US has duty to cut farm subsidies: Oxfam

REUTERS, *Washington*

The United States has a moral duty to slash its farm subsidies even if developing countries do not reciprocate by opening their markets to more US farm goods, officials with a leading private sector development group said Thursday.

The United States is under pressure in world trade talks to reduce the billions of dollars in subsidies it pays to farmers each year. Leading US farm groups have vowed to fight such an agreement unless developing countries reduce their tariffs to allow in more agricultural imports.

Gawain Kripke, a senior policy advisor with Oxfam, said the United States had a greater responsibly to eliminate subsidies that depress prices for farmers in poor countries and make it harder for them to compete for export sales

"It doesn't work to demand that developing countries roll over on their agricultural sectors in order for the US to reduce its subsidies," Kripke told Reuters. "The US is sinning -- and so is the EU (European Union) -- by subsidising and dumping products on poor countries.

Also, in an era of $400 billion US budget deficits, farm subsidies "may be a luxury we can't afford," he said.

US farmers are expected to receive about $19 billion in government subsidies this year.

Phil Twyford, an advocacy director with Oxfam, said the group hoped a World Trade Organisation meeting next month in Cancun, Mexico, would focus attention "on the incredible unfairness of international trade rules."

The group will give WTO Director Supachai Panitchpakdi a petition with 3 million signatures demanding fairer treatment for farmers in developing world, Twyford said.

John Audley, director of the trade equity and development project at the Carnegie Endowment for International Peace, said the United States has a closed market for many products important to developing countries.

PHOTO: MOBIL JAMUNA LUBRICANTS

Officials of Mobil Jamuna Lubricants Ltd pose for a photograph at a ceremony to mark the launching of new pack of Mobil lubricant in Dhaka on Wednesday.

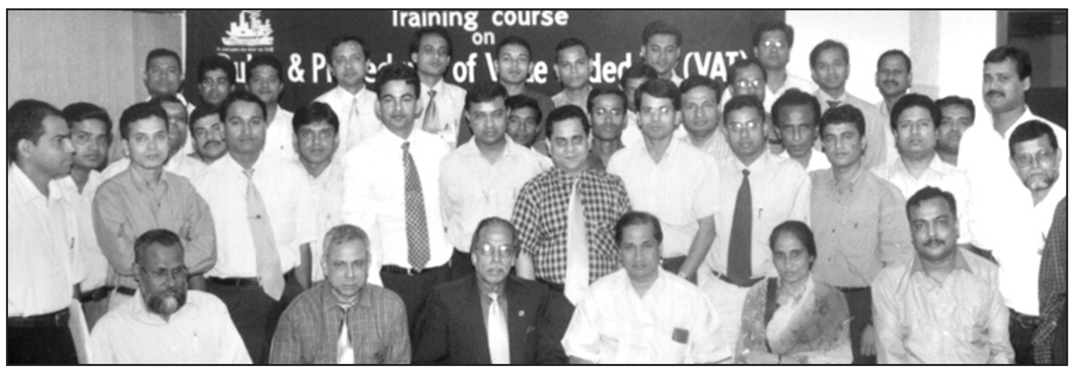

PHOTO: DCCI

DCCI Director AM Mubash-Shar poses for a photograph with the participants in the certificate awarding ceremony of a training course on Rules and Procedures of Value Added Tax (VAT) organised by DCCI Business Institute (DBI) in Dhaka on Wednesday.

China to promote bilateral relations with Myanmar

AFP, *Beijing*

China will promote bilateral relations with Myanmar to ensure stability and development even as sanctions are levelled against Yangon by the United States and other nations, state media reported Friday.

In a meeting Friday with Myanmar's Deputy Senior General Maung Aye, the junta's number-two leader, President Hu Jintao said China will work with Myanmar to enhance bilateral relations in line with the principle of "treating neighboring countries as friends and partners," Xinhua said.

China, one of the few countries to maintain diplomatic ties with Yangon, has repeatedly refused to apply pressure on its smaller neighbour to release democracy leader Aung San Suu Kyi, who was detained May 30 during clashes between her supporters and a junta-backed mob.

Beijing sees friendship with Myanmar as an important strategic asset, offering China its only direct access to the Indian Ocean.

IMF to close its office in Thailand

AFP, *Bangkok*

The International Monetary Fund (IMF) said Friday it would close its office here, a month after Thailand paid off its debt to the institution which provided a rescue package during the 1997-1998 economic crisis.

"This decision reflects a variety of factors, including the improved economic climate and the evolving nature of the IMF's relationship with Thailand," it said in a statement, adding it would close in mid-September.

The IMF said its officials would visit Thailand regularly to hold talks with the authorities, and that it was "confident that close ties and open discussions... will continue."

On July 31 Prime Minister Thaksin Shinawatra declared Thailand free of its debt to the IMF, after the final repayment of 60 billion baht (1.43 billion dollars) was made two years ahead of schedule.

European wealth to flow swiftly into Singapore

REUTERS, *Singapore*

The world's major private banks are beefing up operations in Singapore, anticipating that up to a trillion US dollars worth of offshore assets in Europe may be looking for a new home in the next couple of years. Changes in banking secrecy and tax laws due to take effect in the European Union from 2005 are expected to encourage offshore investors in traditional havens like Switzerland and Luxembourg to start moving their money to other centres.

Singapore, with its stable political system and excellent infrastructure, is seen getting a big share of this money.

"We have estimated that from Europe about a (US dollar) trillion plus could be highly movable without too much difficulty," said Roman Scott, vice-president at the Boston Consulting Group (BCG).

"Some of those guys are going to say; 'I need an offshore centre that's not going to be squeezed down.' All the European places are being squeezed. You can't go into the US, so you suddenly start to look at Asia as attractive," he said.

BCG, which uses $250,000 as the threshold to measure wealth, put assets in Europe of the wealthy at more than 10 trillion US dollars.

Already, Swiss giants UBS, UBSZn.VX and Credit Suisse CSGZn.VX have reinforced their presence in the city state. UBS earlier this year launched its wealth management centre while Credit Suisse last year set up its first global private banking office in Singapore, with a staff of 200 from 18 nations.

And SG Private Banking, the arm of banking group Societe Generale SOGN.PA, recently hired the former Southeast Asia head of Credit Suisse Private Banking, Pierre Baer, as a director in the city state specifically to win European business.

"The trend will fuel a very strong growth in our assets under management and also in Singapore as a financial centre," said Daniel Truchi, SG's Asia-Pacific Chief Executive Officer.

Truchi said inflows from Europe were partly responsible for the 30 per cent growth in SG's Asian (ex-Japan) assets as at end-June from a year earlier. He said the flows could total 10 to 15 per cent of its current asset base in 12-15 months and thereafter rise to 20-25 per cent.

SG ranks among the top 10 private banks in Asia and while it does not give out figures, an industry source estimates it manages assets of about seven billion US dollar in the region.

Scott of BCG estimates that Singapore and Hong Kong together hold about 500 billion dollars in offshore wealth, with Hong Kong having a bigger share but the territory could lose out to the city state because of investor's unease over Chinese control.

PHOTO: SEDF

SouthAsia Enterprise Development Facility (SEDF) General Manager Anil Sinha (R) and RECH Services Asia Ltd Country Representative Sarafat Chowdhury sign an agreement on satellite connectivity in Dhaka recently.

PHOTO: TRANSCOM ELECTRONICS

Obaidur Rahman Khan, executive director of Transcom Electronics Ltd, a concern of Transcom Group, inaugurates a two-day training workshop titled "Transcom Service Workshop 2003" for the company's technicians at Mohakhali in Dhaka on Thursday.

Weekly Currency Roundup

August 16 August 21, 2003

Local FX Market

The US dollar became slightly stronger against Bangladeshi taka in the beginning of the week. The greenback then became stable for the rest of the week due to matched demand and supply.

Money Market:

Bangladesh Bank borrowed BDT 11,930 million by the Treasury bill auction held on Sunday, compared with BDT 8,387 million in the previous week's bid. The weighted average yield of 28-D t-bill was down by 17 bps from the previous rate to 6.58 per cent. The yield of 5-Y t-bills also dropped by 20 bps to 10.00 per cent.

The call money rate was steady through out the week. In the beginning the week the rate ranged between 3.75 and 4.25 per cent. At the end the rate remained at 4.00-4.25 per cent.

International FX Market

In the beginning of the week, the dollar probed the upper end of this month's ranges against the Euro and Swiss franc as upbeat US economic data last week boosted optimism about the world's biggest economy. With little economic data scheduled during the session, the market was looking forward to US consumer confidence report from the University of Michigan on Tuesday, postponed from last week after power cuts in North America. The theme of recent weeks has been upbeat data from the US and downbeat data from the Euro zone. This, along with the shift out of bonds and into equities, appeared dollar positive. The dollar was slightly higher against the Japanese currency at 119.35 yen and up half a percent against the Swiss franc.

In the end of the week, the euro fell against the dollar and yen to its lowest levels since April, crashing through key chart points as investors sold on the view that the euro zone economy would be the slowest in the global recovery. The dollar drew strength from the single currency's fall, climbing one per cent on the day to 1.4047 Swiss francs, its highest for four months. But the general demand for yen kept it with striking distance of the previous session's one month low of 117.79 yen. Traders said pressure on the euro was coming largely from the yen, with selling of euro for yen were seen among those, who were expecting global upturn in recent weeks. The Nikkei stock index climbed to its highest for a year on Thursday while government data showed foreign investors poured funds into Japanese shares for the 18th straight week. Important data due in the markets include Philadelphia Federal Reserve Bank survey and weekly jobless claims data.

At 1500 hours on Thursday, euro was at 1.1003/8, GBP at 1.5851/55 and yen at 117.90/95 against dollar.

--Standard Chartered Bank

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