

Apec ministers push to get trade talks back on track

AFP, Bangkok

APEC ministers agreed Friday to push for the revival of multilateral trade negotiations after World Trade Organisation (WTO) talks collapsed in Cancun last month, Australia's trade minister said.

"Here this morning we reached an agreement and commitment from all countries to get all countries back to the table," Australian Trade Minister Mark Vaile told reporters.

"So hopefully, by the end of this weekend, the APEC leaders will

send a strong signal to the WTO to get on with the job in Geneva," he said after foreign and trade ministers from the 21-nation grouping held a retreat here.

"It is an indication of the role I suppose APEC plays in the global system, in particular the multilateral system," Vaile said of the group which represents about 60 per cent of the world's gross domestic product (GDP).

After the failure of the Cancun talks, it was agreed that senior officials from the 146 WTO members would meet in Geneva to try to restart the negotiations which are based on setting up a multilateral

trading system.

Breaking the deadlock between rich and poor nations that emerged in Cancun, Mexico, and putting the Doha Round of free-trade negotiations back on track is a major goal of the APEC summit to be held here next week.

The Cancun conference foundered on a dispute over reductions in farm subsidies and on proposals for the WTO to sponsor talks on a global mechanism governing cross-border private investment.

Vaile said the APEC meeting provided an opportunity to "send a very, very clear message to the WTO that notwithstanding what

happened in Cancun, there's another 14 months to go in the Doha Round and to get on with it."

The world has to "recognise the issues, difficulties and the differences, try to resolve or remove those so that we can get a successful conclusion to the round," he said.

Efforts to revive the negotiation process must take top place in the statement issued by APEC leaders who meet here Monday and Tuesday, he said.

Australia's Foreign Minister Alexander Downer said economic prosperity was tightly bound to the success of the global war against terrorism.

Japan turns to S Korea for free-trade pact

AFP, Bangkok

After failing to seal a free trade deal with Mexico, Japan turned its efforts toward kicking off free trade talks with its third largest trading partner, South Korea, on the sidelines of the APEC meeting here Friday.

Prime Minister Junichiro Koizumi and South Korean President Roh Moo-Hyun are set to hold talks on the sidelines of the Asia-Pacific Economic Cooperation (APEC) meeting on Monday and it is likely they will announce the start of formal free trade talks there, Japanese officials said.

"We believe there are no problems regarding the announcement of the start of talks at the leaders meeting," an official with Japan's Ministry of Economy, Trade and Industry said.

According to a joint study released in early October, a free trade pact would benefit both countries in the long-term -- with South Korea's gross national product

rising by up to 8.67 per cent and Japan's by up to 10.44 per cent as a result.

However, the short-term impact on South Korea's already yawning 14.7 billion dollar trade deficit with Japan in 2002 would be severe, the report said.

It would widen by between 3.9 and 6.1 billion dollars initially but ease in the long-run as foreign investment rose, the study said.

"Given the difference in the average tariff rate and the economic size of the two countries, the impact of the JKFTA (Japan-Korea Free Trade Agreement) on Korea's industries would be more serious than that on Japan's industry in general," the report said, noting that "appropriate measures need to be considered in this respect."

Japan exported some 29.9 billion dollars of goods to South Korea in 2002, while 15.1 billion dollars worth went the other way, according to figures in the report that cited South Korea's Customs Service.



PHOTO: TREADLE ENTERPRISE LTD
Gaminii Munasinghe, High Commissioner of Sri Lanka to Bangladesh, cuts a tape to inaugurate the Stone 'n' String store at Gulshan in Dhaka on Wednesday. Stone 'n' String is a Sri Lankan company specialised in fashion jewelry.

Weekly Currency Roundup

October 11-October 16, 2003

Local FX Market

Dollar remained steady against the taka in the beginning of the week due to matched demand and supply. It rose slightly by the middle of the week but ended the week steady against the Bangladeshi taka by the end.

Money Market:

Bangladesh Bank borrowed BDT 7,315.50 million by the Treasury bill auction held on Sunday, compared with BDT 5,261 million in the previous week's bid. The weighted average yield of 28-D T-bill was up by 3 bps from the previous rate to 4.98%. The yield 5-Y T-bills continued to drop by 20 bps to 8.40%.

The call money rate was a little volatile this week. In the beginning of the week the rate was 5.00-6.00 per cent. But it fell throughout the week and came down to 4.00-4.25 per cent at the end.

International FX Market

In the middle of the week US dollar drifted down near last week's three-year lows versus the yen but was pulling back slightly from levels near all-time lows against the euro as markets geared up for a data-packed week. Dollar was down against the yen and faced a three-year lows at 108.23. Against the euro, dollar was also up as it was boosted by ECB President Wim Duisenberg's comment that markets may have misunderstood the recent G7 statement if they thought it was a signal for the greenback to weaken against the single currency.

In the middle of the week, US dollar hovered uncertainly near the previous session's closing rates on the euro and yen on Wednesday after Tuesday's rally collapsed amid US current account concerns and comments from President George W Bush. Bush restated his administration's line that the US wants a strong dollar policy but that markets should determine currency rates. Against the yen, it was slightly up at 109.20 level. Market is awaiting for US retail sales, excluding car and truck sales and New York Federal Reserve's manufacturing survey for direction.

The dollar rose half a per cent to one-week peaks versus the euro and yen by the end of the week, boosted by upbeat US data in the previous session. The dollar rebounded this week from three-year lows against the euro as strong US corporate earnings outweighed concern about the United States' huge current account deficit. Wariness of yen-selling intervention by the Japanese authorities continues, after record levels of official yen sales this year. Markets are seeking fresh direction from a wave of US data due today. At 1545 hours on Thursday, euro was at 1.1626/27, GBP at 1.6720/25 and yen at 109.83/86 against dollar.

-- Standard Chartered Bank



PHOTO: CONCORD ENTERTAINMENT CO

Shahriar Kamal, director of Concord Entertainment Co Ltd, the owning company of theme park Fantasy Kingdom, and Romo Rouf Choudhury, managing director of Rang's Ltd, exchange documents after signing an agreement on behalf of their companies on Thursday. Under the deal, the two companies will undertake certain promotional events jointly.



PHOTO: GRAMEENPHONE

GrameenPhone Limited Managing Director Ola Ree speaks at the inaugural session of the sixth annual GrameenPhone distribution conference yesterday in Cox's Bazar.

Trichet to be new ECB chief

AFP, Brussels

European Union leaders on Thursday formally confirmed Jean-Claude Trichet to succeed Wim Duisenberg as European Central Bank president.

The former governor of the French central bank is scheduled to replace the Dutchman for an eight-year term from November 1 following the green light from leaders of the 12 euro-zone nations at an EU summit here.

Trichet's candidacy was long in doubt after he was named as a defendant in a false-accounting scandal at Credit Lyonnais, stemming from the early 1990s when he was director of the French treasury and the bank was still in state hands.

Correction

Two photo captions published yesterday on page 18 had been misplaced. The caption of the photograph where a man wearing tie cuts floral cord should read Romo Rouf Choudhury inaugurates a showroom of Gallerie Apex at Anam Rang's Plaza in Dhaka, while the caption of the other photograph where a man sporting half sleeve shirt cuts a ribbon should read deputy commissioner of Moulvibazar inaugurates a Partex furniture gallery in Moulvibazar. We regret the inadvertent mistake.

China's boom lures SE Asian industry park firms

REUTERS, Bangkok

Southeast Asian industrial estate developers are moving into China, hoping to profit from a surge in foreign investment in the world's fastest growing major economy despite past failures.

Rojana Industrial Park PCL inked a deal in August with Changzhou authorities to develop a 10 sq km (6.25 sq mile) industrial park 160 km (100 miles) northwest of Shanghai, following similar steps by other Thai investors and companies from Singapore.

The Thai firm and its Japanese partner, Sukin Bussan Corp, hope to draw 150 factories making goods such as electrical appliances, textiles and kitchenware.

It forecasts a 20 per cent annual return on its \$125 million investment, from reselling the city's 50-year land leases at a profit and from fees for the roads, electricity, waste

water treatment and rubbish collection it provides.

Rojana faces stiff competition from hundreds of industrial parks set up by local authorities across China as well as a few developed by big Japanese trading companies, such as Sumitomo Corp.

But it hopes to carve a niche, attracting medium-sized foreign firms bamboozled by Chinese business practices, building and employment rules and the language.

The infrastructure and rules are in place for investment, but certain practices are not familiar to foreign investors," said Rojana Managing Director, Jirapongs Vinichbut.

"That's why we, working in Asia, can serve to bridge the gap. And it's better for companies to be grouped in one locale to strengthen negotiating power in dealing with authorities."

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