

G7 meets as US seeks to pressure Asian currency policies

AFP, Dubai

Finance ministers and central bank chiefs from the world's seven richest nations met here Saturday with the United States pushing for the group to step up pressure on Asian countries to change their currency policies.

Officials at the Group of Seven (G7) said that Washington, which is concerned undervalued Asian currencies are unfairly hurting the domestic economy, wanted the final communiqué of the meeting to call for exchange rate "flexibility" across the world.

Although Washington has stopped short of mentioning any specific country, the diplomatic wording would be seen as a clear message to Asian countries, in particular China, to allow their currencies to rise by adapting their forex systems.

US manufacturers argue that China's yuan -- which has been pegged to the dollar at around 8.3 for the past nine years -- is undervalued by 15 per cent and is unfairly eating away at US exports.

A US Treasury spokesman said that Treasury Secretary John Snow believed "it would be useful if the (final) communiqué expressed support for flexible exchange rates".

But the spokesman, Roger Nichols, said that Snow "does not intend to single out any country while he is here".

Another official close to the talks told AFP that it was "not excluded" that the communiqué would contain a reference to "exchange rate flexibility".

Snow comes to Dubai after visiting China earlier this month, where he failed to persuade Beijing to give ground on the issue, which has become a politically sensitive

topic in the United States in the light of its persistently high jobless rates.

However Washington should receive some support for its stance from Europe, which is worried that the euro could undergo a damaging surge when the US current account deficit causes the dollar to fall, if Asian countries do not let their currencies appreciate.

European Central Bank chief Wim Duisenberg has complained that a burden from a fall in the dollar is landing exclusively on the shoulders of the euro.

China, which is not a member of the elite G7 group (Britain, Canada, France, Germany, Italy, Japan and the United States), is by no means the only Asian country coming under pressure for its currency policies.

Several other Asian countries have currency pegs to the dollar and Japan is also in the sights of its

partners for intervening in the foreign exchange markets to curb the strength of the yen and boost the competitiveness of its own exports.

The G7 economic leaders will also be looking at ways to help the nascent global economic upturn, with the meeting taking place against a background of cautious optimism that the world economy could be back on track.

Earlier this week, the International Monetary Fund (IMF) gave a relatively upbeat assessment in its World Economic Outlook released here, but warned the upturn was fragile and remained exposed to numerous risks.

The IMF warned the twin US deficits -- budget and current account -- are among the gravest looming problems for the world economy.

IMF chief upbeat on global recovery but warns of risks

AFP, Dubai

IMF managing director Horst Koehler on Friday expressed guarded optimism about the state of the global economy, but highlighted looming risks that threaten the prospects for a sustained recovery.

"We meet at a time of rising optimism about the global recovery," Koehler told a news conference ahead of the International Monetary Fund's annual meeting here between September 23 and 24.

The IMF would discuss how best to "nurture" this recovery and help the global economy return to a period of sustainable growth after two years in the doldrums, he said.

But Koehler outlined two major risks that threaten to derail the nascent upturn -- large current

account deficits across the world and high levels of debt in many countries.

"This is no time for complacency," he said.

The United States is currently running massive budget and current account deficits, while many European countries have worked up large budget shortfalls, to the fury of the EU's executive arm.

Washington's budget deficit is projected to hit 480 billion dollars in 2004, prompting warnings that it could be creating problems in the medium term with a borrowing-fuelled dash for growth.

Its current account deficit hit 138.7 billion dollars in the second quarter, and many economists believe a disorderly fall in the dollar will result when this deficit ultimately unwinds.



PHOTO: WEA
Women Entrepreneurs' Association (WEA) President Rokia A Rahman poses for a photograph along with participants of a training programme on mango processing jointly organised by the WEA and International Labour Organisation recently.

CURRENCY

Following is yesterday's forex trading statement by Standard Chartered Bank

Sell	Currency	Buy
TT/OD	BC	TT Clean
58.7500	58.8000	57.8200
67.7505	67.8082	64.8278
97.0844	97.1670	93.8130
40.2966	40.3309	38.1554
0.5195	0.5199	0.5015
43.2717	43.3085	41.9677
7.3027	7.3090	6.9955
43.8760	43.9134	42.4835
7.5427	7.5491	7.4048
33.8714	33.9003	32.9929
16.1250	16.1388	15.6161
15.7900	15.8035	15.2951
9.2669	9.2747	8.5840

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringgit
45.89	57.75	94.45	40.400	7.1766	0.5920	3.80

Local Interbank FX Trading: Liquidity condition remained stable in the market. Call money rate was also steady and ranged unchanged from Thursday between 2.50 and 2.75 per cent.

ReadyCash Raffle Draw Winners

The latest ReadyCash raffle draw took place at ReadyCash Bangladesh office at Dhanmondi Saturday, says a press release.

Prizes	Name of Winners	Card No
China Junction Chinese Free Lunch for Two	Nurul Absar	5047980010021529
Meal in the Box Free Lunch for Two	Ahsanul Hoque	5047980000048670
Kena Kala Free Gift Box	Golam Sarwar	5047980000021544
White Castle Free Lunch Package	Md Jashim Uddin	5047980000021649
Liton's Snacks Free Meal Box	Md Nazrul Haque	5047980010021624
Patna Cloth Store Free Gift Box	Kazi Shofiqur Rahman	5047980010021496

Winners can collect their prizes from the executive, Promotion of ReadyCash within 30 days of this news circulation by producing their ReadyCash card transaction vouchers. ReadyCash encourages its cardholders to read The Daily Star and the Daily Prothom Alo on every Sunday or call our Customer Service at: 8123850, 8130497, and 8125294-7.

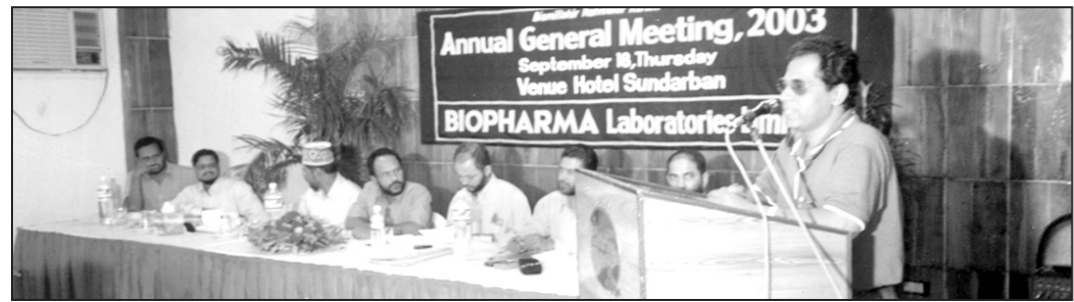


PHOTO: BIOPHARMA LABORATORIES
The 25th annual general meeting of Biopharma Laboratories Ltd was held in Dhaka recently. NA Kamrul Ahsan, chairman of the company, presided over the meeting.



PHOTO: SOUTHEAST BANK
Syed Abu Naser Bukhtear Ahmed, president and managing director of Southeast Bank Limited, speaks at the inauguration of foundation training course for the bank's officials at BIBM (Bangladesh Institute of Bank Management) recently. The bank's Senior Executive Vice-president Mahbubur Rashid, Vice-president Mustafizur Rahman, and BIBM Director General Sohrab Uddin are also seen.

Iraqi production boosts Opec output in August

AFP, Nicosia

Increased oil production by Iraq helped push Opec output to 27.09 million barrels per day during August, up 710,000 bpd from July, the Middle East Economic Survey (MEES) reports in its Monday edition.

Iraq gained 350,000 bpd in August, the Cyprus-based industry newsletter says.

"Iraqi production in August breaks down as 700,000 bpd of Basrah Light exports and 350,000 bpd of crude produced for domestic consumption," MEES notes.

Iraq now has a nominal export capacity of some 1.65 million bpd, if Kirkuk exports resume, out of a total production capacity of some two million bpd.

Production by the Opec 10, without Iraq, increased 360,000 bpd to 26.04 million bpd, "reflecting the continuation of Kuwait's high output policy," the weekly says.

US wants G7 to call for 'flexible' exchange rates

AFP, Dubai

The United States wants the Group of Seven (G7) industrialised nations to call at their meeting here for countries to have "flexible" exchange rates, but is not seeking to single out any nation for criticism, a US official said Saturday.

US Treasury spokesman Robert Nichols said Treasury Secretary John Snow is "going to continue to push for flexible market based exchange rates," at the Dubai meeting and would seek a reference to flexibility in the final communiqué.

Snow believes "it would be useful if the (final) communiqué expressed support for flexible exchange rates", he said.

But the official added that Snow "does not intend to single out any country while he is here".

The US administration is concerned that the currencies of Asian countries -- and in particular China's yuan -- are substantially undervalued and eating away at US exports.

Europe is also worried that the euro could undergo an uncomfort-

ably sharp surge if the massive US current account deficit causes the dollar to fall and Asian currencies are not allowed to appreciate.

Nichols cited Snow as telling reporters on his plane headed for Dubai that "the world's trading system works best under a regime of market based exchange rates."

Britain's Chancellor of the Exchequer Gordon Brown appeared to offer support for the US position, saying that the final statement would make clear that exchange rates should reflect economic fundamentals.

"I think you'll see a general agreement that, as we've always said, that exchange rates should reflect economic fundamentals," Brown said, when asked if he shared the US view that the G7 communiqué ought to endorse flexible, market-based exchange rates.

No specific countries would be named with regard to exchange rates, Brown added in a press briefing.

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