# WTO members divided over industrial tariffs

**AFP,** *Geneva*

A divide between industrialised and developing countries emerged this week at WTO talks aimed at cutting tariffs on non-agricultural goods as diplomats face another key deadline.

Poorer members of the World Trade Organisation (WTO) resisted the high ambitions of developed countries such as the United States, New Zealand and Australia, over the pace and extent of opening market access on industrial products, trade sources said.

The talks' Swiss chairman, Pierre-Louis Girard plans to distribute in mid-May an initial draft outline of parameters for the negotiations on market access for industrial goods.

Diplomats face an end-of-May self-imposed deadline for agreeing the so-called modalities for the negotiations, part of the wider Doha round of talks to further liberalise world trade.

Unlike in agriculture, the talks on non-agricultural goods have produced movement between the WTO's membership and prompted a number of proposals.

Success in reaching next month's deadline is all the more important since the Geneva-based global trade body has already missed three key targets.

Diplomats have failed to keep to deadlines for agreeing modalities for the farming talks, special treatment for poorer members and ensuring access for the poor to medicines.

Nigeria, on behalf of several African and Asian countries, this week underscored that trade ministers in Doha, Qatar, in November 2001 agreed the principle of "less than full reciprocity in reduction commitments" regarding tariffs between industrialised and developing countries.

Developing countries will have difficulty accepting the elimination of all tariffs as the objective of the negotiations "even in an extended timeframe", the countries said in a joint document.

Tariffs are an "instrument of domestic industrial policy" and revenue from customs tariffs represents a significant share of their overall revenue, it added.

"Alternative forms of taxation will take long periods of time to become available and supplement and replace the loss of customs revenue," it said.

Developing countries also need flexibility in working out the level of reductions for certain sensitive products such as textiles, they said.

"Tariffs are a tool for developing countries, maybe the only tool, and if we take them away there won't be any protection left for us," Malaysia's representative told negotiators here this week.

Japan came in for criticism by some countries who accused it of trying to exclude from the negotiations key sectors such as fishing and forestry.

The United States, for its part, presented a study underlining the benefits of tariff liberalisation for developing countries while leaving them long transition periods until 2015.

"Tariff regimes are neither an equitable nor economically efficient means for developing countries to raise revenues, since tariffs tend to distort resource allocation and shift the tax burden to the poorest segments of the economy," the US said in a statement.

Washington called for "the option of total elimination of tariffs to be kept alive" in the end-of-May text.

PHOTO: NATIONAL BANK

**MA Mazid Khan, managing director of National Bank Limited, delivers his inaugural speech at a conference of the bank's managers of Dhaka city and its adjacent branches in Dhaka on Tuesday. Mustaque Ahmed and Anwar Imam, deputy managing directors, and senior executives of the bank were also present.**

## Samsung profits dive 40pc

**AFP,** *Seoul*

The world's leading memory chipmaker Samsung Electronics said Friday its net profit in the first quarter dived 40.5 per cent after a decline in chip prices.

The company recorded a net profit of 1.13 trillion won (942 million dollars) in the three months to March, down from 1.9 trillion won in the same period last year.

"Falls in memory chip prices and weaker domestic demand for telecoms network equipment were the main factors behind the weaker results," the company said.

## Stocks battle back, oil climbs on output talks

**AFP,** *London*

Stocks markets in New York and Europe edged higher Thursday as investors pored over the latest company results, while oil prices rose as Iran called for an OPEC production cut when the cartel meets next week.

But activity was winding down ahead of an extended holiday weekend which sees many major markets, including those in London and New York, closed on Friday.

US shares nosed higher in morning trading as investors digested a battery of profit results, including sparkling figures from Pepsi and Colgate.

The Dow Jones Industrial Average of the top 30 companies climbed 0.6 per cent to 8,303.3 points and the technology-laden Nasdaq index advanced 1.7 per cent to 1,418.1 points.

European stock markets shook off early losses to end higher, boosted by quarterly results from Finnish mobile telephone maker Nokia which were at the upper end of analyst forecasts.

The British FTSE 100 index ended up 0.9 per cent at 3,889.2 points, the German DAX 30 index added 2.6 per cent to 2,899.2 points in late deals and the French CAC 40 index firmed 0.1 per cent to close at 2,898.6 points.

Shares had fallen earlier in Asia, with Japan's Nikkei 225 index closing 0.7 per cent lower at 7,821.90 points and the Hang Seng index in Hong Kong slipping 1.1 per cent to 8,579.14 points.

Anxieties about stock markets as well as post-war prospects for the US economy in general also kept the dollar under pressure, though the US currency regained some poise as dealers squared positions ahead of the long weekend.

The single European currency traded at 1.0872 dollars against 1.0911 late on Wednesday in New York. At one point the euro rose to as high as 1.0972 dollars briefly.

The dollar slipped to 119.57 yen from 119.52 on Wednesday.

"Sentiment is turning sour against the dollar," said Will Rugg, analyst at Standard and Poor's MMS.

"The US stock market's collapse added to the pressure on the dollar," he said, referring to a fall in the value of US blue-chip shares on Wednesday.

Oil prices rose following Iran's call on fellow OPEC members for a cut in production by the cartel which meets next week, in an attempt to halt a price slide.

In London, reference Brent North Sea crude for June delivery rose 48 cents to 25.50 dollars a barrel in late deals.

New York's benchmark light sweet crude contract for May was up 46 cents to 29.64 dollars a barrel.

Earlier Thursday, Iranian Oil Minister Bijan Namdar Zanghaneh said that the Organisation of Petroleum Exporting Countries (OPEC) needed to reduce production in the second quarter of 2003.

## Weekly Currency Roundup

April 12 April 17, 2003

**Local FX Market**

US dollar became stronger and rose against Bangladeshi taka this week. It started weaker against taka. But it grew stronger by the end of the week because of higher import and outward remittances combined with short supply of dollar in the market.

**Money Market**

Bangladesh Bank borrowed BDT 5,345 million by the treasury bill auction held on Sunday, which was higher than the previous week. Weighted average yield of 28-D bill was up by 2 bps to 7.83 per cent and weighted average yield of 5-yr bill further decreased by 3 bps to 11.45 per cent respectively.

The call money rate was stable this week. It ranged between 7.75 and 8.25 per cent at the beginning of the week. The rate remained stable and ended the week unchanged at 7.75 and 8.25 per cent.

**International FX Market**

The dollar rose on in the beginning of the week after a surprisingly good set of US economic data and rose as high as $1.0694 per euro after the release of US retails sales data which showed a rise of 2.1 per cent in March, far more than 0.6 per cent expected. Against the yen, dollar rose by 0.70 per cent. But weak equity markets and dashed hopes for even stronger data and pulled the greenback off its peak. The market is currently looking at future data including US industrial production and consumer prices for March.

The euro gained on the dollar and hit two-month highs versus the yen on the middle of the week with worries over economic prospects in the US overshadowing any good news from New York's equity markets. Rising European stocks also underpinned the positive sentiment for the euro, which is benefiting from higher interest rates than the dollar as investors increasingly seek yield advantages. Data showed that US industrial production posted a worse than expected fall in March. Uncertainty about US economy has prompted market players to focus on interest rate differentials. The yen with short-term rates near zero is the least attractive, while the euro, the Australian dollar and the Canadian dollar are the main beneficiaries of such trade. Canadian dollar enjoyed an additional boost after the Bank of Canada lifted its rates by 25 bps on Tuesday.

US dollar fell to a one-month low against the euro and a two-week trough versus the yen on the end of the week as markets remained unconvinced about US economic health. Despite the release of strong housing starts and benign inflation data, worries over US economic prospects were not diminished and the currency remained vulnerable to economic fundamentals. US dollar fell to 119.71 yen against the Japanese currency and was down a quarter of a per cent against the euro at $1.0940. The greenback was also down versus the Canadian dollar, the Swiss franc and slightly weaker against the British pound.

At 1500 hours on Thursday, euro was at 1.0921/26, GBP at 1.5808/12 and yen at 119.25/30 against the dollar.

-- Standard Chartered Bank

## India clears 47 foreign investment proposals

**AFP,** *New Delhi*

India Thursday cleared 47 proposals of foreign investment worth 2.85 billion rupees (60 million dollars), including ones by Deutsche Post International and Singapore Computer Systems, a government spokesman said.

Germany's Deutsche Post International was allowed to invest 537.2 million rupees in transport, air freight and ocean freight forwarding in India, the spokesman said.

Singapore Computer Systems was given permission to increase its equity stake in an Indian joint venture by two per cent to 32 per cent with investments of 450 million rupees.

PHOTO: RUPAYAN REAL ESTATE

**Deen Mohammad, chairman of Rupayan Group, inaugurates Rupayan Shopping Complex in Dhaka recently. Rupayan Group Managing Director LA Mukul and other directors were present.**