

Global recovery falters in late 2002, tepid momentum seen next year

AFP, Paris

The global economy, having failed to sustain an uptick in momentum in the second quarter of 2002, is unlikely to catch fire in the early part of 2003, clouded by fears of war and higher energy costs.

The tepid, US-led recovery seen last spring, powered by an inventory build-up, eventually ran out of steam.

Shaken by stock market slides and a wave of corporate accounting scandals, companies sought to reduce capacity, even though consumer spending -- notably in the United States -- remained healthy.

While the US economy, sustained by federal spending, interest rate reductions and its ever-faithful

consumers, managed to weather the storm, the going was considerably rougher in Europe -- and particularly in Germany, the euro-zone's leading economic power.

Looking ahead to 2003, Morgan Stanley strategist Barton Biggs acknowledged that "I have no idea what the coming year will be like."

"A year ago, my essay was titled 'Not out of the woods yet.' This year, my one-liner would be: 'still not out of the woods yet, but there could be clearing ahead.'"

Added Stephen Roach, Morgan Stanley chief economist: "Our first look at the world ... points to a gradual improvement in the pace of global growth following two years of recession-like outcomes in 2001-

2002 and an anemic recovery expected in 2003."

But at investment bank Merrill Lynch economist David Rosenberg warned that "with a war looming on the horizon, OPEC (the Organization of Petroleum Exporting Countries) moving to curb production and the strike in Venezuela disrupting (oil) supply, energy costs will likely remain an income-drain."

He said that in the United States there were no firm indications that growth next year would be solid. Rosenberg predicted an expansion in gross domestic product of 2.6 per cent.

Somewhat more reassuring were comments last week from US

Federal Reserve Chairman Alan Greenspan, who said the US economy "has been working its way through a soft patch."

Prospects in the 12-nation euro zone meanwhile appear to be bound up with those of the United States.

"A rebound in the United States and global demand is necessary to kick-start the euro-zone recovery," said Bank of America chief European economist Lorenzo Codogno, who foresees euro-zone growth next year of only 1.3 per cent.

In Asia, long-suffering Japan should turn in a better than expected performance in its 2002-2003 fiscal year than in years past. The govern-

ment is looking for growth of 0.9 per cent.

But some forecasts also see Japanese momentum slipping back in 2003 to a rate of 0.6 per cent.

China should see its economy expand 7.3-7.5 per cent in 2003, according to December estimates from Consensus Economic Forecast, which put growth at 5.9 per cent in India next year and 5.1 per cent in South Korea.

"Despite the weaker-than-expected economic performance of the United States and other industrial countries, developing Asia's economic recovery remains intact and will continue to strengthen in 2002-2003," predicted the Asian Development Bank.

France urges US to show generosity over drugs

AFP, Paris

French President Jacques Chirac urged "all countries, and in particular the United States" Tuesday to display a spirit of generosity and compromise to ensure that poor nations have access to life-saving drugs.

Chirac also deplored the failure of WTO talks in Geneva last week to reach an agreement to allow impoverished countries without pharmaceutical industries of their own to import cheaper generic copies of patented drugs to combat illnesses such as AIDS or malaria.

The French leader, according to a source in his office, "calls on all countries, and in particular the United States, to show a spirit of generosity and necessary compro-

mise when talks resume early next year and to accept without delay a text that conforms to the Doha mandate."

World Trade Organization ministers meeting in the Qatari capital Doha in November 2001 launched a new round of global trade liberalization talks, which got under way this year.

At the same time they agreed in principle that the public health needs of poor countries battling epidemics should take precedence over patent rights held by big pharmaceutical companies.

But left unresolved was the situation of poor countries lacking pharmaceutical companies capable of producing medicines. They have sought the right to import generic drugs and it was in Geneva

last week that representatives from WTO members gathered to work out a deal relaxing global patent rules to authorize such imports.

The Geneva talks broke off early last Saturday after the United States refused to go along with a draft declaration. WTO members agreed to resume negotiations early next year and the WTO's ruling General Council is scheduled to take up the question on February 10 and 11.

US representatives in Geneva held out for more specific wording in the draft statement, which in its current form would apply to "public health problems... especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics."

Auto exports boost Japan's trade surplus with Asia

AFP, Tokyo

Japan's trade surplus with the rest of Asia in November rose sharply, driven by strong auto exports to China, the finance ministry said Tuesday.

The surplus with Asian nations shot up 67.3 percent to 314.1 billion yen (2.6 billion dollars), while Japan's overall trade surplus rose 80.9 percent to 890.5 billion yen, it said.

"The main reason for the sharp rise in the (overall) trade surplus was the growth in exports to Asia, which were boosted by a sharp increase in car exports to China," said a ministry official.

He added that the year earlier decline was marked by a sharp decline when China took retaliatory action on certain Japanese exports.

In 2001, Japan imposed import restrictions on spring onions, shiitake mushrooms and rushes used to make traditional Japanese tatami mats -- products mostly imported from China.

Japanese govt seeks policy accord with next BoJ chief

AFP, Tokyo

The Japanese government plans to deepen its discussions with the Bank of Japan (BoJ), particularly on a policy accord, Economic Policy and Financial Affairs Minister Heizo Takenaka said Tuesday.

"A policy accord is a gentleman's agreement that stipulates the government and the BoJ share policy targets but the government would not interfere with the BoJ's policy measures," Takenaka told a news briefing.

"I think it is a very reasonable thing" to form the accord, he said.

He added he wanted the next

BoJ governor to be someone who could realise such an arrangement. Current governor Masaru Hayami's term expires on March 19 next year.

The comment came after a news report that Prime Minister Junichiro Koizumi wanted to establish the policy accord because the government hoped to set an inflation target through further monetary easing.

Tokyo wants to sign the accord after Hayami vacates the post, the Yomiuri Shimbun newspaper said Sunday.

Hayami has resisted unorthodox moves such as setting a positive inflation target to reverse sliding prices that have restricted economic

growth.

Top government officials have openly suggested appointing a deflation fighter to replace 77-year-old Hayami.

Takenaka said the government and the BoJ must hold further discussions on the policy accord.

He said the discussions include the different roles of the government and central bank, adding that it was important the BoJ remained independent.

"The best shape is the government decides policy targets, while the central bank decides policy measures to achieve such targets," he said.

AB Bank, SEDF sign MoU

Arab Bangladesh Bank Limited has signed a memorandum of understanding (MoU) with South Asia Enterprise Development Facility (SEDF) in the city, says a press release.

Under the agreement, the SEDF, a multi-donor facility managed by the SME Department of the World Bank Group, will provide Specific Institutional Training and Development Programme and Collective Financial Sector Programme to the bank.

The five-year programme would commence next month.

Ali Reza Iftikhar, senior executive vice-president of the bank, and Anil Sinha, general manager of the SEDF, signed the MoU on behalf of their respective sides.

Senior Consultant to the SEDF Dr Zia U Ahmed and AB Bank Managing Director Abu Hanif Khan, Senior Executive Vice President Iqbal U Ahmed, Executive Vice President M A Rais Khan, Senior Vice President Md Sirajul Islam and other officials of both the sides were present on the occasion.



Senior Executive Vice-President of Arab Bangladesh Bank Limited Ali Reza Iftikhar, and General Manager of South Asia Enterprise Development Facility (SEDF) Anil Sinha, exchange documents after signing a memorandum of understanding (MoU) in the city on Tuesday. Managing Director Abu Hanif Khan, and other senior officials of the bank and SEDF Senior Consultant Dr Zia U. Ahmed, are also seen in the picture. Under the MoU, SEDF will provide the bank personnel with technical and training assistance.

Denmark to take EU Commission to court over "feta" ruling

AFP, Copenhagen

The Danish government said Monday it would challenge the European Commission before the European Court of Justice over its ban of the "feta" name for cheese produced anywhere except in Greece.

Three quarters of the world's feta cheese -- a central ingredient in Greek, Turkish and Middle Eastern cuisine -- is currently produced outside Greece, with Danish firms alone accounting for 25,000 tonnes a year.

But in October the Commission acceded to Greece's long-standing claim and granted the white brine feta cheese a "label of protected origin", meaning the name "feta" can be used only by farmers in designated parts of Greece using specific methods of production.

"The government does not believe that the word 'feta' is a label of protected origin. Quite on the contrary, it is a type of cheese that cannot be protected," Agriculture Minister Mariann Fischer Boel said in a statement.

Thailand lifts tourism forecast despite regional terrorism fears

AFP, Bangkok

Thailand on Tuesday raised slightly its forecast for tourist arrivals for this year, despite the slowdown in the global travel industry sparked by terrorism fears.

The Tourism Authority of Thailand (TAT) said it had boosted its forecast to 10.7 million arrivals -- up from its previous forecast of 10.5 million -- which equates to a six percent rise from last year.

Visitor arrivals between January to October totalled 8.75 million, a 7.2 percent increase over the same period last year, the authority said in a statement.

"In November-December 2002, visitor arrivals are expected to rise further in spite of the disturbances in

Bali and the Philippines, which has otherwise impacted on the desire to travel and could affect visitor arrivals in the short term," it said.

Arrivals from the Oceania region however decreased by 2.1 percent for the first ten months of 2002, which the TAT blamed on the relocation this year of the Qantas/British Airways aviation hub from Thailand to Singapore.

It expected arrivals would also be affected by the October 12 Bali bombings, in which more than 190 people were killed.

While the TAT said the bombings have had a psychological impact on Australians' desire to travel abroad, it also blamed the Australian government's issuing of travel warnings on travelling to the region.

Bangkok reacted angrily to a flurry of advisories issued by foreign governments in the wake of the bombings, which cited an increased threat of terror attacks in Thailand.

The strongest growth for the period came from South Asia, with arrivals growing by 16.1 percent, while Middle Eastern markets grew by 15.7 percent.

The TAT attributed the continuing growth to its own public relations efforts.

"The Thai tourism industry has done better than its regional competitors because of better public relations activities, promotional efforts and strong marketing activities in all regions," the statement said.

Islami Bank opens branch at Ishwardi

Islami Bank Bangladesh Limited inaugurated its 127th branch at Ishwardi in Pabna on Sunday, says a press release.

Shamsur Rahman Sharif MP was present at the function as the chief guest while A K M Jahangir, Deputy Commissioner of Pabna was special guest.

Presided over by Abdur Raquib, executive president of the bank, the inaugural function was addressed, among others, by Principal Muhammad Serajul Islam, member-additional secretary, Shariyah Council of the bank, Sultan Mahmood, Upazila Nirbahi Officer of Ishwardi, M A Mazid Khondoker, senior vice-president and head of Bogra Zone, Md Akhter Hossain, manager, Ishwardi Branch of the bank, Abdur Raquib a local businessman and Shafiqul Islam, vice-president of Ishwardi Chamber of Commerce and Industry.



Shamsur Rahman Sharif MP inaugurates the Ishwardi Branch of Islami Bank Bangladesh Limited on Sunday. A K M Jahangir, deputy commissioner of Pabna, and Abdur Raquib, executive president of the bank, are also seen in the picture.

Russian economy grows 4.0pc in 2002

AFP, Moscow

The Russian economy grew by 4.0 or 4.1 per cent this year and inflation was 14.9 per cent, Economic Development Minister Guerman Gref said on Tuesday.

Growth of gross domestic product was in line with the government's latest forecasts in September, but the inflation figure exceeded the target of 12-14 per cent set at the beginning of the year.

But he said that the unemployment rate should fall to 8.0 per cent at the end of the year from 11.7 per cent 12 months ago, and that real incomes had risen by nine per cent during the year.

Inflation for this year will turn out to be 14.9 per cent if prices show an increase in December of 1.5 per cent, Gref was quoted by the Interfax news agency as saying. In November, prices rose by 1.6 per cent.

Gref expressed concern that that the Russia was heavily dependent on oil which it exports. "Unfortunately, our economy depends on the state of world oil prices," he said.

"The share of mechanical engineering in the Russian economy has not increased and remains about 11.0 per cent."

Prime Minister Mikhail Kasyanov had expressed concern in October that growth of the Russian economy was driven mainly by raw materials industries.

Gref said that inflation had been pushed up partly by increases by regional authorities of 34 per cent in heating prices and of 28 per cent for electricity.

Riyadh sees billion-dollar gas deal with foreign firms by Feb

AFP, Riyadh

Saudi Arabia hopes to close within the next two months a deal with foreign oil majors over multi-billion-dollar gas projects stalled for more than a year, the country's foreign minister said Tuesday.

"We have received a generally positive response from the third consortium," which is led by Royal Dutch/Shell, and includes Total/FinaElf and Conoco, to develop the Shaybah fields, Prince Saud al-Faisal said.

"Only one point remains to be sorted out. We hope this point will be dealt with and, if this happens, we will sign the deal," said Prince Saud, who heads the ministerial committee conducting talks with the foreign oil companies.

"There are indications that the response of the first consortium will

be positive. We expect to reach a clear result within the next two months," he told a press conference.

The first and second consortia to develop the South Ghawar and the Red Sea fields are led by ExxonMobil.

BP Amoco and Phillips Petroleum were chosen in the South Ghawar and Occidental and Marathon in the Red Sea group.

The Saudi government made a final offer to the companies in early September following a series of negotiations and a meeting between Crown Prince Abdullah bin Abdul Aziz and the CEOs of ExxonMobil and Royal Dutch/Shell.

The firms signed preliminary agreements in June 2001 year for the projects expected to require 25 billion dollars of investments.

But talks to close a final deal

have been stalled with differences on details of the commercial terms.

The projects also include water desalination, power and petrochemical plants.

Prince Saud said the projects are "huge, unprecedented in the region and highly complex," justifying the long time the talks have taken so far.

He reiterated the government's determination that "Riyadh will carry out these projects with these companies or others. There is no question about that."

The projects, known as the "Saudi gas initiative," mark the first opening in the Saudi energy sector since it was nationalised in 1981.

But they only involve gas production and development, with oil production remaining firmly a monopoly of state-owned giant Saudi Aramco.

Whistleblower in France's mad cow scandal hands over evidence

AFP, Paris

A former employee of Buffalo Grill, the French restaurant chain accused of importing banned British beef during the mad cow scare, has given investigators an allegedly incriminating packing label as evidence in the case, Le Parisien newspaper reported Wednesday.

The label bears the name and address of a British beef exporter and was allegedly found on packs of beef in Buffalo Grill warehouses in 1998, but bears no date, the daily reported.

The unnamed whistleblower and a former co-worker are behind a criminal investigation launched last Thursday into four of the group's senior executives, after it was found that two people who died of Creutzfeldt-Jakob disease -- the human variant of mad cow disease -- had eaten at Buffalo Grill outlets.

Investigators are trying to determine whether the chain illegally bought British beef after a March 1996 embargo came into effect, thus putting customers at risk.

Buffalo Grill chairman Francois Picart rejected the accusations Tuesday, saying that the chain -- which has 257 restaurants across Europe -- "never imported British meat before and especially not after" the EU-wide ban, adding that a check of meat delivery dockets supported his assertion.

US prosecutors to reprove Global Crossing executives

AFP, Los Angeles

Failed US telecommunications giant Global Crossing and its top executives will not face criminal charges over the firm's dubious accounting practices, sources close to the case said Tuesday.

US prosecutors in Los Angeles have decided not to proceed with charges against the firm, its chairman Gary Winnick or other executives for alleged accounting irregularities or document destruction due to a lack of evidence.

"It is my understanding that the Justice Department and prosecutors have opted not to pursue criminal charges as there is simply not enough hard evidence in the case," the source told AFP.

Officials in the US Attorney's Office in Los Angeles and Global Crossing declined to comment on the reported decision to drop the

case.

Global Crossing, which collapsed in January under 12.4 billion dollars in debts, became one of the most high-profile corporate failures in US history coming hot on the heels of the implosion of energy giant Enron.

The firm and its top executives had been under investigation over allegations the telecommunications company had misallocated costs or had obstructed justice by shredding sensitive documents.

Justice Department officials had launched the probe after the fibre-optic network builder filed for bankruptcy amid an economic downturn and soft demand for its 100,000 miles of cable worldwide.

"While there was a great deal of smoke, prosecutors obviously concluded (that) the evidence was not sufficient to bring a case," the

Los Angeles Times quoted former federal prosecutor Robert Mintz as saying.

"These cases, from the outset, are extremely difficult to make because they often fall into grey areas where overt criminality is difficult to find."

However the decision by justice and prosecution officials not to pursue charges over the most dramatic US corporate bankruptcies will not affect a probe by the Securities and Exchange Commission or civil suits by investors.

Los Angeles-based Global Crossing allegedly counted the capacity it sold to other telecommunications firms when it exchanged fibre-optic capacity with them as revenue, but failed to list as an ordinary expense the cost of buying capacity from others.

US Treasury seeks increase in national debt ceiling

AFP, Washington

The US Treasury Department Tuesday asked Congress to increase the 6.4-trillion-dollar ceiling on the national debt, citing costs of the ongoing war on terrorism.

Deputy Treasury Secretary Kenneth Dam, in a letter to House of Representatives Speaker Dennis Hastert, said the debt ceiling likely will be reached by the end of

February.

"I am writing to request that Congress act promptly next year to ensure the government's ability to finance its operations," Dam wrote.

Treasury officials said they had previously forecast hitting the debt ceiling sometime between December and June.

"Due to the ongoing response to the September 11, 2001, terrorist attack and the economic slowdown which began in the summer of 2000,

the administration now projects that debt subject to limit may reach the statutory ceiling in the latter half of February 2003," Dam wrote.

The request for an increase in the debt ceiling "reflects the impact of waging the war on terrorism and restoring economic performance."

Lawmakers last increased the debt ceiling June 29 by 450 billion dollars. Congress must authorize all federal spending.

Striking Russian air workers reach tentative pay accord

AFP, Moscow

Russia's air traffic controllers reached a tentative pay agreement with the government Wednesday aimed at ending a four-day hunger strike that disrupted flights across the country as well as links between Europe and Asia.

However, the strike continued Wednesday and several key airports in central Siberia remained shut as local union representatives waited for the text of the final agreement before accepting food and their jobs.

"We have not yet called for an end to the hunger strike," air traffic controllers' union chief Sergei Kovalyov told the state-run Rossiya television channel.

"After all the documents are formalized, we can talk about ending the strike. But it must be noted that several airports are already closed -- and the ones in Omsk and Novosibirsk -- and it will take some time to reopen them."

Officials said that flights to the central Siberian region would not resume before 1800 GMT Wednesday

at the earliest.

The new wage agreement would see air traffic controllers working on especially busy routes receive a 28.4 percent pay rise effective January 1 while other workers would receive a 15.7 percent.

The average monthly salary in the industry now stands at just 15,000 rubles (470 dollars/euros).

Meanwhile, a key Russian international airport in central Siberia -- the Tolmachevo airport in Novosibirsk which links Russia with the Far East and some European capitals with Asian destinations like Hong Kong -- remained shut for the second day Wednesday.

Air traffic was being re-directed to the south running across the Central Asian republic of Kazakhstan.

The strike had also spread to some 46 other smaller airports but did not affect Moscow or Russia's second city of Saint Petersburg, ss.

Doctors had ordered the Novosibirsk traffic controllers -- who launched a hunger strike Sunday -- to stop working because their health had

deteriorated, reports said.

Russian law bars air traffic controllers from walking off their jobs in protest over pay. This has forced the workers to launch their second at-work hunger strike in a month.

A smaller airport in the neighboring Siberian region of Omsk had also been forced to shut and re-direct traffic across its region, although local government official expressed little sympathy with the workers' demands.

The Omsk air workers "are black-mailing" the government, Omsk airport director Sergei Kruglov told the RIA Novosti news agency.

"The controllers know that Russia lacks specialists who can replace them, and are threatening to cut the country in half with their hunger strike," the airport director fumed.

Russian negotiators initially refused the striking workers' pay demands and said that a plan to raise salaries by 15 percent would go into effect on January 1, despite the controllers' rejection of the deal struck to end the first strike earlier this month.