

US to challenge EU policy on GM foods at WTO

AFP, Washington

The United States has decided to challenge the European Union's de facto moratorium on genetically modified foods in the World Trade Organization, senior administration sources said.

"We've been pushed against a wall here," a senior administration official told AFX News, a subsidiary of AFP, on condition of anonymity, adding that a case is expected to be filed by "mid-June" at the latest.

"Sooner is probably more likely," the official said. Officials are still debating the timing of filing the legal papers. At issue is whether to file the case before or after the upcoming Group of Eight summit in Evian, France.

Bush is set to travel to the southern French coast early next month for the annual gathering of the heads of state of Britain, Canada, France, Germany, Italy, Japan,

Russia and the United States.

Richard Mills, spokesman for US Trade Representative Robert Zoellick, whose office would lodge the complaint, declined to comment on the decision to go ahead with the case, saying simply "the EU's moratorium is illegal under WTO rules and needs to be lifted."

A group of EU countries including France has placed a moratorium on approving GMO imports, effectively halting the trade.

The United States contends that the ban, applied since 1999, harms its exports of maize, cotton and soya.

Washington has considered filing a case against the EU for several months, but delayed because of the war with Iraq, officials have said.

In January, Zoellick stunned reporters when he announced that he "personally" held "the view that we now need to bring a case" in the

WTO even though there was not an official government consensus on the matter.

Zoellick at that time was careful to note that a cabinet-level meeting hosted by the National Security Council still needed to take place before a decision could be made.

A formal meeting including the heads of the Agriculture, Commerce and State Departments is no longer necessary, an official said.

"There's been inter-agency consultation at that level but without a formal meeting," the official said, "the consensus is there."

Senate Finance Committee Chairman Charles Grassley, who has been a vocal proponent for filing a case, separately summoned a group of senior administration officials to his Capitol Hill office this week to press for filing a case.

EU Trade Commissioner Pascal Lamy has said in recent months

that if the United States did file a case, the EU would win.

"We would win a case like this," Lamy told reporters in Washington in March after meetings with US lawmakers and administration officials, including Zoellick.

And EU officials have suggested that there would be a consumer backlash against American goods resulting in boycotts of American food products.

The spat comes on the heels of strained US-EU relations over the war in Iraq and a separate trade dispute over tax breaks that benefit US exporters such as Boeing and Microsoft.

Earlier this week, the EU was authorized by the WTO to levy up to 4 billion dollars in sanctions against the United States for tax breaks given to US exporters that have been found to be illegal under the rules of the Geneva-based trade body.

Japan-Mexico free trade talks next week

AFP, Tokyo

Trade ministry officials from Japan and Mexico will hold talks next week as part of efforts to conclude a free trade accord later this year, an official said Friday.

The five-day meeting will begin on Monday in Mexico City, the official from Japan's Ministry of Economy, Trade and Industry said.

On Thursday, Ryuichiro Yamazaki, Japanese ambassador for international economic affairs, is scheduled to hold a separate one-day meeting with Angel Villalobos, vice minister of Mexico's economy ministry in charge of international commerce, the official said.

The upcoming talks will be the latest in a series of bilateral negotiations aimed at concluding a free trade pact by the end of this year.

"Our negotiations have so far been going very smoothly," the Japanese trade ministry official said. "We still hope that we want to conclude the negotiations this (northern) autumn."



PHOTO: UTTARA BANK

Shamsuddin Ahmed, managing director of Uttara Bank Limited, speaks at a workshop on Artha Rin Adalat Ain 2003, which was participated by the bank's panel lawyers, held in Dhaka on Tuesday. MA Halim, deputy managing director of the bank, was also present.

Weekly currency roundup

May 3-May 8, 2003

Local FX Market

US dollar became weaker against Bangladeshi taka this week. Increased inward remittances from expatriate Bangladeshis and exports were attributed to be the main reasons for the weakening of dollar against the Bangladeshi taka.

Money Market:

Bangladesh Bank borrowed BDT 2,426 million by the Treasury bill auction held on Sunday, which was much lower than the previous week. Weighted average yield of 28-D bill was up by 1 bps to 7.81 per cent. Weighted average yield of 5-yr bill also increased by 4 bps to 11.43 per cent.

The call money rate was volatile this week and ranged between 7.00 and 20.00 per cent. It ranged between 7.00 and 8.00 per cent at the beginning of the week. Huge outflow of funds due to auction of treasury bills and reverse repos created liquidity shortfall, which pushed the call money rate as high as 20 per cent by the middle of the week. Later the rates eased as the liquidity condition stabilized due to acceptance of repo bids.

International FX Market

Euro paused near four-year high against the dollar in holiday-thinned trading on the beginning of the week ahead of rate verdicts from key central banks this week, including the Federal Reserve and the European Central Bank. Euro stood at 133.42, having risen to four-year high of 133.78 on Friday. Euro edged higher against the Swiss franc to 1.5114 in early Europe. Economists are expecting the Fed to leave rates at four decade lows of 1.25 per cent when it meets on Tuesday, but poor data in recent weeks have fanned expectations it might concede there are risks to the economy.

Euro held on near the previous session's four-year highs against the US dollar in the middle of the week that were set after the Federal Reserve warned of risks to the US economy from falling inflation. The Fed left interest rates unchanged as expected at Tuesday's policy-setting meeting. The single currency surged to its highest level since January 1999 against the dollar on Tuesday. Euro rose as high as \$1.1453 against the dollar on Tuesday, setting a new 4-year high. Dollar also fell to a new four-year low against the Swiss franc and eight-week low against the yen on Tuesday. Later it pared some of those gains. Dollar was trading at \$1.1401 per euro, about half a cent up from Tuesday's 4-year low.

By the end of the week, Euro was trading more than a cent below the recent four-year peaks against the US dollar in nervous trade ahead of a European Central Bank meeting on Thursday. Speculation is rising that ECB may cut rates to spur growth in the region. Yen continued to keep recent gains against the euro and dollar. Euro fell more than 1.5 per cent against the yen on and was trading just below 132. A bounce in the yen has also raised speculation that Japanese monetary authorities could once more intervene to sell their currency. Sterling was also weak amid expectations of a rate cut.

At 1445 hours on Thursday, euro was at 1.1330/35, GBP at 1.65969/74 and yen at 116.35/38 against the dollar.

Standard Chartered Bank

German aid package for Thai small businesses

AFP, Berlin

Germany on Friday announced a 10-million-euro (11-million-dollar) program to encourage free enterprise in Thailand with aid to small businesses.

"The government will support Thailand in the coming years in preparing its small and mid-sized companies for competition in the global marketplace," the economic cooperation and development ministry said in a statement.

The initiative aims to boost product quality, encourage more ecological manufacturing methods and bring Thai products in line with international norms, the statement said.

Jordan, Iraq seek ways to bolster trade

AFP, Amman

Jordanian Prime Minister Ali Abu Ragheb spoke Thursday with the visiting head of Iraq's chamber of commerce on ways of developing post-war trade ties with Baghdad, the official Petra news agency reported.

"The aim of my visit to Jordan is to relaunch bilateral commercial cooperation in line with the agreements that were signed in the past," Abed Fadili said after the meeting.

He said this was particularly important "in this new era during which we have huge ambitions," Petra added.

Fadili's visit comes as Jordan announced this week a series of measures to facilitate the entry of Iraqi merchants and businessmen in a bid to restore trade ties frozen during the war on neighbouring Iraq.

"It is time to expand this cooperation," Petra quoted Fadili as saying.

Abu Ragheb insisted that the private sectors in both Iraq and Jordan had a key role to play to reinforce trade relations, which he said were "historic and solid."

Jordan sold goods worth some seven million dollars to Iraq over the past two weeks, Trade and Industry Minister Salah Bashir said Monday. This included medicine, satellite dishes, food products, cigarettes, stationary and electrical supplies.

IMF sees limited SARS impact

AFP, Washington

The SARS virus will likely have a limited global economic impact if it is contained soon, the International Monetary Fund said Thursday.

"It is difficult to estimate the economic impact of SARS, given the uncertainty of extent and duration," IMF spokesman Thomas Dawson told a news conference.

"However, if the disease is contained soon, the macroeconomic impact in Asia should be manageable given the robustness of the economies in the region, and the impact on the global economy should therefore be limited."

Dawson defined containment of SARS soon as a further downward trend in new SARS incidents over the next few months.

"The indications are that the trend is quite favorable," he said.

Severe Acute Respiratory

Syndrome has now claimed more than 500 lives and infected more than 7,000 people in about 30

countries.

"We are monitoring disease," Dawson said.

"It has caused some disruption of economic activity in several economies mainly in Asia," he said.

Tourism-related industries and retailers have been devastated in many areas of Asia. Airlines worldwide have cut domestic and international services in the region.

The 10-member Association of Southeast Asian Nations (ASEAN) and China have agreed to screen travellers entering and leaving their countries, to set up an international SARS hotline and to pool research.

The IMF welcomed those steps, Dawson said.

"We especially welcome the commitment made by the Chinese authorities to tackle the outbreak in China and to work closely with the international community and especially the WHO (World Health Organization).

The IMF spokesman expressed "deep sympathy" over SARS deaths.



PHOTO: DCCI

AM Mubash-Shar (sitting middle), director of The Dhaka Chamber of Commerce and Industry (DCCI), and participants of a training course titled 'Marketing is Everything' pose for a photograph at the closing ceremony of the course on Wednesday in Dhaka. The five-day course was organised by DCCI Business Institute.

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