

EU countries to seek farm concessions at WTO talks

REUTERS, Brussels

European Union states will say next week they are better placed to seek concessions on agricultural trade at a key World Trade Organisation meeting in Mexico after reforming their own farm subsidy system.

A draft statement to be approved by EU foreign and trade ministers next Monday will set out the bloc's position before WTO talks in Cancun in September, which could determine whether negotiations to liberalise world

commerce end on time in 2004.

"The Community is now in a position to lead the way towards an ambitious outcome of the negotiations on agriculture, including the EU's offensive interests, and other objectives such as non-trade concerns," the draft said.

The EU has just negotiated an overhaul of its 40 billion euros a year farm policy, criticised by many countries for distorting world agriculture markets. The main thrust was to sever or reduce the link between subsidies and production levels, to avoid encour-

aging farm surpluses.

The draft statement said the EU would only offer concessions based on the farm reform in Cancun "on condition of equivalent concessions" from other WTO states.

The agriculture negotiations are seen as being the key to the success of the current Doha round of talks, which aims to bring down barriers to world trade in many areas, particularly farm goods markets. The European Commission, which negotiates trade pacts on behalf of the EU, has said the farm reform

has improved its leverage in the talks. It now wants efforts on farm trade from the United States, which has passed a bill to boost subsidies.

Another key aim of the Doha talks is to give poor, developing countries a bigger slice of world trade.

The EU draft also said the Cancun talks had to draw up guidelines for further talks on liberalising trade in industrial goods and progress on issues of importance for developing states.



PHOTO: RAHIMAFROOZ

Yahya A Zahed Khondker, CEO of Black & Decker household products' distributor Ultra Corporation, and Niaz Rahim, managing director of Rahimafrooz Superstores Ltd, jointly inaugurate the Black & Decker Corner at the Gulshan outlet of superstore Agora in Dhaka recently.



PHOTO: JAMUNA BANK LIMITED

Jamuna Bank Limited Senior Executive Vice-president K Shamshi Tabrez and Grameen Bank Deputy General Manager Md Shahjahan exchange documents after signing a MoU on quick fund transfer in Dhaka on Wednesday.

Stability Pact cannot be suspended, EC chief says

AFP, Brussels

The European Union's Stability and Growth Pact controlling state spending cannot be "frozen" nor "suspended", European Commission President Romano Prodi said Friday after French President Jacques Chirac called for a temporary softening of the pact earlier in the week.

"It cannot be frozen. It cannot be suspended," Prodi said in an interview with AFP's financial news subsidiary AFX News in which he also noted that the ultimate sanction for countries in breach of the rules is a fine.

On Monday, President Jacques Chirac fired up a long simmering debate on the pact, which sets tight limits on public spending for countries participating in the single currency, by calling on euro-zone finance ministers meeting to study temporary ways of easing its rules.

"Until the moment in which we have a new instrument of economic policy we cannot abolish the stability pact. It is the only instrument we have," added Prodi, who had caused controversy by criticising the framework underpinning the euro as "stupid" in an interview last year.



PHOTO: DCCI

MA Momen, director of the Dhaka Chamber of Commerce & Industry (DCCI), poses for a photograph with the participants of the workshop on 'How to Get Bank Loan by Women Entrepreneurs' at the certificate-awarding function in Dhaka on Sunday.



PHOTO: MERCANTILE BANK LTD

Md Abdul Jalil, chairman of Mercantile Bank Limited, speaks at the half-yearly managers' conference of the bank in Dhaka on Tuesday. SM Shakil Akhter, chairman of the Executive Committee, Lutfar Rahman Sarkar, chief advisor, M Taheruddin, managing director, M Nurul Islam, deputy managing director, and AKM Shahidul Haque, executive vice-president and company secretary, were present.

US recession officially over, recovery fragile

AFP, Washington

The US recession is over -- in fact it was over by the time it was declared -- but experts warn that it will take time for economic conditions to feel better, and that a weak global economy remains a risk.

The recession ended in November 2001 after eight months, an economic panel seen as the official arbiter of economic cycles said Thursday.

The National Bureau of Economic Research said it concluded that the economy is a "trough" in business activity in November 2001.

"The trough marks the end of the recession that began in March 2001 and the beginning of an expansion," the NBER said. "The recession lasted eight months, which is slightly less than average for recessions since World War II."

The NBER, the widely recognized arbiter of business cycles had for months declined to call an end to the recession that began in March 2001, saying it needed more evidence of a retrenched recovery.

Because of the time lag required to determine the business cycle, the recession was virtually over by the time it was officially declared on November 26, 2001.

Microsoft profit soars

AFP, Redmond, Washington

Microsoft Corp., showing no strains under a court-approved anti-monopoly regime, announced Thursday net profit shot up 26.0 per cent in the April-June quarter.

Billionaire Bill Gates' software titan said net profit leapt to 1.92 billion dollars or 18 cents a share, from the year-ago profit of 1.53 billion dollars or 14 cents a share in the three months.

Sales surged 11.2 per cent to 8.1 billion dollars in the period, which forms the last quarter of Microsoft's business year.

"In the fourth quarter, sales came in better than expected, reflecting solid corporate and consumer demand for our products," Microsoft chief financial officer John Connors said in a

statement.

"Going into the new year, we will continue to focus on providing better customer value, growing opportunities with small and medium businesses, increasing our enterprise penetration and improving performance in our emerging businesses."

Stripping out exceptional items, Microsoft said it earned 23 cents a share, just one cent lower than analysts' forecasts.

"It might be only the second time the company's ever missed the earnings target, but come on, a penny here, a penny there, the company is still rock-solid and generates tons of cash and it's the only company in the technology field with earnings visibility," said Sameer Bhasin, an analyst with Okumus Capital in New York.

Weekly currency roundup

July 12-July 17, 2003

Local FX Market

Market experienced adequate supply of dollar this week. There was not much volatility in dollar/taka rate in the local interbank forex market. In the middle of the week, demand for dollar rose slightly because of import related payment but it stabilized by the end of the week.

Money Market:

Bangladesh Bank borrowed BDT 16,795 million by the Treasury bill auction held on Sunday, compared with BDT 10,880 million in the previous bid. The weighted average yield of 28-D t-bill continued to fall and went to 6.67 per cent compared with 6.92 per cent last week. Yield of other t-bills also fell. Only the 2-Yt-bill rose to 10.68 per cent from 10.44 per cent.

The call money rate remained steady in the beginning of the week and ranged between 3.00 and 3.50 per cent. Market experienced adequate liquidity. The rate rose by the end of the week and ranged between 4.00 and 4.50 per cent.

International FX Market

In the beginning of the week, US dollar extended recent gains to two-month highs against the Euro and the Swiss Franc as investors anticipated upbeat US corporate earnings this week to buoy Wall Street further. US stock futures were indicating a firm start on Wall Street after major stock indices gained around one per cent on Friday, with the market in an optimistic mood for this week's US quarterly earnings and economic data. Investors are also keen to see what Federal Reserve Chairman Alan Greenspan has to say about the state of the economy when he testifies on Tuesday. The dollar moved in a tight range against the yen as optimism over Japan's recovery was countered by wariness Japan could step in to curb its currency strength.

The dollar rose to its highest in over two months against the Euro, Swiss franc and sterling in the middle of the week, extending gains after Federal Reserve Chairman Alan Greenspan delivered an upbeat message on US growth prospects. Strong earnings from Intel Corp, reported after the US Stock Exchange closed, also fired the dollar. The dollar also firmed against the yen as talk of yen selling by Japanese authorities triggered a wave of stop-loss dollar buying. This US dollar move viewed a result of position squaring, an improved global economic outlook and continued asset rotation from bonds to equities. The Swiss franc tumbled to its lowest since April 22, hovering near 1.3875. The GBP was hobbled by an unexpected reduction in interest rates by the Bank of England, hitting a 1-1/2 month low against the dollar. Surprise rate cut from the Bank of Canada sent its currency reeling to a two-month low against the dollar.

Dollar was caught in tight ranges against the Euro and yen in the end of the week, with the market looking to forthcoming US data and corporate earnings for fresh clues about of US economy. Second leg of Federal Reserve Chairman Alan Greenspan's congressional testimony failed to spark a clear trend, with analysts instead looking to results from Coca-Cola and General Motors. The dollar trading around at 118.30 yen and slightly above \$1.1225 per Euro. Euro climbed to 132.72 yen against the Japanese currency.

At 1430 hours on Thursday, Euro was at 1.1230/33, GBP at 1.5958/63 and yen at 118.23/29 against the dollar.

Standard Chartered Bank

STOCK