

US calls on EU to use farm deal for WTO negotiations

REUTERS, Washington

The United States welcomed a new European Union farm reform package on Thursday but called on Brussels to follow it with new negotiating proposals in World Trade Organization agricultural talks.

"The next critical step is for the EU to promptly translate yesterday's decision into meaningful WTO proposals," US Trade Representative Robert Zoellick and Agriculture Secretary Ann Veneman said in a joint statement.

They also expressed hope that last-minute compromises to strike

the farm deal did not effect "the EU's ability to contribute to global reform in agriculture."

The EU farm package "could be a useful impetus to the WTO negotiations" if the EU makes ambitious proposals for reducing trade-distorting domestic support, cutting agricultural tariffs and eliminating export subsidies, Zoellick and Veneman said.

Senior US lawmakers said the EU reforms might not be enough to move WTO negotiations forward. "I am still reviewing the details, but this plan clearly does not appear to go as far as it should" said Sen. Max

Baucus, a Montana Democrat.

The EU has been on the defensive in WTO farm negotiations, with the United States and most other countries proposing deeper cuts in farm subsidies and tariffs.

EU governments, including early anti-reformer France, hailed the deal reached on Thursday in Luxembourg as one of the most comprehensive shake-ups of the hugely expensive 45-year-old Common Agricultural Policy.

EU Trade Commissioner Pascal Lamy told a US business group in Washington the reforms would give the EU new flexibility in WTO talks if

the United States and other trading partners put their own farm programmes on the table.

"The farm bill cannot go untouched," Lamy said, referring to legislation signed last year by US President George W Bush that boosted US crop and dairy subsidy payments by \$57.1 billion over six years, or 67 per cent.

Senate Finance Committee Chairman Charles Grassley, an Iowa Republican, said: "The United States has been, and remains, ready to negotiate real agricultural reforms at the WTO."



PHOTO: UTTARA BANK

Shamsuddin Ahmed, managing director of Uttara Bank Limited, inaugurates the new premises of a branch of the bank in Kurigram recently. Regional Head of Bogra Zone MA Hamid was also present.

EU bans some Filipino fisheries exports

AFP, Manila

The European Union has banned certain fishery exports from the Philippines due to suspicion of harmful chemical residues, the agriculture department said Friday.

Manila was told the ban would be in place from July 3 as the European Commission determines if there are residues of chloropenical or antibiotic substances in the Philippine exports, fisheries bureau director Malcolm Soriano said in a statement.

"Hopefully, we will see the lifting of the suspension of our

aquaculture exports to the EU by end of July."

The commission wants to determine if the Philippines has a monitoring system to determine the existence of harmful substances in certain marine exports, including prawns and milkfish, Sarmiento said.

The commission has asked for a monitoring report and documents from the Philippine government, which were submitted to the Brussels-based commission on June 16 for evaluation by a technical committee, he said.

Strong US demand needed to power S'pore economy

AFP, Singapore

Singapore's export-reliant economy needs stronger demand from the US technology sector to power growth in the second half of this year, a government minister said Friday.

Senior Minister of State for Trade and Industry Tharman Shanmugaratnam said the city-state's economy should see marginal growth in the September quarter before picking up speed in the fourth quarter.

Most private sector analysts are forecasting a contraction in the three months to June largely due to the impact of Severe Acute Respiratory Syndrome (SARS) on the tourism sector.

Industrial output for May also declined more than expected due to a continuing slump in demand for key electronics exports, particularly from the United States, a major market for Asia.

"We're not expecting the second half to be one of robust growth," Tharman told reporters on the sidelines of the launch of a new tourism project.

"I think we'll see positive growth in the third quarter, probably not very strong, hoping for a sharper takeoff in the fourth quarter but it depends a lot on what happens in the (United) States.

"We need more lift from the American technology sector basically."

Third HK airline spreads wings

AFP, Hong Kong

Hong Kong has granted a third airline, CR Airways, a licence to operate flights to short-range regional cities, the company said Friday.

The fledgling airline will also introduce shortly its charter flight services from Hong Kong to mainland China and southeast Asian destinations, she said.

The chartered services will cater for business conferences, group tours and even wedding parties, as well as serving as a bridge for the promotion of economic cooperation and trade between Hong Kong and China.

The first aircraft to be commissioned is a 50-seat Canadian Bombardier CRJ-200 regional jet.

"(The) development of secondary routes both inside and outside China has a promising future and employing small carriers to ply such routes can better serve the market needs and promote economic and trade cooperation between destinations served," CR Airways chairman Robert Yip said.

"Operating the secondary routes has tremendous market potentials," he said.

Yip said the airline will introduce scheduled passenger flights in the next eight to 10 months.

The airline is planning to develop secondary Chinese cities where there were no scheduled direct flights, such as Wenzhou in Zhejiang, Nanning in Guangxi, Jinan in Shandong and Meixian in Guangdong.

Weekly Currency Roundup

June 21-June 26, 2003

Local FX Market

US dollar remained steady against Bangladeshi taka in the local interbank forex market this week. Matched demand and supply was attributed to be the main reason for the stability in the exchange rate.

Money Market:

Bangladesh Bank borrowed BDT 8,076 million by the Treasury bill auction held on Sunday, compared with BDT 9,356 million in the previous bid. The rates fell slightly for all of the different tenors.

The call money rate showed a downward trend throughout the week. The rate ranged between 4.50 and 7.50 per cent on the beginning of the week. But it continuously eased throughout the week as liquidity of the market was improved and ended the week at 2.50-3.00 per cent.

International FX Market

The dollar extended its recovery in the beginning of the week, climbing to its highest in a month against the euro as the market expected the US Federal Reserve to trim rates this week and awaited its assessment of the economy. The Fed was to start its two-day meeting on Tuesday and was expected to cut rates by up to 50 basis points on Wednesday. The dollar had risen to \$1.1526, having re-tested a record low of \$1.1930 only a week ago. The euro also dipped to 136.07 yen, its lowest since mid-May.

Dollar remained steady near the five-week high against the euro as the market waited for the rate cut decision by US Federal Reserve. Analysts are also looking for indications of an easing bias by Federal Reserve. Both Dow Jones and Nasdaq, US stock indices, fell on Tuesday. Japan's Ministry of Finance declined to comment whether the monetary authorities had intervened in the market after the dollar rose about half a yen in a matter of minutes in the European session, sparking talk of official involvement.

The dollar extended modest gains on the euro and hit a seven-week high on the Swiss franc on Thursday after the Federal Reserve took a cautious quarter point cut in interest rates in a bid to help the world's largest economy. Fed cut its benchmark rate to a four-decade low of one per cent. Greenback edged up in New York after the decision. It gained further ground in Thursday's European morning session. Yen was capped by renewed fears of intervention after suspecting that Japanese authorities yen selling on Wednesday.

At 1600 hours on Thursday, euro was at 1.1482/85, GBPO at 1.6634/39 and yen at 118.67/77 against the dollar.

-- Standard Chartered Bank

Eastern Europe in a race to cut corporate tax burden

AFP, Prague

Eastern European countries are jockeying to cut corporate tax rates in a race to draw in as much foreign capital as possible before joining the European Union next year.

Slovakia was first out of the blocks with its ruling coalition of Christian-Democrats and Liberals deciding at the beginning of June to cut the corporate tax rate to 19 per cent from 25 per cent as of 2004.

But last week, Poland's ruling social democrats decided not to be left behind, announcing corporate taxes would also be chopped down to 19 per cent from 27 per cent.

At the beginning of this week, the center-left Czech government decided to play catch-up by making plans to cut business taxes to 24 per cent from 31 per cent by 2006.

Parliaments in the three countries have yet to ratify the cuts.

Czech finance ministry officials confess that the decision to trim the corporate tax rate was in part motivated by the Slovak plan.



PHOTO: SOUTHEAST BANK

Officials of Agrani Bank, Southeast Bank Limited and Eunoos Trade Centre sign a tripartite agreement at the Southeast Bank head office in Dhaka recently. The deal has been made in connection with the purchase of 23403sft office space along with 15 car parking space at Eunoos Trade Centre in Dilkusha Commercial Area by Southeast Bank Limited with a view to setting up the bank's corporate branch.



PHOTO: CSE

Habibullah Khan, vice-president of Chittagong Stock Exchange (CSE), shakes hands with a participant while giving away certificate on the concluding day of a two-day training course on 'Company secretarial practice' organised jointly by the Institute of Chartered Secretaries and Managers of Bangladesh (ICSMB) and Chittagong Stock Exchange at CSE conference hall in Chittagong recently.

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