

Sept 11 attack impact on poor, developing countries IMF, WB policymakers see poverty rising, offer no new aid

AFP, Ottawa

World Bank and IMF policymakers said Sunday they see poverty rising in the wake of the September 11 attacks, but offered no immediate new aid to the hardest-hit countries.

The joint Development Committee of the World Bank and International Monetary Fund, which met Sunday, concluded the impact of the September 11 attacks would be felt in many poor and developing countries.

But it stopped short of heeding calls to quickly boost debt relief or other aid.

The policymakers failed to endorse a call by Britain and the World Bank to sharply boost government assistance to poor nations.

"I think that assessment is going on at this moment but it's too early to say where it's going," said World Bank President James Wolfensohn. "But more ministers talked this time about increasing (aid) than at any other time."

"But I emphasize that there is no consensus on the subject at the moment. ... We didn't expect people to bring their checkbooks to this meeting. We wish they had but they didn't."

The communique issued by the committee

said the ministers reviewed the impact of the September 11 terrorist attacks and their aftermath on developing countries.

"They recognized that poverty in many developing countries was likely to worsen as these events have deepened the pre-existing global economic slowdown, which had already led to weaker exports and commodity prices, and have other more specific impacts," the committee said.

These effects include "increased refugee movements within countries and across borders; reduced private investment flows due to increased risk aversion in financial markets; reduced tourism revenues; and increased trade transaction costs."

The committee "called for further enhancing the collaboration among the Bank Group, the IMF, the regional development banks and UN agencies, in their actions to help member countries address these additional challenges and to strengthen social safety nets. Ministers underlined the importance of renewed growth in industrialized countries to the improvement of prospects for poverty reduction in developing countries."

It was not clear how the officials split over the

question of boosting aid, but US Treasury Secretary Paul O'Neill said policymakers should be more selective in its disbursement of funds for developing countries to lift them out of poverty.

"To maximize the development effectiveness of its resources, the (World) Bank must be more selective in focusing them on countries that demonstrate -- not just commit to -- sound policy actions, and on efforts to directly boost productivity and raise the living standards of their people," O'Neill told the committee.

The Treasury chief reiterated his call for the World Bank to switch to providing grants rather than loans to the world's poorest countries.

Wolfensohn argued wealthy nations should recognize that the events of September 11 have illustrated how the economies of the world are connected.

"People ought to recognize that money going to poverty and alleviation of problems in other parts of the world has an impact on us," he said. "And I think that converts overseas issues to domestic issues and I think that is the important thing of September the 11th."

BOJ again downgrades economic assessment

AFP, Tokyo

The Bank of Japan (BoJ) downgraded its assessment of the economy Monday for the sixth straight month as a decade-long domestic slump hurt private consumption and chances of a quick recovery fade.

"Adjustments in economic activity are becoming more severe, as the substantial decline in production is beginning to have an adverse effect on private consumption through decreases in employment and income," the central bank said in its monthly report for November.

The BoJ turned special attention to a drop in private consumption during the current downturn, painting a grim picture of the world's number two economy.

Exports continued to slump amid sluggish global demand and private as well as public investment slipped due to the grim conditions at home.

"Moreover, private consumption seems to be weakening gradually," said the bank, in harsher words than last month when consumption was seen as "almost flat".

Unemployment in Japan hit a post-war high of 5.3 per cent in September and more companies are reducing employees' hours, with the effects trickling through to household income, said the bank.

"Corporate profits are deteriorating, particularly in manufacturing, and the weakness in household income is becoming evident amid the decrease in the hours worked and the rise in unemployment."

A direct link to the knock-on effect on private households of the economic slowdown was not made last month, reflecting an increasingly harsh climate observed by the central bank.

Although most references to the September 11 terrorist attacks were taken from the assessment, the bank used stronger language than in October to warn of the dire impact a prolonged slump in the United States would have on chances of recovery at home.

"Moreover, if the downturn in US private consumption persists, it may induce another round of adjustments in the Japanese economy, starting from the decline in exports such as of consumer goods."

Private consumption was seen likely to remain feeble, whereas last month it was merely cited as weakening gradually.

"Overall, adjustments in economic activity, starting from the decline in exports since the beginning of this year, will surely dampen domestic demand further." Last month the adverse impact was only cited as "gradual".

The BoJ said lending by private banks is falling amid growing concerns of loans turning sour.

"With regard to corporate finance, private banks appear to be more cautious in extending loans to firms with higher credit risks while they continue to be more active in extending loans to blue-chip companies."

Barclays Capital chief economist Mamoru Yamazaki said the report suggested the bank may consider easing monetary policy further in the coming months to help support the nation as it slips into its fourth recession in a decade.

"On the whole, the BoJ's assessment reflects a tone of general concern that the economy is sinking to new depths within the current slump as lagging indicators such as consumption deteriorate further, suggesting it may have no choice but to consider additional monetary easing measures," he said.

The BoJ voted for the third time in a row Friday to keep monetary policy unchanged

leaving its outstanding current account balance above six trillion yen (50 billion dollars) and the official discount rate -- the rate it lends to banks -- at an ultra low 0.1 per cent.

The bank hopes to encourage more borrowing by keeping the financial system flushed with cash, but companies are reluctant to invest as prices continue to slide.

Rangs Electronics opens showroom at Beani Bazar

Rangs Electronics Ltd has opened its exclusive dealer showroom at Janata Market of Beani Bazar in Sylhet, says a press release.

Nurul Islam, franchisee of Rangs Electronics Sylhet showroom inaugurated the showroom recently.

Thana Nirbahi Officer of Beani Bazar, Executive (Marketing), Zane Alam, Kamal Mahmood, other officers of Rangs Electronics Ltd and the local elite of Beani Bazar were also present on the occasion.

Kazi Matiur Rahman Pakhi and Md Jamal Uddin Ahmed will be in-charges of the showroom.



PHOTO: RANGS
Nurul Islam, franchisee of Rangs Electronics Sylhet showroom, inaugurates the exclusive dealer showroom at Janata Market of Beani Bazar in Sylhet recently.

CURRENCY

Deal inked for phone bill payment thru' ReadyCash

A tripartite agreement on the payment of telephone bills through ReadyCash card between Janata Bank, Bangladesh Telegraph and Telephone Board and American International (BD) Ltd has been signed, says a press release.

The accord was inked by Dr Abu Syed Khan, General Manager (Finance & Accounts) of BTTB, Mashiur Rahman, General Manager of Computer Division of Janata Bank, and ME Islam, Secretary of American International (BD) Ltd on behalf of their respective sides at the office of the chairman of BTTB on Monday.

Under the agreement, over 17,000 ReadyCash cardholders will be able to make BTTB telephone bill payments with the ReadyCash card from any merchant location besides regular shopping any time of the day seven days a week.

It should be mentioned that Titas Gas and Dhaka WASA bills are already payable with the ReadyCash card.

SHIPPING



Managing Director of Pragati Life Insurance M Shefaque Ahmed and Michel Folliet, Managing Director of Lafarge Surma Cement Limited, sign group life and group health insurance contracts for the employees of Lafarge Surma Cement Limited in the city on Thursday. Yong Ngai Chan, Managing Director, Masud Khan, Finance Director, and Md Ashrafuzzaman, Human Resources Manager of Lafarge Surma Cement Limited, and Munshi Md Monirul Alam, Vice President and Head of Group and Health Ins, and Mir Md Shafiu Alam, Assistant Vice President of Pragati Life Insurance Ltd, are seen in the picture.

Pragati Ins signs group insurance deal with Lafarge

Pragati Life Insurance Limited signed Group Life and Health Insurance Contract with Lafarge Surma Cement Limited in the city on Thursday, says a press release.

Managing Director and Actuary, M Shefaque Ahmed of Pragati Life, and Michel Folliet, Managing Director of Lafarge Surma Cement Limited, signed the contracts on behalf of the respective organisations.

Under the contract, Pragati Life will provide both Group Life and Health Insurance converge to the employees of Lafarge Surma Cement Limited.

The main feature of the health insurance scheme is that when an employee will be hospitalised due to sickness or accident, Pragati Life will bear the cost of room rent, consultation fee, diagnosis costs, medicine bills, surgical charges, ambulance fare etc.

Michel Folliet, outgoing Managing Director, and Yong Ngai Chan, incoming Managing Director, also spoke on the occasion.

Masud Khan, Finance Director, Md Ashrafuzzaman, Human Resources Manager of Lafarge Surma Cement Limited, and Munshi Md Monirul Alam, Vice President and Mir Md Shafiu Alam, Assistant Vice President of Pragati Life Insurance Ltd, along with other senior officers of both the organisations were present on the occasion.

Emirates signs \$87m financing agreement

Emirates has signed a US\$87 million financing agreement for the acquisition of the 19th of 27 Airbus A330-200 aircraft currently on firm order, says a press release.

Powered by Rolls Royce Trent 700 Series engines, the aircraft is scheduled for delivery on November 26, 2001.

The financing is structured as a 12-year Japanese operating lease arranged by Credit Agricole Indosuez and is financed using a combination of Japanese equity and commercial debt.

The other banks providing commercial debt are the National Bank of Dubai, Kreditanstalt Fur Wiederaufbau, Norddeutsche Landesbank Girozentrale, Lloyds Bank TSB, and DGZ.DekaBank-Deutsche Kommunalbank.

The commercial debt is financed at an attractive margin of 0.75 per cent over the six months US\$ London Interbank Offered rate (LIBOR).

Dermot Mannion, Emirates Chief Director Finance, IT & Services signed the financing documents with Credit Agricole Indosuez representatives First Vice President Anne-Marie Siffroy Pytlak, Vice President Sitor Senghor, and General Manager Mohamed Saleh; National Bank of Dubai representatives Omar Al Shamsi, Assistant Chief Manager-Corporate and John Hope, Senior Manager-Advances; John Turner from Lloyds Bank TSB; and Angelika Beyer, First Vice President from DGZ.DekaBank-Deutsche Kommunalbank.

Emirates became the first airline to sign the largest-ever aircraft order for a firm commitment of 22 of the world's largest airliner, the A380 aircraft, plus 10 options.

The airline has also signed two Letters of Intent for eight Airbus A340-600 aircraft and 25 Boeing 777s in two versions, the 200 and the 300, in addition to ordering three more Airbus A330-200 aircraft.

These orders are on top of outstanding orders for 20 aircraft, including the 777, the A330-200 and the A340-500, with options on a further two 777s and two A340-500s. The total order will boost Emirates' fleet to 100 aircraft by the year 2010.



PHOTO: READYCASH
Dr Abu Syed Khan, BTTB General Manager (Finance & Accounts), Mashiur Rahman, General Manager of Computer Division of Janata Bank, and M E Islam, Secretary of American International (BD) Ltd, sign a tripartite agreement on the payment of phone bills through ReadyCash card in the city on Monday.

Japanese PM gives hint at second extra budget

AFP, Tokyo

Prime Minister Junichiro Koizumi gave the first hint Monday he may demand a second extra budget to stimulate the Japanese economy as it threatens to fall back into recession.

"The (first) supplementary budget just passed, so I'll listen to various opinions and then decide," Koizumi told reporters outside his official residence.

Taku Yamasaki, secretary general of the ruling Liberal Democratic Party (LDP), and former head Koichi Kato had urged him Sunday to launch a second round of extra spending, said the prime minister.

"They told me the government needs to compile a second supplementary budget to promote the

structural reforms. They also suggested I watch future developments in the economy for a while before making a decision and I answered that I would consider it," he said.

Japan's parliament last Friday gave final approval to a three trillion-yen (25 billion-dollar) extra package for the year to March aimed at fighting record high unemployment, but there were immediate calls for more pump-priming as the economy falters. Mitsuo Horiuchi, head of the LDP's powerful general council, told a news conference Monday: "Considering the impact on the global economy of the terror attacks in the United States, I believe Japan needs a major reinforcement. We must start considering a second supplementary budget."



PHOTO: EMIRATES
Maurice Flanagan, Emirates' Group Managing Director (sitting 3rd-R), and Dermot Mannion, Emirates' Chief Director-Finance, IT and Services (sitting 2nd-L) at the signing ceremony of an \$87 million financing deal for the airlines 19th Airbus A330-200 aircraft, due for delivery late this month. Other Emirates officials and bank representatives were present.