

Global stocks nosedive as panic sale sweeps markets

Tokyo suffers biggest drop in two decades with insurance company going bankrupt as first casualty; India's rupee in record low despite govt steps

AFP, London

Global stocks went into freefall yesterday, with double-digit losses in Frankfurt, London and Tokyo, on fears that the financial crisis was spiralling out of control, dealers said.

In the Far East, Tokyo suffered the biggest daily drop for two decades after shedding 11 percent at one stage, while in Europe, Frankfurt and London tipped more than 10.0 percent lower.

World finance chiefs were preparing an emergency meeting in Washington as a wave of panic selling swept across markets. Interest rate cuts and billions of dollars' worth of cash injections by central banks failed to calm the mayhem.

"It's very close to panic. We are drowning in a sea of red numbers," said Barclays Wealth analyst Henk Potts.

"Investors are concerned about the exacerbation of the credit crunch and the gloomy forecasts for economic growth."

"The reality is that most investors have been spooked by the sheer pressure that the credit crunch is putting on the global economy."

Tokyo nosedived, as the credit crisis claimed its first Japanese financial institution with the bankruptcy of Yamato Life Insurance, driving the Nikkei stock index down 9.6 percent by the close.

Indian share prices plunged yesterday to a two-year low and the rupee tumbled, despite central bank moves to boost liquidity and government attempts to ease fears of an economic slowdown.

Panic gripped the market in early trade as the benchmark 30-share Sensex intra-day slid 9.6 percent to 10,239.76 points and the rupee fell to a record low of 49.3 against the dollar, on fears of further overseas fund outflows.

India's central bank immediately tried to douse concerns by pumping 400 billion rupees (8.2 billion dollars) into the system by lowering the cash reserve ratio for banks.

Hong Kong lost 7.2 percent as panic swirled about the state of the global banking industry.

In Europe, investors were also reacting to this week's nationalisation of Icelandic banks Glitnir, Kaupthing and Landsbanki, victims of the crisis.

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Asia-Pacific markets			
October 10 closings			
TOKYO	HONG KONG	TAIPEI	SYDNEY
9.62%	7.2%	Closed	8.3%
Nikkei	Hang Seng	Weighted	SP/ASX
8,276.43 (-881.06)	14,796.87 (-1,146.37)		3,960.7 (-360.2)
SINGAPORE	SHANGHAI	SEOUL	BANGKOK
7.43%	3.57%	4.1%	9.61%
ST Index	Composite Index	KOSPI Index	SET Index
1,948.33 (-154.38)	2,000.57 (-74.01)	1,241.47 (-53.42)	451.96 (-48.03)

Singapore economy slips into recession

AFP, Singapore

Singapore's trade-sensitive economy has declined for a second straight quarter, the government said yesterday, meaning the city-state has entered a recession for the first time in six years.

The Ministry of Trade and Industry also revised downwards Singapore's full-year growth forecast to around three percent, citing a slowdown in the global economy and key domestic sectors.

In a move to confront the downturn, the Monetary Authority of Singapore -- its de facto central bank -- said it was easing monetary policy for the first time in more than four years.

Singapore is Southeast Asia's wealthiest economy in terms of gross domestic product (GDP) per capita but is heavily dependent on trade.

This makes it sensitive to hiccups in developed economies, particularly key export markets the United States and Europe.

The data mean that Singapore is the first Asian economy to fall into a technical recession, DBS Group Research said.

The impact of a worsening US financial crisis and deepening credit crunch have weakened US consumer sentiment, which will affect demand from Asia and the rest of the world, Singapore's trade ministry said.

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Khaleda, Hossain Zillur hold closed door talks

Dialogue, party registration deadline likely to be deferred; adviser may brief media today

STAFF CORRESPONDENT

BNP Chairperson Khaleda Zia and Commerce Adviser to the Caretaker Government Hossain Zillur Rahman had a closed door meeting yesterday evening in the former's Dhaka Cantonment residence.

Sources close to Khaleda told The Daily Star that as an outcome of the meeting the date of the dialogue between BNP and the government might be deferred by a day from its earlier schedule of October 15, and also the same date deadline for political parties' registration with the Election Commission (EC) might be extended by a week.

The sources also said the BNP

chief and the government adviser discussed how to make the dialogue fruitful, BNP's participation in the upcoming parliamentary election, and post election maintenance of peace.

Hossain Zillur arrived at Khaleda's Shaheed Moynul Road residence at 7:45pm and left at 8:50pm to meet the chief adviser, sources said. No more detail about the meetings could be known immediately.

Mojibur Rahman, personal assistant to the commerce adviser, however told reporters waiting in front of the adviser's Dhanmondi residence at 10:15pm that his boss might brief the media about the meetings today.

A four-member team of advisers to the military backed caretaker government led by Hossain Zillur had met Khaleda in her residence for two hours once before, the day after her release from detention on September 11.

The other members of that delegation were LGRD Adviser Anwarul Iqbal, Communications Adviser Ghulam Quader, and Law Adviser Hassan Arif.

Meanwhile, BNP is planning to brandish its popular support during its scheduled countrywide rallies on October 12 in an effort to mount pressure on the government for meeting its five-point charter of demands including

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JUTE INDUSTRY IN TATTERS-I

Fund crisis, inherited debts major stumbling blocks

PORIMOL PALMA

Shortage in funds for raw materials, coupled with a crippling Tk 5,500 crore in accumulating debts over the years, have choked the country's public- and private-sector jute mills.

Mills owned by the Bangladesh Jute Mills Corporation (BJMC) owe over Tk 5,000 crore, while privatised mills are struggling with

around Tk 500 crore in mostly inherited debts.

The massive amounts keep banks from lending to most of these mills.

The government however pumps in some funds to the BJMC mills in phases to help them stumble along. Having no access to such lifeline, most of the private mills either shut down or were rented out.

Of the 38 jute mills privatised in 1982-83, owners rented out 17, seven are on the friz and the rest, which were bundled with less debts at the time, are in operation, Abdul Barik Khan, secretary of Bangladesh Jute Mills Association (BJMA), said.

The BJMC has shuttered three of its 24 mills and leased out six more. The remaining 15 mills are

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Knitwear experiences low export growth

SHAMIM ASHRAF

Global financial crisis has already started taking its toll on the country's knitwear business, having marked a low in September's export growth.

Alarmed at the global crisis, especially in the US and Europe--the two major destinations for Bangladesh's garment exports, the commerce adviser is going to sit with industry leaders by the end of this month to find strategies to avoid its impact, said sources.

"According to our internal report, we had a 10-15 percent growth rate in order flow in September while the average monthly growth over a long time had been 20 percent," Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) President Fazlul Hoque told The Daily Star yesterday.

After a big vacation in the West, in September the country's knitwear sector generally sees a little more than the average monthly growth in demand, but this year the order flow shrank, he said.

Terming the fall "still not that much panicking", he however cautioned that the whole industry would face a big blow if the crisis persists.

Anwar-ul-Alam Chowdhury Parvez, president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), also cautioned about the impact of the crisis.

"Although we are yet to notice any impact, we will face huge loss if the crisis prolongs," he said.

The financial crisis, especially in the US and Europe, has become a big worry for the country's garment exports which earn about 80 percent foreign exchange.

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Govt plans 10pc cut in fuel oil prices

PORIMOL PALMA

With fuel prices continuing to fall sharply in the global market, the government is mulling over lowering the petroleum prices by 10 percent in domestic markets by the end of this month.

"The decrease may be roughly 10 percent, but it is to be decided at a meeting next week," Chief Adviser's Special Assistant for Power and Energy Professor M Tamim told The Daily Star yesterday evening.

With a cut in fuel prices, the fares of transports will also be reviewed after consultations with the ministries concerned and transport owners shortly, he said.

The price of diesel and kerosene now is around Tk 55 per litre, which will go below Tk 50 if its price is reduced by 10 percent.

The present price of octane is Tk 90 and of petrol Tk 87 per litre and these prices may come down by around Tk 9 when the price cut is implemented.

Asked why the government is taking time to revise the fuel price in domestic market when the prices has already started coming down in the international market, M Tamim said, "We are still observing. The prices are falling now, but it may also go up tomorrow. We cannot revise prices locally times and again."

Oil prices slumped towards 77 dollars per barrel in the international market yesterday. The price of crude oil has now slumped by 47 percent since striking record high points above 147 dollars per barrel on July 11.

The government of Bangladesh

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Oil prices plunge to \$77

AFP, London

Oil prices slumped towards 77 dollars per barrel yesterday, amid a worldwide equities meltdown, with traders convinced that an economic slowdown will hurt energy demand, dealers said.

The International Energy Agency (IEA) also warned that the threat of recession and the ongoing financial crisis would erode oil demand and set back investment in new oil fields.

Brent North Sea crude for November plunged as low as 77.29 dollars in early trade -- the first time below 80 dollars in one year -- as traders responded to heavy falls on global stock markets.

The contract later stood at 77.88 dollars a barrel, down 4.78 dollars from Thursday.

On Friday, New York's main

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PHOTO: STA

An elderly farmer, drying jute in his courtyard, wonders if the golden days of the 'golden fibre' will ever return again.

125 MW coal-fired power plant through open tender likely

SHARIEF KHAN

As coal production at Barapukuria coal mine showed an upward trend for the last one year, the government is considering setting up a 125 megawatt third unit of the coal-fired power plant at the mine site through open tender for the first time.

While this plan was not chalked out on the basis of any long-term production forecast for Barapukuria mine that is presently supplying up to five lakh tonnes of coal a year to the 250 MW two-unit power plant at the site, the power ministry believes that the mine can supply enough coal also for the 125

MW third unit.

"We shall install a new power plant through open tender, and not any other means," says Power Secretary Fauzul Kabir Khan, who discussed the matter with the Petrobangla chairman. "We have requested the government to build this plant either by using our own resources or by taking loans from donors."

About unsolicited negotiations, the secretary said, "We shall not do anything other than through open tender."

The power ministry has written to the planning ministry and Economic Relations Division (ERD) to find funds for this project.

"Time limit for this project can be fixed upon positive feedback from them," said the secretary.

The country's lone 250 MW coal-fired power plant at the mine site was built with a Supplier's Credit deal with China at a high cost of \$260 million. A Chinese consortium led by the CMC built the plant that is not performing optimally since its inception in December 2005.

Local representative of the Chinese companies and chief of Hosaf Group Moazzem Hossain has been trying to make the government agree to build a third unit of the coal-fired Chinese-built

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ASSOCIATED BODIES AL debates today changes to its constitution

HASAN JAHD TUSHER

Amidst differences of opinion on retaining the provisions for party's 'associated' organisations in its constitution, Awami League's (AL) highest decision-making body holds a crucial meeting today to decide on the matter and to bring some amendments to it to get registered with the Election Commission (EC).

A draft of the amendments to the party constitution will be placed at today's meeting of the AL Central Working Committee (ALCWC) with suggestions not to keep the names of associated bodies in it, sources said.

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Party reforms proposed by Khaleda discussed

RAKIB HASNET SUMAN

In a bid to bring amendments to its constitution, BNP has started working with a set of party reform proposals initiated by its Chairperson Khaleda Zia.

The amendments being discussed include curbing of the chairperson's power and scrapping of the provision for maintaining from organisations, said party insiders.

Following directions from the chairperson, a team comprising party leaders, lawyers and chairperson's advisers had formulated a draft of the amendments last year, but Khaleda could not disclose it back then as her movement and

public appearances were being restricted by the military backed caretaker government prior to her arrest on September 3, 2007.

The team led by a party standing committee member had the proposals ready on May 2007, while the erstwhile party secretary general Abdul Mannan Bhuiyan was busy announcing his own party reform proposals keeping the chairperson out of the process.

The proposals prepared by the chairperson's team are now being deliberated on ahead of the December 18 parliamentary election, which might be finalised soon in order to meet the prerequisites for being registered with the

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Lift emergency for a meaningful poll

Hasina demands in London

STAFF CORRESPONDENT

Awami League (AL) President Sheikh Hasina has demanded lifting of the state of emergency ahead of the parliamentary election saying, emergency rule becomes meaningless if enforced for a prolonged period.

"The emergency should be lifted for the sake of a meaningful election expected by all," she told a seminar on 'Bangladesh: Future of Democracy and Human Rights' in the auditorium of British House of Lords on Thursday, reported American News Agency.

She said emergency was necessary in the post 1/11 situation, but it should be lifted before the election scheduled for December 18.

President Iajuddin Ahmed imposed the emergency after Fakhruddin Ahmed-led caretaker government had assumed office on January 11 last year following a spate political violence in the country.

The former prime minister said the government announced relaxation of the emergency, but 'the matter was not clear'.

Under the circumstances,

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PHOTO: STAR

New Zealand paceman Kyle Mills (L) bowls during a light training session while Mashrafe Bin Mortaza, Mahmudullah Riyad and Zunaed Siddiqui stretch at the Sher-e-Bangla National Stadium in Mirpur yesterday.

Tigers eye series win

SPORTS REPORTER

Bangladesh will look to clinch a series victory when they take on visiting New Zealand in the second one-day international at the Sher-e-Bangla National Stadium today.

The match will be telecast live on Bangladesh Television from 9:00am.

The Tigers put on a fantastic show to win their first-ever match against the Kiwis by seven wickets in the first one-day match on Thursday.

The home side will stick to the same 12 players for today's game with a decision to be made on whether it will be Syed Rassel or

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Troubleshooter Ahtisaari wins Nobel Peace Prize

AFP, Oslo

The Nobel Peace Prize was awarded yesterday to Martti Ahtisaari, the former Finnish president who has spent 30 years ending conflict in hotspots ranging from Kosovo to Namibia and Indonesia.

The Norwegian Nobel Committee hailed the 71-year-old Ahtisaari "for his important efforts, on several continents and over more than three decades, to resolve international conflicts."

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Martti Ahtisaari

AL, 11-party drift apart over JP, Islamists

SURANJITH DEBANATH

The gap between Awami League (AL) and 11-party is widening with the latter opposing the move to form grand alliance with Ershad-led Jatiya Party (JP) and some Islamist parties ahead of the upcoming parliamentary election.

The 11-party, which includes Dr Kamal Hossain-led Gono Forum, Rashed Khan Menon-led Workers Party and Dilip Barua-led Samyabadi Dal, at meeting yesterday at Gono Forum central office decided to revive its activities.

The AL-led 14-party combine includes the 11-party.

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