturers and lead to job losses at US factories. Some lawmakers have gone so far as to threaten to withhold support for so-called trade promotion authority, which would clear the way for Bush to negotiate broad new market-opening agreements.

The US aid package is expected to be high on the agenda when Bush meets with Pakistan's president over the weekend in New York. Export-Import Bank Chairman John Robson and Pakistan's minister of finance discussed the proposed trade financing when they met in Washington last month.

The United States has already rewarded Pakistan for its assistance in the war against Afghanistan's Taliban rulers and the hunt for Osama bin Laden, who

Washington blames for the Sept 11 hijack attacks on the World Trade Center and the Pentagon.

So far, the administration has doled out \$100 million in economic assistance and rescheduling hundreds of millions of dollars in debt.

But Islamabad is also seeking new loans from the International Monetary Fund and greater access to US markets.

Fund officials say they hoped to wrap up negotiations soon on a new poverty reduction loan for Pakistan. The United States said it would support a \$2 billion loan, which could clear the way for rescheduling part of Pakistan's debt. Administration officials have also promised another \$500 million in direct economic aid.

On the trade front, the White House is seeking congressional authority to reduce or eliminate tariffs on certain Pakistani goods through 2004.

Asia's growth to sharply drop in 2001, 2002: ADB

AFP, Manila

Asia's economic growth would drop sharply this year and in 2002 as the shadow of terrorism pushes the region's main export markets into a deeper-than-expected downturn, the Asian Development Bank (ADB) warned Friday.

"The world faces a deeper, longer (downturn) and more synchronized period of declining economic performance," ADB vice president Shin Myoung-Ho told a news conference as the bank released its revised annual Asian Development Outlook projections.

What was expected to be a "short correction" in the rapidly-growing

information technology industry in the United States had spread to other sectors and other regions, he said.

In the revised report, the Manila-based bank said the United States would grow by only one per cent this year and 1.0-1.5 per cent next year while the "Euro area" should expand by 1.8 per cent this year and 1.8-2.3 per cent in 2002.

The Japanese economy, it said, would contract by 0.5 per cent this year and post zero growth next year.

The lacklustre performance in the three major areas would drag down growth in Asia's developing economies to 3.4 per cent this year and 4.5 per cent next year.

ADB said global recovery should start "perhaps as early as the second quarter" next year, with conditions strengthening for the rest of the year as the effects of fiscal and monetary stimulus measures kick in.

The bank painted a grim short-term picture for Pakistan, with the war beyond its northwestern border causing major trade disruptions and compounding drought to limit growth to 2.6 per cent this year and three per cent next year, compared to 3.9 per cent last year.

"The direct impact on the frontline on South Asia is most severe on Pakistan," ADB official Yoshihiko Iwasaki said.

Senior ADB economist Brahm Prakash warned that the Asian projections could change for the worse if there was "prolonged conflict" in Afghanistan and the economies of the United States and Japan deteriorated.

But as a US-led military campaign goes into high gear in Afghanistan to hunt down the alleged attackers of the World Trade Center and the Pentagon, the ADB "expect it to be over, and resolved, soon", he said.

The main concern for the US economy is further erosion of confidence, "prompting a reversal of financial flows, a sharp contraction of the current account deficit, and disruptive exchange rate corrections causing market turmoil and reduced import demand."

Shin said that the September 11 attacks had led to a "short- to medium-term supply shock" due to disruption in business activity and rising business costs.



Nur Mohammad, Managing Director of N Mohammad Plastic Industries Ltd, inaugurates the Kazipara showroom of the company in the city on Friday. Director Monjurul Hoque and AIG of Police Sayed Bazul Karim were present on the occasion.

Japan sees recession with 0.9pc growth slump

AFP, Tokyo

Japan said Friday its economy would shrink 0.9 per cent in the year to March, reversing an earlier 1.7 per cent growth target and marking the deepest drop in 20 years due to domestic and global economic woes.

"Amid the slowdown of the global economy, the Japanese economy remains at a severe stage with deteriorating employment, while exports, production and capital investments fall," Finance Minister Shioikawa told parliament.

The impact on trade of the fallout from the September 11 terrorist attacks on the United States also clouded Japan's growth potential.

"The outlook is increasingly uncertain with the multiple terr attacks in the United States," Shioikawa said in a speech to rally support for a cabinet-approved supplementary budget bill for the year to March.

Tokyo formally approved the slim 2,995.5 billion-yen (25 billion-dollar) stimulus package to offer financial support as the country sinks into its fourth recession in a decade.

"(Japan's economy) is at a very severe stage, with

the unemployment rate reaching a record high of 5.3 per cent (in September)," Prime Minister Junichiro Koizumi said, also in parliament.

"(But) our nation still has fundamental strength for growth. We must conduct reforms in order to realise that potential," he told lawmakers.

Koizumi has pledged to revive Japan through a tough reform drive that includes cleaning up a mountain of bad loans held by Japanese banks and reining in national debt which has exploded to 130 per cent of GDP through repeated extra budgets spent on public works projects.

The stimulus pack for this year is much smaller than previous extra spending in line with a reform promise by Koizumi to cap new government bond issues this year and next at 30 trillion yen, but some ministers and lawmakers have indicated three trillion yen is not enough with the economy so weak.

"I often say that we will not stick to the 30 trillion-yen bond limit at any cost. If a critical event emerges, or forceful measures that ensure economic recovery become available, we will spend more to finance this," Shioikawa told reporters earlier Friday.

Yen eases on intervention fears

AFP, Tokyo

The yen eased against the dollar on intervention fears Friday but held firm against the euro despite a grim growth forecast by Tokyo and a surprisingly aggressive cut in euro-zone interest rates, dealers said.

The Japanese unit was traded at 120.22-25 to the dollar at 5:00 pm (0800 GMT), after peaking at 120.01, compared with 120.14-17 in New York and 120.72-74 in Tokyo late Thursday.

The euro bought 0.8915-18 dollars, down from 0.8926-30 in New York and 0.8972-74 in Tokyo late Thursday.

The single European unit fetched 107.22 yen, slightly up from 107.14 yen in New York but down from 108.33 yen in Tokyo Thursday afternoon.

"Many in the market are scared of intervention (to prevent the yen's appreciation) by the Bank of Japan so no-one dares to sell" dollars, said Sanwa Bank foreign exchange vice president Mitsuru Sahara.

Finance ministry senior deputy director general Zenbei Mizoguchi said Friday he believed the current economic fundamentals do not justify a stronger yen.

"The yen's rise is not desirable and we are ready to take proper action, watching closely market moves," he told AFP subsidiary financial news service AFX-Asia.

The finance ministry has repeatedly instructed Japan's central bank to sell yen in a bid to weaken the unit, which makes Japanese goods more competitive abroad, after it surged against the dollar following the terrorist attacks on the United States almost two months ago.

A surprisingly deep 50-basis point rate cut by the European Central Bank Thursday, rather than the quarter point expected by the market, failed to arouse new interest in the euro, traders said.

"Even though (the ECB) cut 50 basis points, some economic fundamentals from Europe are basically very bad the same as the US, that is why the yen is relatively strong," said Sahara. "(Japan's weak economy) is already factored into the market."

The move came too late to help boost the European unit, said Dresdner Bank foreign exchange manager Marito Ueda.

"Fifty basis points was surprising but it is a little bit too late and people cannot expect another interest rate cut to come this year," he said.



President of the Dhaka Chamber of Commerce and Industry (DCCI), Benajir Ahmed, presents a bouquet to Ulrike Straka, Deputy Austrian Trade Commissioner for Bangladesh, when she called on the DCCI President at the Chamber office on Tuesday. DCCI Senior Vice-President Mahub-uz-Zaman, Vice-President Absar Karim Chowdhury and other members of the Chamber were also present on the occasion.

ECB, other European countries cut rates

REUTERS, New York

Europe's key central banks slashed interest rates on Thursday, following in the footsteps of the US Federal Reserve in a campaign to prevent the world's worst economic downturn in a decade.

The European Central Bank and the Bank of England both cut rates by a half percentage point, to 3.25 and 4.0 per cent respectively, matching the scale of the Fed's move on Tuesday.

Denmark's Nationalbanken followed suit with a half-point cut soon afterward, but the Swiss central bank bucked the trend and left rates on hold. It pointed out that it had already eased by more than the ECB.

The European rate cuts two days after the Fed slashed rates for

the 10th time this year sparked hopes on Wall Street for a speedier recovery. There was also cautious optimism in Washington where Fed Vice Chairman Roger Ferguson said he did not think the Sept. 11 attacks on America caused lasting economic damage.

"As testimony to the resilience of the American spirit, the immediate impact of the attacks has proved transient," Ferguson said. "Our society and, in particular, our financial system are rebounding from the initial influences of the attacks."

Plunging business confidence and a tide of job cuts since the attacks have brought world growth to a standstill. Japan is already in recession, the United States is heading the same way and Europe is teetering on the brink.

Qatar expects robust growth this year

REUTERS, Doha

Qatar expects to enjoy another year of robust economic growth in 2001 despite a global economic slowdown and lower oil prices, economists say.

Gross domestic product (GDP) in 2001 is projected to grow normally by five per cent and Qatari per capita income to rise by 2.3 per cent to \$28,792 one of the world's highest.

"Qatar's GDP growth has reached record levels in recent years, with the (higher) price of oil and increased liquefied natural gas (LNG) exports," said a report released by the semi-government Qatar National Bank (QNB) on the eve of the World Trade Organisation (WTO) meeting here.

Firestone to pay \$51.5m to settle tyre lawsuits

REUTERS, Nashville

Bridgestone/Firestone Inc. said Thursday it will pay up to \$51.5 million to settle claims by the US states over allegedly faulty tyres that have been linked to 271 deaths and more than 800 injuries.

The settlement, first reported late on Wednesday, will give \$500,000 to each of the 50 US states, the District of Columbia, Puerto Rico and the US Virgin Islands.

Firestone, a unit of Japan's Bridgestone Corp still faces hundreds of personal injury lawsuits filed across the country as well as a possible class-action lawsuit in Indianapolis. The company last year set aside \$750 million to cover the cost of its tyre recall and potential damage claims.

In its settlement with the states, Firestone will pay \$10 million for the costs of the investigations and spend \$5 million on consumer education about tyre safety.

Lastly, the company will create a fund with up to \$10 million to reimburse consumers whose claims for replacement tyres previously had been rejected. It estimated that about 20 per cent of those who participated in the programme may be eligible for reconsideration.

Firestone said in a statement that while it "strongly disagrees" with many of the states' claims, it

felt the settlement would be an important step toward resolving recall-related issues.

John Lampe, the company's chairman, chief executive and president, called it "an acceptable agreement that permits us to focus our energies and our resources on rebuilding our company and the Firestone brand."

Firestone, one of the world's largest tyre makers, did not admit to any wrongdoing in the settlement.

The tyres have been linked by

federal regulators to hundreds of accidents involving Ford Motor Co.'s Explorers, which rolled over when the tread on their Firestone tyres separated.

Firestone voluntarily recalled 6.5 million tyres in August 2000, including the ATX, ATX II and Wilderness AT model tyres produced at its Decatur, Illinois plant. It expanded that recall in October to include another 3.5 million Wilderness AT tyres. The 60 years old Decatur plant is expected to close by the end of the year.



Saudi Arabian airlines-Dhaka has selected the best CTO & Reservation staff for the July-September 2001 quarter. Photo shows Anwar MA Mukhta, Manager-Bangladesh and Nepal, and Ishtiaq Usmani, Manager-CTO & Reservation, along with the best employees Fahmida Hossain, Humayun Kabir and Mizanur Rahman.