

Zoellick presses Congress for action on WTO cases

REUTERS, Washington

US Trade Representative Robert Zoellick warned Congress Wednesday that it must act quickly to avoid up to \$4 billion in European Union retaliation in a long-running trade spat over US tax breaks for exporters.

"I think it's important to move soon on this," Zoellick told members of the House of Representatives Ways and Means Committee. "The reality is we've lost this case four times (at the World Trade Organisation), including the appeals."

But members of the Ways and Means panel, which shares jurisdiction over both tax and trade issues with the Senate Finance Committee, showed little agreement on how to change US international tax law to comply with the WTO rulings.

Rep Charles Rangel of the New York, the panel's top Democrat, said a plan pushed by Ways and Means Chairman Bill Thomas, a California Republican, would further damage the US industrial sector, which has

already suffered heavy jobs losses in the face of increasing imports.

"We must adopt a bipartisan approach that will comply with the WTO rules and be supported by a majority in Congress," Rangel said, adding he planned to come forward soon with a proposal that would meet those criteria.

The tax breaks benefits some of the United States' largest corporations, including Boeing, Caterpillar and General Electric.

Zoellick's warning came as the European Commission, the EU's executive body, sent member states a final list of \$4 billion worth of goods that could be hit with retaliatory duties unless the United States changes its tax law.

A series of WTO panels have ruled the current tax breaks are illegal export subsidies under international trade rules.

Zoellick told the panel he thought the EU would wait a while longer before imposing any retaliation.

"We all know this is a tough problem," Zoellick said. But "if we don't find a solution, some of your

industries are going to start to face some of that \$4 billion retaliation."

The United States also has lost a string of other WTO cases in areas ranging from anti-dumping measures to copyright protections for Irish music.

Zoellick said it was important for the international trade, system that the United States comply with all of the rulings, even if that requires making painful political choices.

The status of all those WTO cases is expected to be high on the agenda EU Trade Commissioner Pascal Lamy is in Washington next week for meetings with Zoellick, other Bush administration officials and leading members of Congress.

But Lamy is also likely to face US pressure over the EU's continuing moratorium on biotech product approvals, which has cost US corn farmers hundreds of millions of dollars in lost sales to the economic community over the past four years.

On January 9, Zoellick told reporters he favoured bringing a WTO case challenging the EU's moratorium.

EU sets final \$4b sanctions list in US trade row

REUTERS, Brussels

The European Commission said Wednesday it had drawn up a final list of US goods which could suffer \$4.0 billion of sanctions in a trade row, but said it would hold off if Washington repealed its export tax break laws.

The row over the tax breaks, ruled illegal by the World Trade Organisation, has soured EU-US trade relations, which were also dealt a blow by a dispute over US steel tariffs.

"The EU's objective remains to ensure the repeal of this WTO-incompatible legislation," said European Trade Commissioner Pascal Lamy, who is to visit Washington next week.

He said he was encouraged by President George W Bush's proposal to repeal the law in his budget for 2004.

Taiwan approves settlement with Microsoft

AFP, Taipei

Taiwan's Fair Trade Commission (FTC) on Thursday accepted a settlement proposed by Microsoft Taiwan in one of the island's most eye-catching case of unfair trade allegations.

Microsoft Taiwan agreed to reduce its product prices by an average 26.7 per cent from levels in May 2002 -- when the commission started its probe into the software giant's pricing practices, the FTC said in a statement.

The Microsoft price cuts are expected to range from 13.2 to 54.5 per cent, it added.

The FTC hailed the price cuts offered by Microsoft, saying Microsoft has "has displayed huge goodwill" in the procedure.

In return, the FTC will discontinue its investigation into Microsoft's trading practices in Taiwan as soon as the five-year settlement contract becomes effective.



Aqua Paints Managing Director Ramzul Seraj speaks at a seminar that discusses use of paint in buildings on Wednesday in Dhaka. Housing and Public Works Secretary Aminur Rahman and architect Robiul Husian also spoke at the seminar, organised by Aqua Paints.

CURRENCY

The following is yesterday's forex trading statement by Standard Chartered Bank

Table with columns: Selling, Currency, Buying, TT Clean, OD Sight Doc, OD Transfer. Lists exchange rates for various currencies like USD, EUR, GBP, AUD, JPY, CHF, SEK, CAD, HKD, SGD, AED, SAR.

Exchange rates of some currencies against US dollar

Table with columns: Indian Rupee, Pak Rupee, Lankan Rupee, Thai Baht, Norwegian Kroner, NZ Dollar, Malaysian Ringgit.

Local Interbank FX Trading: The local interbank foreign exchange market was active on Thursday. US dollar got stronger against the taka due to greater demand for import payments of oil and fertiliser.

Local Money Market: Demand for call money was mostly steady yesterday. Call money rate rose slightly despite an improvement in liquidity conditions, as dollar's rise against taka prevented call rates from falling. At the close call money rate ranged between 9.50-10.00 per cent compared with 7.00-9.00 per cent previously.

International Market: The dollar fell to its lowest level in nearly six months versus the yen on Thursday, as fears of a US-led war against Iraq counteracted threats of Japanese intervention to stop the yen's rise. The potential economic impact of an US led war continues to put pressure on the dollar. Euro-dollar remained in tight range due to uncertainty against war. Sterling fell at the European open after British Prime Minister Tony Blair suffered a major revolt in his own party. Oil prices hit the highest point since the 1991 Gulf War, driving US stocks down. The market is keeping eye on data due in United States, including jobless claims, January durable goods data and new home sales for January.

At 1610 hours on Thursday, euro was at 1.0794/97, GBP at 1.5828/38 and yen

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Dollar dominance distorts world economy: Mahathir

AFP, Kuala Lumpur

The US dollar's dominance in global trade and transactions has distorted the world economy including that of the United States, Malaysian Prime Minister Mahathir Mohamad said Thursday.

"When you put too much value on a certain currency, it becomes very powerful and that currency works against us," Mahathir was quoted as saying by the Bernama news agency.

There should be an option to use either the dollar, euro, yen or even gold for these transactions to safeguard countries from the dangers of currency manipulation, he said.

"We keep reserves in US dollars and that is of course to the benefit of the United States."

He added the US always had a deficit even though "for 10 years it was growing at a tremendous rate".

During the same period, Japan, which made a lot of money, saved a lot of money and had huge reserves was said to be doing badly.

The contradictions were simply because "we are giving value to the US dollar which it doesn't really have," he said.

Mahathir, who is also finance minister, said there was nothing to back the dollar other than the people's belief in the currency.

When the dollar had appreciated against Malaysia's ringgit during the 1997-1998 Asian financial crisis, Malaysia had suffered.

"So it is clear that if you use one currency alone to do all your business, you're exposing yourself to the dangers of manipulation. We

don't want that to happen.

"We should work out a strategy so as to make use of other currencies."

Mahathir, whose country is a net oil exporter, said oil should not be quoted only in dollars.

"Today oil prices have gone up but the dollar has come down, something that the people don't point out," he said.

The veteran Malaysian premier, who blames "greedy" currency traders for Asia's downfall in the crisis, last year proposed that the gold dinar be used for international trade to prevent a repeat of the currency crisis.

Mahathir said paper currency had no intrinsic value, making the exchange rate "arbitrary and subject to manipulation as we saw during the Asian financial crisis."

SHIPPING

Chittagong port

Berthing position and performance of vessels as on 27/2/2003

Table with columns: Berth No, Name of vessels, Cargo, L Port call, Local agent, Date of arrival, Leaving, Import disc. Lists vessels like Inwa, Ocean Reyana, Ocean Pride, Prospects, Taraman Bibi, Al Muztuba, Banglar Mamata, White Toba, Jon Jin, Alexis, QC Dignity, St. Irene, Banga Biraj, Eagle Strength.

Vessels due at outer anchorage Date: 27/2/2003

Table with columns: Name of vessels, Date of arrival, L Port call, Local agent, Cargo, Loading port. Lists vessels like Kota Singa, QC Lark, Banglar Moni, May, Kota Cahaya, Jaami, Sailor-1, Xpress Manaslu, Orient Freedom, Andhika Puspta, Pearl of Bahrain, Haneburg, Asimont, Tug Britoil-8, Dredger HD-5.

Tanker due

Table with columns: Name of vessels, Date of arrival, Local agent, Cargo. Lists Belguardian, Kuwa, MSTPL, HSD.

Vessels at Kutubdia

Table with columns: Name of vessels, Cargo, Last Port call, Local agent, Date of arrival. Lists Outside Port Limit, Micyln Moon, Smit Luzon, Smit Boreno, Sea Panther, Barge S-657, Dea Captain.

Vessels at outer anchorage

Vessels ready

Table with columns: Name of vessels, Cargo, Last Port call, Local agent, Date of arrival. Lists Katerina-K, Banglar Jyoti, Banga Bodor, Pathien, Asia Crusader.

Vessels not ready

Table with columns: Name of vessels, Cargo, Last Port call, Local agent, Date of arrival. Lists Banglar Maya, Alethini, Tulip, Coral Ace, Teal.

The above are shipping position and performance of vessels at Chittagong Port as per berthing sheet of CPA supplied by HRC Group, Dhaka.

STOCK