

HK bankruptcies soar 20pc in Jan

AFP, Hong Kong

Hong Kong's personal bankruptcies in January soared 20.1 per cent from the month before to a record 3,193 amid the economic downturn, government figures showed Friday.

But the Official Receiver's Office said the number of bankruptcy applications fell to 2,099 cases in January, down from 2,111 in December.

The number of personal bankruptcies rose nearly three-fold last year to 25,328 from 9,151 cases a year earlier as the global economic slowdown continued to take its toll on the city.

Paul Thurston, acting chairman of Hong Kong Association of Banks, said it was "too early to say" the number of bankruptcies in Hong Kong had peaked.

He said other factors, including the employment situation in Hong Kong, are likely to affect the number of bankruptcies.

Thurston said the slight improvement may not necessarily mean an actual improvement in bankruptcy conditions.

He said he believes that the rise in the number of bankruptcies in 2002 from 2001 would have led to higher bad debt among banks.

France Telecom to shed 7,500 jobs this year

AFP, Paris

France Telecom is to cut 7,500 jobs in France, chief Thierry Breton said Friday, sending a strong signal for the second time in two days that the right-wing government is ready to hew to hard market realities despite growing social tensions.

Shortly after Breton announced the job cuts, union sources said that the heavily indebted company, in which the state has a 56.4-per cent stake, would cut a total of 13,000 jobs throughout the world this year, including the 7,500 job cuts in France.

The right-wing government, which is committed to market-orientated reform of the economy, is having to help the company to dig itself out of a debt mountain left by the telecom and Internet bubble.

Doha round of trade talks risks gridlock: WTO chief

AFP, Tokyo

The Doha round of multilateral trade negotiations risks imminent gridlock and the loss of credibility without the political will of participants at this weekend's informal World Trade Organization meeting to avoid it, the head of the Geneva-based body said here Friday.

"We are facing imminent gridlock. Only tightly-focused political energy can avoid it," WTO director general Supachai Panitchpakdi said.

His comments came in a working dinner for ministers representing 22 WTO member countries and regions at the start of the three-day "mini-ministerial" meeting hosted by Japan.

In a hard-hitting speech, a copy of which was obtained by AFP, Supachai spelled out the key dead-

lines facing trade negotiators as well as those that have already passed without reaching agreement.

He highlighted the failure to meet a December 2002 deadline for agreeing access to cheap generic drugs for countries too poor to manufacture their own, and the lack of agreement on "special and differential treatment" for developing nations before the WTO.

"Failure to make real progress on them has deepened suspicions among developing countries that the 'Development' part of the Doha Development Agenda may be little more than a slogan," Supachai said.

Unless these issues are resolved, support for the Doha round by leaders of developing nations will become increasingly hard to maintain, he warned.

Another problem overshadowing

progress over the Doha Round was the demand by developing countries for the agreements reached under the preceding Uruguay Round to be implemented by developed nations, the WTO chief said.

"To reach closure, we will also need frankness and political courage from the governments involved," he told the ministers.

Turning to agriculture, which is proving one of the thorniest problems at the WTO in agreeing the framework for negotiations, Supachai warned: "We must meet the 31 March deadline or risk a serious blow to the momentum and the credibility of the negotiating agenda overall."

Supachai mentioned the draft proposal on the negotiating guidelines for agriculture tabled in Geneva on Wednesday by Hong

Kong's ambassador to the WTO Stuart Harbinson which has been greeted with almost universal condemnation.

"I know it will meet a barrage of criticism ... But for the present it is the only tool we have to advance the negotiations. I urge you to accept it with as many reservations as you like," Supachai said.

Without effective political guidance, ministers risk "an even more difficult time at Cancun," in Mexico when all 145 WTO members meet for a mid-term review of the Doha Round in September, Supachai said.

At talks in the Qatari capital Doha in November 2001, negotiators were instructed to complete the trade round by the end of 2004, in time for formal adoption by the WTO in 2005.

Farm bodies reject WTO draft

AFP, Tokyo

Representatives of agricultural organisations from nine countries on Friday unleashed a barrage of criticism against a draft framework for agricultural trade proposed by the World Trade Organisation (WTO).

Ahead of the three-day informal WTO meeting starting later Friday in Tokyo, the WTO on Wednesday tabled its proposal drawn up by the chairman of the WTO's agriculture negotiations, the Hong Kong ambassador Stuart Harbinson.

The draft calls for both export subsidies and import tariffs to be slashed, according to trade sources and a summary issued by the Japanese farm ministry.

"The Harbinson paper goes far beyond what European farmers can accept," said Knud Vest, vice-president of the General Committee for Agricultural Co-operation in the European Union (COGECA), the umbrella group for European agricultural cooperative organisations.

He was speaking at a press conference following a rally by the

farming organisations organised by Japan's Central Union of Agricultural Cooperatives, which was attended by around 2,000 people according to media estimates.

The leaders of farming unions from Asia, Europe and North America were meeting hours before the WTO meeting of 22 member countries and regions opened with a working dinner.

"If this plan stays as it is, it will be a crime entailing the disappearance of hundreds of thousands of farms without guaranteeing the revenue of those which survive," warned Bernard Layre, the vice-president of the French young farmers' association CNJA.

Representatives from the United States and Canada, countries regarded as supporting the liberalisation of agricultural trade, added their voice to the chorus of condemnation.

The president of the National Farmers Union in the United States, Robert Carlson, said promises of the benefits of free trade made to farmers had "turned out to be mani-

festly false."

He said the latest proposal was "the same old song and I don't think US farmers would dance to it anymore."

The president of the Canadian Federation of Agriculture, Robert Friese, said the Harbinson proposal "continues to build on the inequities resulting from the Uruguay Round," of trade negotiations.

The latest round, which kicked off in the Qatari capital Doha in November 2001 "should be about eliminating the inequities built into it," he said.

Agriculture is the key element of the Doha Round, and an agreement on the framework for negotiations is supposed to be reached by March 31.

In a joint statement, the 13 organisations from Canada, the EU, France, Indonesia, Japan, the Philippines, Sri Lanka, South Korea, Taiwan, and the United States said any WTO accord "must yield positive results for farmers around the world."

Greenspan says economy to shrug off Iraq crisis, doubts on Bush plan

AFP, Washington

Federal Reserve Chairman Alan Greenspan said Tuesday the sluggish US economy will likely rebound when Iraq war fears are dispelled, but he also appeared to shoot holes in President George W. Bush's recovery plan.

Escalating "geopolitical risks" -- particularly war worries -- obscured the economic path ahead, the powerful Federal Reserve chief told the Senate banking, housing and urban affairs committee.

"There seems to be a fairly significant, almost inexorable, endeavor on the part of the economy to move forward. But it is being held back by this set of forces," he told the Senate panel.

Bush's budget proposal, sent to Congress last week, includes a 10-year, 674-billion-dollar tax cut package to stimulate the economy, largely through abolishing double-taxation on dividends.

But Greenspan, presenting a twice-yearly report on the economy

forecasting growth of more than three per cent this year, cast doubt on the need for any stimulus at all.

"Unless and until we can make a judgment as to whether in fact there is underlying deterioration going on -- my own judgment is I suspect not -- then stimulus is premature," Greenspan said.

And while he said he had always supported the end of double taxation on stock dividend payouts, Greenspan stressed the need to preserve government revenue and contain the budget deficit.

Shareholders now have to pay tax on stock dividend income, which comes from company profits that have already been taxed.

Critics say the scheme to abolish the taxes, worth more than 300 billion dollars over the 10 year period, favors the rich.

Greenspan said the end of double taxation on share dividends would add important flexibility to the economy.

But it would have been better if the tax breaks were channelled to

companies, rather than individuals, he said. Many analysts say this would have faster, deeper economic impact.

Greenspan, warning of an impending wave of demands on government coffers from retiring baby boomers, said the measure should be implemented as part of a package that left government revenues unchanged.

Bush's budget forecast record deficits of 304 billion dollars in fiscal 2003, which began October 1 of last year, and another 307 billion dollars in fiscal 2004.

"There is no question that as deficits go up, contrary to what some have said, it does affect long-term interest rates, it does have a negative impact on the economy, unless attended," Greenspan said.

The Federal Reserve Monetary Policy Report to Congress forecast US gross domestic product growth of 3.25 to 3.5 per cent in the last three months of 2003 when compared with the same period a year earlier, up from 2.8 per cent in 2002.

"Output has continued to expand, but only modestly," Greenspan told lawmakers.

Household spending had been boosted by people refinancing their homes with new mortgages at lower interest rates, Greenspan said.

But "while household spending has been vigorous, we have yet to see convincing signs of a rebound in business outlays."

A broad-based recovery in business investment -- the long-awaited but still missing ingredient of the US economic recovery -- depended on profits, cash flow and war worries.

"Indeed, the heightening of geopolitical tensions has only added to the marked uncertainties that have piled up over the past three years, creating formidable barriers to new investment and thus to a resumption of vigorous expansion of overall economic activity."



PHOTO: T-MART

Towheed Chowdhury, managing director of T-Mart International Ltd, sole agent of Jordana Color Cosmetics, USA, receives the first mini pavilion trophy from LGRD and Cooperatives Minister Abdul Mannan Bhuiyan at the closing ceremony of the Dhaka International Trade Fair 2003 recently. Commerce Minister Amir Khosru Mahmud Chowdhury was also present at the ceremony.

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