

S'pore insurers to stop terrorism coverage

AFP, Singapore

Terrorist acts are to be excluded from general insurance policies as a direct consequence of the September 11 attacks in the United States, the General Insurance Association of Singapore (GIA) said Friday.

The new exclusion clause was "part of a worldwide trend" and applied to general insurance policies issued or renewed after January 1, GIA said in a statement.

It will be impossible to make claims relating to injuries, death, damage or destruction of property arising from terrorist acts under general insurance policies, GIA said.

GIA president Law Song Keng said reinsurance companies had imposed a blanket exclusion of liability for the results of terrorist acts in contracts with insurance companies around the world.

Without access to reinsurance, Singapore general insurance companies could face the danger of insolvency if a significant act of terrorism occurred here, Law said.

An industry source said ending terrorism cover because of the multi-billion dollar claims arising from the destruction of the World Trade Center in New York could have flow-on implications for the construction industry.

Banks could become wary about lending for major projects, or demand higher interest rates if acts of terror were not included in insurance policies, he said.

Law said individuals and companies could still seek terrorism cover, but this would be the result of special agreements and would be costly.

"The shocking nature of the September 11 attack and the almost total destruction involved has made insurers and reinsurers re-examine how they define terrorism risk," he said.

"As yet, there is no credible basis for pricing terrorism risk. Reinsurers have decided to drop terrorist cover until they can find a way to confidently price the risk or only do so at a much higher cost and with stringent conditions."

Arroyo vows to sustain economic growth

AFP, Manila

Philippine President Gloria Arroyo on Friday vowed to sustain economic growth, rein in inflation, bring down unemployment and curb foreign exchange speculation in the face of the global economic slowdown.

In a televised, year-end public address, Arroyo reiterated the country had weathered the economic slump well.

"Countries like Singapore are in recession but we have positive growth. Our peso is stable. The price of rice (is) stable," Arroyo said.

She brushed aside fears the Philippines could be affected by the crisis in Argentina, saying: "That is far away. The fall of their GNP (gross national product), their high inflation rate, the shortage of food, it is far from our situation."

Arroyo cited the successful passage of economic reforms and the success in keeping the budget deficit within government ceilings despite skepticism from international institutions like the International Monetary Fund.

However she conceded she had fallen short in such areas as land reform and in speeding up the release of

development funds.

"There was more than 11 per cent unemployment when I took over as president (in January.) Now, it is 9.8 per cent. That is still high. That 9.8 per cent is a legitimate concern," she said.

To address inflation, she said: "We will concentrate our efforts on preventing the rise in prices of food, especially rice, and medicine. This is not price control. We will look into the reasons why it (the price) is going up."

Arroyo also said the government would concentrate on its competitive advantage of low-cost, skilled labour.

To deal with any instability of the Philippine currency, Arroyo warned her government would do what it could to prevent speculation.

Asked about criticism that the general public was not feeling the effects of economic growth, Arroyo said: "They would feel it more if the economy collapsed. You notice the negative more than the positive."

The government is expecting gross domestic product growth of 3.3 per cent and GNP growth of 3.7 per cent this year.

The GDP growth target for next year was placed at about 4.0-4.5 per cent while GNP growth was 4.5-5.5 per cent.

US grants China permanent normal trade status

AP, Crawford, Texas

US President George Bush granted China permanent normal trade status Thursday, ending a quarter-century policy of using access to US markets as an annual enticement for the communist giant to expand political and economic freedoms.

The president's decision made a final act to more than two decades of yearly battles in the United States Congress, which at times, divided the Democratic Party during the Clinton years. The move follows China's admission last month to the World Trade Organisation.

Bush called the trade proclamation the "final step in normalising US-China trade relations of dollars in American goods."

The new trade status takes effect Jan 1, Bush said in the announcement released in Crawford, Texas, where he is vacationing.

"This is the final step in normalising US-China trade relations and welcoming China into a global, rules-based trading system," he said.

Bush's proclamation formally removed China from having to adhere to the 1974 Jackson-Vanik Amendment to the Trade Act of 1974. The amendment, initially aimed at the former Soviet Union's restrictions against Jewish emigration,

withholds normal trade relations with communist states that restrict emigration.

Since 1980, China has enjoyed temporary normal trade relations with the United States under annual presidential waivers of the law. But each waiver has triggered debates in Congress over China's record on human rights and weapons proliferation abuses.

The last one occurred in July, when the House voted 259-169 to approve Bush's waiver this year, the last that will be necessary.

The annual congressional battle pitted American business and its Republican allies against big labor and its Democratic supporters. Former US President Bill Clinton, at odds with many in his own party, started the process of moving China toward permanent trade status before he left office.

Last year, Congress granted the permanent status to China -- contingent upon its entry into the WTO. Its application was accepted formally at the WTO's annual meeting last month in the United Arab Emirates.

The annual struggle also inflamed tensions with China each year and prompted worries in that country every time it arose.

China and the United States reached an

agreement, as part of China's WTO entry, that would lower China's tariffs on US goods and open up its service sector to American companies.

China's tariffs on US-made goods are to fall from an overall average of 25 per cent, nine per cent by 2005. Duties on America's primary farm products are to drop from 31 per cent to 14 per cent.

China has \$30 billion trade surplus with the United States.

Bush has long supported trade with Beijing, even during the standoff over a US spy plane that collided with a Chinese jet fighter and made an emergency landing on Chinese territory early this year.

In asking Congress for a temporary extension in June, he argued that normalised relations would benefit the American economy and would be critical in promoting an "economically open, politically stable and secure China."

Bush argued that US-China trade benefited both American farmers -- who exported goods worth more than \$3 billion to China and Hong Kong last year -- and American business, which last year, increased overall exports to China by 24 per cent.

Yen moves narrowly in Tokyo trade

AFP, Tokyo

The yen moved in a narrow range against the dollar in Tokyo Friday due to a sharp decline in liquidity on the last trading day here for the year, dealers said.

The yen traded at 131.45-48 to the dollar at 5:00 pm (0800 GMT), against 131.64-68 yen in New York and 131.67-70 in Tokyo late Thursday.

The release of Japanese data showing a record high jobless rate of 5.5 per cent in November had little impact on the yen, given local media had already reported the figure on Thursday, dealers said.

The market also hardly reacted to a report that second-tier regional bank Ishikawa Bank Ltd. would file for bankruptcy as trade wound down for the year. The Tokyo market will be closed for the first four days of next week.

Toyo Trust and Banking dealer Issaku Taguchi said the yen got some support from remarks by Prime Minister Junichiro Koizumi late Thursday showing his readiness to consider injecting more public funds into ailing banks if necessary.

Koizumi brushed off speculation that an economic crisis would occur in February or March, according to ruling Liberal Democratic Party secretary-general Taku Yamasaki, who met with him at his official residence.

"I will take emergency measures when necessary," Koizumi was quoted as saying at the meeting. Yamasaki added such measures would include the fresh injection of public money into banks.

Toyo's Taguchi, however, said the yen was expected to remain exposed to downside risks because Japanese authorities appeared ready to let the currency slide in an effort to achieve an export-led economic recovery.

Haruhiko Kuroda, vice finance minister for international affairs, reportedly said the current dollar-yen exchange rate was within an acceptable range and would not trigger any crisis for Asian nations.



PHOTO: DCCI

Industries Minister M K Anwar speaks as chief guest at a seminar on Political Decision and Implementation: Effect on Economic Development organised by the Dhaka Chamber of Commerce & Industry (DCCI) under the DCCI-CIPE, ERRA Project at the Chamber Auditorium on Thursday. The photograph also shows DCCI President Benajir Ahmed (2nd-L), DCCI Vice-President Absar Karim Chowdhury (3rd-R), former industries minister Azhruddin Khan (R), DCCI President-elect Matiur Rahman (L) and keynote speaker of the seminar and Editor of the Financial Express Moazzam Hossain (2nd-R).

Argentina to tackle social crisis before fulfilling debt obligations

AFP, Buenos Aires

The Argentine government will try to solve its social crisis before fulfilling its massive debt obligations or negotiating with the IMF, interim President Adolfo Rodriguez Saa said late Thursday.

"We have explained to the IMF that first we must solve the social emergency, because (social) exclusion and unemployment must be dealt with," he said. "We are going to present a sustainable program, but first we ask for patience."

He also promised to turn over a new leaf with his new administration.

"We must have a transparent, disciplined government. Any official suspected of corruption or wrongdoing will be immediately removed from office," he told the America television channel.

Four days ago, as he took office in the wake of a bloody, nationwide uprising that forced former president Fernando de la Rúa to resign, Rodriguez Saa suspended payments on the South American coun-

try's 132-billion-dollar debt.

It was the biggest such default in history.

Rodriguez Saa said he had asked the International Monetary Fund's number two, Anne Krueger, for "understanding" in the wake of his decision to suspend debt payments.

IMF and Argentine officials will meet in January, the leader noted, although an exact date and venue have not yet been set.

Meanwhile, one day after Rodriguez Saa announced that a new currency, the argentino, would circulate beginning in January alongside the peso and dollar, the peso plunged from its one-to-one peg with the dollar to 1.30 on the black market.

Argentina is mired in a 43-month recession, widely blamed on the choking effect on exporters of the strong peso.

The creation of the argentino was the only option to avoid either "dollarization" -- adopting only dollars in the economy -- or devaluing the peso, Rodriguez Saa said Wednesday.



Photo: IBBL

Mir Qasem Ali, Vice Chairman of Islami Bank Bangladesh Limited (IBBL), addresses the inaugural function of Sitakunda Branch of the bank recently at Sitakunda in Chittagong.

Unemployment rises to 9pc in France

AFP, Paris

France's unemployment rate rose to 9.0 per cent in November from 8.9 per cent the previous month, according to labor ministry figures released Friday.

The seasonally-adjusted unemployment rate rise was accompanied by a rise in the number of those actively seeking work.

The number of registered unemployed who are "immediately available" for work rose by 33,000, or 1.5 per cent, to 2,200,800, the seventh consecutive monthly rise.

The unemployment rate,

though rising, is still well below the 12.3 per cent rate experienced in June 1997.

However the latest figures confirm the trend of rising unemployment, with the economy in the doldrums. After almost four years of low unemployment, the jobless count began rising again in May.

The labor ministry admitted that the rise in the number seeking employment was considerable and that "the fundamentals are not good," while stressing that the situation is inextricably linked to the economic climate globally.

IBBL Sitakunda Branch opens

Sitakunda Branch, Chittagong of Islami Bank Bangladesh Limited (IBBL) has inaugurated recently, says a press release.

Quasem Ali, Vice Chairman of the bank, was present in the inaugural ceremony as chief guest.

Principal Muhammed Sirajul Islam, Member Assistant Secretary of Shariah Council of the bank, and Kazi Liakat Ali, Nirbahi Officer of Sitakunda Thana, were present as special guests in the function.

Russian soldier becomes chocolate king

AFP, Moscow

The name of former Red Army engineer Andrei Korkunov, unknown until very recently, is now famous among Russian chocolate lovers.

His picture figures next to those of oil magnates, financiers and industry tycoons in the book "Personalities 2001," published earlier this month.

His boxes of chocolate, whose designs recall pre-Soviet Russia of the 19th century, are already being exported abroad; to Germany, the United States and Japan.

"I left the army in 1991, there were no more orders and I, an engineer, had nothing to do. So I founded an import firm, selling a little bit of everything," the 39-year-old businessman recalled.

Blair pressured to end delay over euro

AFP, London

British Prime Minister Tony Blair faced Friday a clamour of support for action on the euro as trade unions joined business leaders and an opposition party leader in calling for action on the new currency which begins circulation next week.

Union boss John Monks, business leader Digby Jones and Liberal Democrat leader Charles Kennedy all urged Blair to end the wait-and-see stance that he has adopted on joining the single European currency ever since he became prime minister in 1997.

"I do not expect a referendum in 2002," said Monks, general secretary of the Trade Union Congress (TUC). "But unless the government pushes ahead with the process of its economic tests and starts a serious hearts-and-minds campaign, the conclusion will be that no referendum will take place before the next election," due by 2006.

"That would be disastrous" especially for the manufacturing industry which has lost nearly 150,000 employees in 2001,

warned Monks, adding that it could lose the same again in 2002.

Monks said a clear intention to join the single currency would bring down the overvalued pound and help exporters across the country.

Liberal Democrat leader Charles Kennedy also challenged Blair to stop delaying over the euro and to take the lead in the campaign for British membership.

"It is high time that the government stopped dithering and abandoned its overcaution," Kennedy said in his annual New Year's message.

"If the government procrastinates further, it will not only lose the momentum. It will also alienate a growing body of pro-Europeans in business and the trade unions who are losing patience with New Labour," he added.

This view was backed by the Confederation of British Industries (CBI) business grouping.

CBI chief Digby Jones said uncertainty about Britain's membership of the euro inevitably had an "impact on investment decisions".

Vietnam economy grows 6.8pc this yr

AFP, Hanoi

Vietnam's gross domestic product (GDP) increased by 6.8 per cent in 2001, against 5.5 per cent the previous year, according to an official estimate based on preliminary data published Friday.

The growth of the industrial sector was estimated at 10.4 per cent, with the service sector and agriculture increasing by 6.1 and 2.7 per cent respectively, according to the report by the Department of Statistics.

Government objectives set at the beginning of 2001 anticipated an

economic growth of 7.5 per cent, however World Bank estimations in September predicted a GDP growth of just five per cent as Vietnam's fragile economy struggles to its feet.

Vietnam recorded an average economic growth of almost seven per cent during the 1996 to 2000 period, against nine per cent at the end of the 1980s, according to official government statistics.

The National Vietnamese Assembly this week officially handed down a GDP growth target for 2002 of seven to 7.3 per cent, and a five-year average growth of 7.5 per cent for 2001-2005.

ROK industrial growth heralds end of slump

AFP, Seoul

South Korea's November industrial output rose 4.9 per cent from a year earlier, reversing a 1.3-per cent drop in October and indicating the economic slump may have bottomed out, analysts said Friday.

The National Statistical Office (NSO) said seasonally adjusted industrial output in November rose 1.9 per cent from the previous month after falling 1.5 per cent in October.

More good news for the economy came from the country's balance of payments.

The central Bank of Korea said Friday the current account surplus increased sharply to 695.8 million dollars in November from 254 million dollars the previous month.

The turnaround in industrial output was led by increases in production of semiconductors, automobiles and telecommunica-

tions equipment.

"Production, shipments, consumption and investment activity all showed improvements across the board," the NSO said.

The factory utilisation rate rose to 73.6 per cent in November from 71.5 per cent in October.

Investment in plant and equipment increased 4.4 per cent in November from a year earlier, turning around a 4.4 per cent fall a month earlier.

LG Investment Securities economist Jun Min-Kyoo said the stronger-than-expected industrial output suggested that the economic slowdown had bottomed out.

"Many people seem to agree that we are now clearly on the recovery path," Jun said.

"It is noteworthy that plant investment turned higher while the inventory growth rate slowed, a very strong sign of the beginning of an economic recovery," he said.