

EU to seek single 'open skies' air pact with US

REUTERS, Luxembourg

The European Union agreed on Thursday to seek a single air-traffic rights deal with the United States, a move that could reshape the transatlantic air market and potentially pave the way for airline mega-mergers.

The EU, pushing for greater access to the world's biggest airline market, will try to replace existing national pacts that govern transatlantic routes with a single agree-

ment that would allow its carriers to fly to any US city and vice versa.

"This is an historic date," European Transport Commissioner Loyola de Palacio told a news conference after EU transport ministers handed her a mandate to seek an "open skies" -- style accord with the United States.

"We look forward to beginning negotiations with the commission," a spokesman for the US Department of Transportation said in Washington. "We will seek to build

on the foundation set in the open skies agreements we have concluded with 11 of the 15 European Union member states."

A Europe-wide open skies deal with the United States could transform business on the world's busiest flight paths. The EU-US air market accounts for 40 per cent of global aviation.

Under such a deal, airlines from any country in the EU -- a bloc which will expand to 25 member states next May -- would be able to fly to

the United States from any neighboring EU country, a provision which is currently not allowed.

That has prevented European airline mergers as carriers have been wary of buying up competitors for fear they would not be entitled to the target carrier's flying rights.

Potential merger talks between British Airways and KLM over the past decade hit this snag. BA shares ended 3.5 per cent up at 155-14 pence in a weaker London market.



PHOTO: SHAHJALAL BANK
Chairman of Shahjalal Bank Limited Sajjatuz Jumma speaks at the inaugural ceremony of a training course on 'International Trade and Foreign Exchange' organised by the bank at its foreign exchange branch on Wednesday. Among others, Vice-chairman of the bank's Policy Committee Syed Nurul Arefeen, Adviser Ashfaq U Chowdhury and Managing Director Matin Uddin Ahmed were present.



PHOTO: CITYCELL
Rezwanul Ahsan, deputy managing director of Superior Builders and Engineers Limited (SBEL), and Farhad Alam, AVP (Corporate Sales) of Pacific Bangladesh Telecom Limited, exchange documents after signing an agreement in Dhaka recently. Under the deal, SBEL has become a corporate client of CityCell Digital.



PHOTO: CITY BANK
Yusuf Haroon Abedi, general manager of Bangladesh Bank, Sylhet, inaugurates the renovated Bandar Bazar branch of the City Bank Limited in Sylhet recently. Managing Director of the bank Abbas Uddin Ahmed was also present.



PHOTO: ONE BANK
Syed Nurul Amin, managing director and high officials of ONE Bank Limited, Barrister Moniruzzaman Khan and other resource persons are seen at a workshop on Money Loan Court Act-2003, organised by the bank in Dhaka recently.

Superior Builders becomes CityCell's corporate client

Superior Builders and Engineers Limited (SBEL) has signed a corporate agreement with Pacific Bangladesh Telecom Limited (PBT) to avail itself of exclusive service of CityCell Digital, says a press release.

Rezwanul Ahsan, deputy managing director of SBEL, and Farhad Alam, AVP (Corporate Sales) of PBT, signed the agreement on behalf of their organisations.

Pinaki Purkayastha, sales engineer of SBEL, and Sharif Shah Jamal Raj, senior executive of PBT, were also present at the signing ceremony.

SBEL is a sister concern of Superior Group.

Saudi Arabia closes gas talks with Exxon

REUTERS, Dubai

Saudi Arabia told Exxon Mobil on Thursday that it had closed talks on a \$15-billion gas project, the biggest Saudi energy opening in nearly 30 years, oil company and Saudi sources said.

Saudi Oil Minister Ali al-Naimi sent notice in a letter to Exxon and fellow consortium members ending negotiations to develop gas in the South Ghawar field, the best Saudi upstream opportunity since oil nationalisation in the 1970s.

Africa to challenge US farm subsidy

AFP, Nairobi

Africa will send a united team of ministers to the World Trade Organisation (WTO) negotiations in Mexico in September to fight the widely-derided US farm subsidy policy, Kenyan Planning Minister Anyang Nyong'o said Thursday.

"All planning, trade and finance ministers from Africa have agreed to go to the WTO talks in Mexico united with a common agenda," Nyong'o told AFP in Nairobi.

"We will try to fight the US policy that allows the government to subsidise its commercial farmers, thus drowning African commodities in world market," Nyong'o said told journalists at the fringe of Japan-sponsored talks on developing eastern and northern Africa.

Cheap agricultural products, often subsidised by the West, have been blamed for swamping the world markets and pushing expensive African commodities to the edges.

But Nyong'o said that French President Jacques Chirac had undersigned his support for the world's poorest continent in its efforts to level the trading arena.

"Chirac has assured us that the

European Union (EU) wants Africa to be given a chance to develop," he added, explaining that African ministers who this week met in Ethiopian capital Addis Ababa for the African Development Bank (AfDB) meeting agreed to work together.

Citing the recent failure of a meeting of a group of the world's most powerful economies in the French Alps, to balance the international agri-trade, Nyong'o said: "There is no point of sulking when the G8 fails to conclusively address African problems, it's time we take positions and argue our case."

In the build-up to the G8 summit, slashing farm subsidies in order to give African goods a fair competitive chance, was among the key demands by poor nations and aid agencies, notably Oxfam.

On Monday, Bangladesh Commerce Minister Amir Khosru Mahmud Chowdhury revealed that the world's Least Developed Countries (LDCs), some in Africa, had agreed to face the September 10-14 WTO conference in the Mexican resort of Cancun, with a single agenda.

Weekly Currency Roundup

May 31- June 5, 2003

Local FX Market

BDT came under pressure at the beginning of the week after the BDT was freely floated in the market. But BDT regained strength against USD at the end of the week due to increased supply. This is to be mentioned that Bangladesh Bank floated BDT with effect from May 31, 2003 and unlike LKR or INR, BDT was overall steady against USD.

Money Market

Bangladesh bank borrowed BDT 3,050.00 million by the Treasury bill auction held on Sunday, which was half of the volume of T-Bill accepted previous week.

The call money rate was around 21-23 per cent at the beginning of the week, but came down to 12-15 per cent at the end of the week. Weekly high was 30-34 per cent on Tuesday due to higher demand for overnight borrowing.

International FX Market

In the beginning of the week, dollar strengthened against euro and yen supported by a positive outlook on US stock market and news that G8 meeting would discuss currencies. Dollar's rise was also attributed to US President's re-affirmation of their support for strong dollar policy.

Dollar lost ground against the Japanese yen by the middle of the week as dealers were skeptical about US President's comment that USA supported a strong dollar policy. Japanese Finance Minister supported Bush's comment and said that strong dollar policy was appropriate for USA. Meanwhile, trading in euro was cautious ahead of the ECB policy meeting on Thursday. The market expected a rate cut by European Central Bank in the range of 25 to 50 basis point.

Later in the week, EUR/USD fell below the 1.1840 base, and looks like heading for 1.1600 before the long-anticipated ECB rate cut. There is no real incentive to sell further until the market sees what the ECB actually does. Market still feels that the ECB will settle for a 25 basis cut, and will keep the damage to the major currencies to a minimum.

After the ECB action, market should see real action, and that may come from lower levels. The British pound rose against the euro and dollar in expectations the Bank of England will keep its main interest rate unchanged. Economists expect the BOE to keep its key lending rate at 3.75 per cent preserving the premium investors receive when buying pound-denominated deposits.

The pound may strengthen if the BOE doesn't cut rates and the ECB does. USD/JPY did not indeed preclude further decline to 118.40 this week, which is now serving as de facto support for the unit. If the currency holds the current support, then a run-up to just under 120.00 may happen in the coming week. Swiss franc weakened against dollar by 1.72 per cent at the end of the week and market expects Swiss franc to weaken further up to 1.35 per cent from which Swiss franc will regain its strength and drive dollar down.

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