

Bush decries 'class warfare' against tax plan

REUTERS, Washington

As a Republican senator voiced opposition, President George W. Bush Thursday defended his tax plan, saying it would help ordinary Americans and accusing critics of engaging in "class warfare."

Bush visited the National Capital Flag Company in Alexandria, Virginia, to meet intended beneficiaries of the proposed tax cuts and to pitch the benefits for middle-income Americans against a patriotic backdrop. He said the plan would provide "significant money" to ordinary taxpayers.

But Sen. Lincoln Chafee of Rhode Island, one of two Republican senators to vote against Bush's 2001 tax cut, joined Democrats in criticizing the \$674 billion plan Bush unveiled on Tuesday as a windfall for the rich.

"The great bulk of people in this category are millionaires," Chafee said. He and California Democratic Sen. Dianne Feinstein announced a proposal to freeze scheduled cuts in top tax rates until federal budget deficits are eliminated.

Bulls on parade on fledgling Baghdad bourse

REUTERS, Baghdad

The drums of war may be beating in Washington but the sound is falling on deaf ears on the tiny Baghdad stock market.

Investors, at least for now, have gone on a buying spree and the main index of the fledgling bourse has risen by more than a third since Iraqi President Saddam Hussein accepted a UN resolution that demands he disarm or face serious consequences.

"People buy and sell, and there's optimism and action," Taha Abdul Salam, head of the bourse's studies department, told Reuters in an interview.

To an outsider aware of looming war clouds, such a blithe attitude seems incongruous. But some Iraqis appear to be betting on a brighter future for their oil-rich land.

Bush faces uphill Senate battle on economic plan

AFP, Washington

President George W. Bush's 10-year, 674-billion-dollar economic plan faces an uphill battle in the Senate, where his party holds only a thin majority and some Republicans are joining opposition Democrats in challenging the proposal.

Sensing a congressional dissatisfaction with the plan, Bush on Thursday defended the need for speedy tax cuts and abolishing dividend taxes as a blueprint for growth and employment.

"This is a plan to encourage growth, focusing on jobs," he said,

insisting his proposal would create 2.1 million jobs over the next three years.

"The role of government is not to create wealth, but to create an environment in which the small business can grow to be a big business, in which people are comfortable about investing," Bush said.

But centrist lawmakers on both sides of the Senate aisle are worried about the effect such generous tax cuts would have on the rising deficit and whether they would have any significant stimulative effect.

"I can't see us giving away any more of our revenue," Republican

Lincoln Chafee said, adding that Bush could face "problems" in getting his economic agenda passed.

When the country had a surplus, he said, as when Congress passed Bush's last tax cut effort in 2001, such a bill was easier to pass because lawmakers thought the country could afford it. "I don't think anyone shares that now," Chafee said.

Twelve Democrats voted in favor of Bush's 10-year, 1.35-trillion-dollar tax cut in 2001. Three are no longer in the Senate, but more than half of the remaining nine have said the current Bush proposal is too expensive and not sufficiently stimulative in the near term.

"They cannot pass the bill in the Senate," said Senator John Breaux, a Louisiana Democrat who was a key broker of the 2001 tax cut package.

California Democrat Dianne Feinstein, who voted for that package, explained that circumstances had changed.

"9/11 had not taken place, war had not appeared on the horizon, revelations of corporate fraud had not surfaced and a recession was not evident," she said.

US presses Japan to open farm market

AFP, Tokyo

The United States has called on Japan to open its farm market further, warning there will be no success in world trade negotiations without a breakthrough in the protected agricultural sector, officials said Friday.

Japanese farm minister Tadamori Oshima held talks with

US Trade Representative Robert Zoellick in Washington late Thursday, the Japanese agricultural ministry said in a statement released here.

Zoellick told Oshima during the meeting that it was necessary for Japan to speed up structuring reforms, which should cover the agricultural sector, the statement said.

The USTR told Oshima that a breakthrough was vital for achieving success in free trade negotiations under the World Trade Organization (WTO), it said.

Zoellick criticised Japanese opposition to a US proposal to introduce a uniform ceiling on all farm import tariffs, it said.

"There was a wide difference in our views," the statement said. "But

we agreed to continue making efforts in farm negotiations."

Japan is scheduled to host an informal WTO meeting in February in Tokyo. The world trade body has set a March 31 deadline for an accord on the framework of farm trade liberalisation commitments by member economies.

US airlines loses \$9b in 2002

AFP, Washington

The US airline industry lost an estimated nine billion dollars collectively in 2002, Jeffrey Shane, associate deputy secretary of the Transportation Department, said Thursday.

Shane made the estimate in testimony to the Senate Commerce Committee.

Shane said the industry is in the worst financial shape since deregulation in the late 1970s.

He said the large US carriers would lose about 10.2 billion dollars, while low-fare carriers will report about 700 million dollars in operating profits.

Agora's raffle draw held

The New Year raffle draw of chain superstore Agora was held at Gulshan in the city on Wednesday, says a press release.

Agora, a concern of Rahimafrooz Group, arranged the promotional campaign, which ran from December 21, 2002 to January 7, 2003, for its customers. The customers who purchased goods worth over Tk 700 from any of the Agora stores at Gulshan or Dhanmondi received raffle coupons.

The raffle draw function was presided over by Rahimafrooz Superstores Ltd Managing Director Niaz Rahim.

The raffle draw prizes include Dhaka-Cox's Bazar-Dhaka air ticket, electric oven, VCD player and cordless phone set.



PHOTO: AGORA
The New Year raffle draw of chain superstore Agora was held at Gulshan in the city on Wednesday. Rahimafrooz Superstores Ltd Managing Director Niaz Rahim and Gulshan outlet Manager Omar Faisal are seen in the picture.

Weekly Currency Roundup

January 4, 2002-January 9, 2003

Local FX Market

US Dollar remained steady against Taka in the week, but ended the week slightly stronger due to higher demand for the US currency to meet import payments. USD started the week at 58.95/59.00 against Taka. At the end of the week, taka ranged between 58.95/59.05 against USD.

Money Market:

Bangladesh Bank borrowed BDT 16,878 million by the Treasury bill auction held on Sunday. Weighted average yield of t-bills remained almost unchanged from the last week. Weighted average yield of 28-D bill was 8.00 per cent and for 5-year bill the rate was 11.23 per cent.

The call money rate was steady throughout this week. The rate ranged between 6.50-6.75 per cent in the beginning of the week. The rate fell slightly and then again increased to end of the week at the same level.

International FX Market:

The dollar resumed its downward path at the beginning of the week and hovered above the multi-year lows. Market became increasingly worried about war with Iraq. Wariness about potential Japanese yen selling intervention increased after Finance Minister Masajuro Shiokawa warned that there was a global perception that the Japanese currency was too strong. Early in Asian trade, US Dollar briefly edged up to a high of 119.89, but lost the steam later and fell below 119 yen. In addition to the war, concern remains over the health of US economy.

In the middle of the week the dollar paused a cent above last week's three-year low against the Euro as dealers awaited U.S. jobs data and news regarding Iraq before deciding whether to extend the greenback's recent slide. The dollar rebounded earlier this week on hopes that massive tax cuts announced by President George W. Bush would strengthen the U.S. economy. But initial enthusiasm was faded away as doubts emerged over the effectiveness of the 670 billion package and its longer-term impact on the U.S. current account and budget deficit. The threat of Japanese intervention to stem the yen's unwanted appreciation against the dollar was also helping to stabilize the greenback.

In the end of the week the dollar stayed defensive against the yen and the Euro in Asia on Thursday on lingering fears over war in Iraq and wariness over the outlook for the US economy as New York stocks headed lower. Euro reached a new 3-year high and crossed \$1.05 level. Dollar was checked from further fall against the yen by concern over possible intervention from Japanese authorities. Japanese vice finance minister for international affairs, Haruhiko Kuroda, rattled the yen in early trade, saying the government was ready to act as needed on currency rates. The safe-haven Swiss franc and gold have scored hefty gains in recent sessions due to war threat and nuclear standoff with North Korea. Beside the war threat, growing pessimism over the outlook of the economy also contributed to the fall of dollar in recent session.

At 1515 hours on Thursday, euro was at 1.0532/34, GBP at 1.6108/12 and yen at 118.79/83 against the dollar.

-- Standard Chartered Bank



PHOTO: CSE
A seminar on financing large project jointly organised by Chittagong Stock Exchange and Infrastructure Development Company Ltd was held at CSE conference hall in Chittagong on Wednesday. Dr Fouzul Kabir Khan, executive director and CEO of IDCOL, Anisul Huq Chowdhury, secretary of Economic Relations Division, and Syed Mahmudul Huq, vice-president of CSE, were, among others, present at the seminar.

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