

WTO body upholds ruling against US anti-dumping law

AFP, Geneva

WTO experts upheld on Thursday an earlier ruling against a United States law allowing US industries to be paid anti-dumping duties levied on foreign competitors.

The dispute, which focuses on the so-called Byrd Amendment, followed a complaint by the European Union, Canada and nine other members of the 144-strong World Trade Organisation.

The WTO's appellate body said in a report that it upheld the earlier panel's finding that the US law, enacted in October 2000, was a "non-permissible specific action against dumping or a subsidy".

The payments under the US legislation are "inextricably linked to, and strongly correlated with, a determination of dumping or a subsidy", it said.

And it recommended that the United States be requested to bring the law, officially entitled the Continued Dumping and Subsidy

Offset Act, into conformity with WTO agreements.

In Brussels, EU Trade Commissioner Pascal Lamy welcomed the finding, and urged the United States to swiftly repeal the system.

Washington appealed the ruling by a three-member expert WTO panel last October.

The law is known as the Byrd

Amendment after its sponsor, Democratic Senator Robert Byrd of West Virginia.

It allows US officials to redistribute to steel producers or other companies demanding action, some of the revenues from anti-dumping and countervailing duties that were applied.

The original WTO panel had found that the amendment provided

help for domestic producers which went beyond the anti-dumping or countervailing duties which already help them against imports, and which was not envisaged by WTO legislation.

Washington had argued that the amendment was consistent with WTO rules, and that it was an internal matter for the US on how dumping duties were distributed.

US to comply with WTO ruling

AFP, Washington

The United States said Thursday it would reluctantly comply with a World Trade Organization ruling against a hotly disputed provision in its anti-dumping laws.

The WTO appellate body confirmed a finding against the so-called Byrd Amendment, under which US companies are paid some of the anti-dumping duties levied by

the government against their foreign competitors.

The ruling did not affect the underlying US law against dumping and unfair trade subsidies, the office of the US Trade Representative (USTR) said in a statement.

"We are, however, disappointed with the appellate body's findings concerning the funds disbursed under the Act," it said.

"The United States has been a leader in supporting rules-based dispute settlement in the WTO. Therefore, in this case as in others, the United States will seek to comply with its WTO obligations."

The USTR said it would review the WTO findings to assess the best way to comply, and would discuss the options with the key committees in Congress and other interested lawmakers.

Japan lowers economic assessment on weak factory output, spending

AFP, Tokyo

Japan's government downgraded its key economic assessment Friday for the third straight month due to slack factory production and consumer spending, although exports were seen offering a glimmer of hope.

"While movements of an incipient recovery can be seen in some areas, the state of the economy has weakened somewhat," the Cabinet Office said in its January assessment.

"Industrial production has eased somewhat," it said. In December the government described output as

flat.

The Ministry of Economy, Trade and Industry said earlier Japan's industrial output for November fell 1.6 per cent, in figures revised from an initial estimate of a 2.2 per cent decline.

The overall trend remains in decline, amid unstable demand conditions and declining inventories, said JP Morgan economist Ryo Hino.

The Cabinet Office also highlighted concerns over consumer spending -- which comprises over half of gross domestic product -- as wages continue to fall and companies are forced to cut more jobs.

Struggling Japanese construction firm Hazama said Friday it would slash over 1,000 jobs in the next three years under a restructuring plan.

But it was not all bad news for the world's second largest economy with the decline in exports tapering off amid stirring demand for Japanese products in the United States and Asia.

Exports were seen as flat in January after being described as in decline in the previous month.

"It is possible that weakness in overall economic activity may be temporary, therefore we maintain a scenario which calls for a pick-up in

the near future," said a senior economist at the Cabinet Office.

In the short-term Japan's economy would continue to follow a gradual recovery track, provided the United States and other major economies continue to pick up, the assessment said.

There were, however, risks of a further decline.

"There are concerns that the uncertainty surrounding the future of the global economy, and the sluggishness of domestic stock prices, may still exert downward pressure on final demand," the report said.

Vajpayee attacks stock markets

AFP, New Delhi

Indian Prime Minister Atal Behari Vajpayee on Friday attacked the country's scandal-hit stock exchanges and told regulators to make markets safer for investors.

His attack came less than a month after a joint parliamentary commission in a 452-page white paper flayed bourses, the central bank, finance ministry and bourse watchdog Securities Exchange Board of India (SEBI) for a string of scandals that have hit millions of investors.

Vajpayee, speaking at the launch here by SEBI of a nationwide campaign for investor awareness, called for more rigour in the market place.

"We need markets that are known for their safety and integrity. We need knowledgeable investors. And we need to build a sustainable, high-growth economy which will ensure better living conditions for our people, now and in the future," Vajpayee said.

"I urge all of you present here: Regulators, market intermediaries and investors, to join hands to make our capital market the safest places to invest in the world," the premier said, flagging off the SEBI campaign.

SEBI was set a year after a coterie of stock brokers headed by key trader "Big Bull" Harshad Mehta in 1991 artificially jacked up prices of worthless securities to rake in 50 billion rupees (1.38 billion dollars)

when the rupee was pegged at 36 to the US currency.

Vajpayee did not refer to individual scandals that in particular have plagued the Bombay Stock Exchange, India's largest bourse, but said poor company management had been a cause of the illness of Indian markets.

"While the technology and the regulatory framework of capital markets has improved, I am pained to say the standards of corporate governance have not kept pace.

"We have come across far too many instances of companies that have raised money from the market by creating hype and then defrauding their investors," he said.

"Stockmarket scandals brought a bad name to the Indian business community and this is how boom became bust and hopes turned to dust for many gullible investors.

"This is how the investor community lost confidence in the market, leading to prolonged stagnation. This is how investable savings turned to non-financial assets or safe bank deposits," Vajpayee said.

The premier's tongue-lashing to market operators did not spare the Unit Trust of India, the country's largest mutual fund which was given 30 billion rupees in bailout dole last year to pay back millions of investors.

Weekly Currency Roundup

January 11, 2003-January 16, 2003

Local FX Market

US dollar remained steady against taka in the week, but ended the week slightly weaker. USD started the week at 59.00/59.05 against taka. At the end of the week, taka ranged between 58.95 and 59.00 against USD.

Money Market

Bangladesh Bank borrowed BDT 7,188 million by the treasury bill auction held on Sunday. Weighted average yield of 28-D bill remained unchanged at 8.00 per cent while the yield of 5-Y bill increased by 14 bps to 11.37 per cent. The call money rate was volatile this week. The rate ranged between 6.50 and 6.75 per cent in the beginning of the week. But auction payment for T-bills created liquidity crisis in the market, which shot up the rate up to 14-15 per cent on 13th Jan. Improved liquidity condition eased the rate later ending the week at 8.50-9.00 per cent.

International FX Market

In the beginning of the week, the dollar pulled away from the previous session's three-year low against the euro, as the market looked ahead to key economic and corporate data. But the dealers viewed that with the dollar vulnerable to geopolitical and economic worries, Europe's single currency could soon test 1.06 level. Dollar sentiment is expected to remain bearish on the risk of war with Iraq, with the news of US doubling its troops in Gulf region, tensions with North Korea, and after the surprise 101,000 fall in December payrolls reported on Friday. Trade in Asia was thin due to holiday in Japan.

Dollar jumped in the Asian trade in the middle of the week, which sparked talk of Japanese intervention after Zembei Mizoguchi took over as Japan's forex chief and warned about yen's strength. But the greenback soon dropped back to overnight levels versus the yen. Dollar attempted to recover lost ground. The US currency pushed to \$1.0505 per euro in European trade, almost a cent from Tuesday's 3-year low as the euro failed to break options barriers at \$1.06 level.

The dollar moved in tight ranges against other major currencies at the end of the week with wary of Japanese intervention and was seeing little reason to spark fresh selling. Chance of dollar-buying intervention by Japanese authorities and sporadic bids by Japanese importers were the only dollar-supportive factors for the time being. The greenback's outlook remains bearish due to geopolitical concerns and uncertainty over the U.S. economy. Market was looking ahead to the January Philadelphia Federal Reserve survey on mid-Atlantic manufacturing, which was expected to show continued expansion. German preliminary GDP data for 2002 was also due and it was likely grew at its weakest pace in almost a decade.

At 1520 hours on Thursday, euro was at 1.0576/80, GBP at 1.6046/50 and yen at 117.88/90 against the dollar. -- STANDARD CHARTERED BANK

Agora raffle draw prizes distributed

Prizes of Agora's "New Year 2003" raffle draw have been handed over to winners, says a press release.

Niaz Rahim, managing director of the company, distributed the prizes at a ceremony held at Agora's head office in the city on Wednesday.

T D Packir, Agora's head of Operations, and Mosharaf Hossain Mridha, head of Administration and Finance, were present on the occasion.

Dhanmondi and Gulshan outlets of Agora organised the raffle draw. The programme continued from December 21, 2002, to January 7, 2003.

Any customer buying more than Tk 700 goods received a raffle ticket and the final draw was held on January 8, 2003.

The first prize of the raffle draw was a "Dhaka-Cox's Bazar-Dhaka" couple air tickets.

19 other winners received VCD player, electric oven, juice maker, cordless phone set, rice cooker, toaster, electric iron and hair dryer.



Photo: Rahimafrooz

Niaz Rahim, managing director of Rahimafrooz Superstores Ltd, hands over prizes to winners of Agora New Year Raffle Draw 2003 in the city on Wednesday. T D Packir, head of Operation, Rahimafrooz Superstores Ltd, is also seen in the picture.

STOCK