EU tariff retaliation frustrates US

AFP, *Washington*

US President George W. Bush's administration said Wednesday it was disappointed by European plans to retaliate unless it scraps an illegal export tax break for companies.

The European Commission is recommending that member states impose duties on US goods starting from 200 million dollars next March unless the scheme is repealed.

European frustration is rising over the US failure to comply with a World Trade Organization ruling against tax allowances afforded to US firms registered as Foreign Sales Corporations (FSCs).

"Given the EU's focus on compliance with the WTO ruling, we would expect the EU to work with us to solve the problem, not retaliate," US Trade Representative spokesman Richard Mills said.

US Trade Representative Robert Zoellick told European Trade Commissioner Pascal Lamy this week that the US administration was working hard on the "very difficult tax and trade issue," Mills said.

Lamy, who met with US lawmakers for two days this week, warned that any US plans for a transitional period before ending the tax breaks would flout the WTO ruling.

Lamy also stuck by his end-of-2003 deadline for US compliance and March 1, 2004 deadline for countermeasures.

But Tom Delay, majority leader in the House of Representatives, said Wednesday that Congress was unlikely to vote until 2004 on scrapping the US export tax break because of an "overloaded" schedule.

"There is no doubt it has to be done later ... it will be probably part of next year's budget process," Delay said.

He said the House Ways and Means Committee, which deals with tax matters, "is overloaded."

US lawmakers who met Lamy appeared frustrated by the EU position.

US recovery broadens on brisk services growth

REUTERS, *New York*

The robust US economic rebound appears to be broadening, with reports Wednesday showing the services sector expanding briskly in October and adding jobs, while business spent more on factory goods in September.

The Institute for Supply Management said its index of service sector businesses rose to 64.7 in October from 63.3 in September -- just shy of the record level hit in July and August -- and beating forecasts.

Any reading above 50 suggests expansion in the services sector, which comprises about 80 per cent of the economy and includes everything from travel agencies to restaurants and construction.

More importantly, the employment component of the ISM index jumped to its highest level in there years, rising to 52.9 from 49.1 suggesting the economy's recent stellar performance is leading to more jobs.

"Particularly encouraging is the employment number, which we have been hoping would turn things around this quarter," said Kurt Karl, head of economic research at reinsurer Swiss Re in New York. He said the data was "positive, positive, positive."

Other ISM figures showed new orders accelerating from an already high level, suggesting the strong pace of growth will continue in coming months.

The ISM reading came just two days before the Labor Department reports its closely watched payrolls data for October, which is expected to show a gain of 55,000 after an increase of 57,000 in September.

Still, such job gains are not big enough to bring down the unemployment rate from 6.1 per cent.

Many economists believe repeated monthly employment increases of 200,000 or more are needed before the Federal Reserve would be confident of the economic recovery and consider lifting its target funds rate from a 45-year low of 1 per cent.

Stock gauges looked past the data and ended almost unchanged. The blue-chip Dow Jones industrial average. DJI feel 0.18 per cent to end at 9,820.83, while the tech-laden Nasdaq Composite Index inched up 0.07 per cent to end at 1,959.37, and the broad Standard & Poor's 500 index dipped 0.14 per cent to 1,051.81.

PHOTO: SOUTHEAST BANK

Southeast Bank Limited Senior Executive Vice-president Mahbubur Rashid hands over certificates to participants of a foundation course on commercial banking at Bangladesh Institute of Banking Management (BIBM) in Dhaka recently. BIBM Director General Sohrab Uddin is also seen.

PHOTO: PRIME BANK

Prime Bank Limited Managing Director Shah Nurul Alam presides over the quarterly business review meeting of the bank held in Dhaka recently. Additional Managing Director M Shahjahan Bhuiyan, Senior Executive Vice-president Motior Rahman and Executive Vice-president Shafiqul Alam are also seen.

PHOTO: THE CITY BANK

The City Bank Limited Managing Director Abbas Uddin Ahmed addresses the inauguration of 'Strategy Workshop for The City Bank Limited' held in Dhaka recently. Deputy Managing Director of the bank AHM Nazmul Quadir and Consultant Habibur Rahman are also seen.

BAT to pull out from Myanmar

AFP, *London*

Cigarette giant British American Tobacco (BAT) is pulling out of Myanmar after heavy pressure from the British government over human rights concerns, it said on Thursday.

The announcement marks a major turnaround for BAT, which had for years resisted intense pressure from human rights activists to withdraw from the country, which has long been condemned for its terrible human rights record.

BAT said it was selling its 60-percent stake in a cigarette factory it co-owns with the Myanmar's military government to Singapore-based Distinction Investment Holdings, which already held a small share of the venture.

The company vigorously defended the Rothmans of Pall Mall Myanmar business, saying it was withdrawing only because the British government had asked it to do so.

"The sale agreement follows the exceptional formal request by the British government in July for us to reconsider our investment in the joint venture. As a UK-based multinational, we have taken the request seriously," said Michael Prideaux, BAT's head of corporate and regulatory affairs.

WTO sees weak trade growth in 2003

AFP, *Geneva*

World trade is expected to grow a weak three per cent this year unchanged from 2002, the World Trade Organisation said Wednesday, prompting WTO chief Supachai Panitchpakdi to call for an urgent relaunch of global trade talks.

The forecast was at the upper end of a prediction of two-to-three per cent expansion in the volume of global goods trade for 2003 made in April by WTO experts, but it represented just half the figure enjoyed in the 1990s.

"Weak fourth-quarter growth (last year) and the near stagnation of trade flows in the first half of 2003 have diminished hopes for a rapid recovery in world trade figures," the trade body said in a statement.

The feeble performance of three-per cent trade growth in 2002 and equally weak prospects this year reinforced the need for WTO members to kick-start the latest Doha round of trade negotiations, the director general said.

"The world's political leaders must focus their attention on the stalled Doha Development Agenda and demonstrate their willingness to spur the global economy through greater trade liberalisation and more equitable trade rules," Supachai said in the statement.

"The near-stagnation of trade growth in the first half of 2003 underlines the urgency for governments to get back to the negotiating table and to work towards building a stronger and more vibrant trading system.

WTO ministers gathered in Cancun, Mexico in September in a bid to breathe life into moribund trade-liberalisation talks that were launched in the Qatari capital of Doha on November 2001 and were due to conclude by January 1, 2005.

But the meeting collapsed after bickering over cross-border investment and competition added to a more fundamental dispute about farm subsidies in richer states and the high tariffs on agriculture imports from developing nations.

Delegates to Cancun nonetheless agreed on a December 15 target for a consensus on how to revive the Doha round.

CURRENCY

Following is yesterday's foreign exchange rate statement by **Standard Chartered Bank**

Sell		Currency	Buy		
TT/OD	BC		TT Clean	OD Sight Doc	OD Transfer
58.7300	58.7800	USD	57.8700	57.7000	57.6310
67.8743	67.9320	EUR	65.4625	65.2703	65.1921
99.1362	99.2206	GBP	96.2494	95.9667	95.8518
42.4735	42.5097	AUD	40.4338	40.3150	40.2668
0.5407	0.5412	JPY	0.5220	0.5205	0.5199
43.1584	43.1952	CHF	41.9257	41.8025	41.7525
7.4379	7.4443	SEK	6.9430	6.9226	6.9143
44.2944	44.3322	CAD	43.0132	42.8869	42.8356
7.5687	7.5751	HKD	7.4435	7.4216	7.4127
33.8501	33.8790	SGD	33.0686	32.9714	32.9320
16.1213	16.1351	AED	15.6296	15.5836	15.5650
15.7859	15.7994	SAR	15.3095	15.2646	15.2463
9.3897	9.3977	DKK	8.5691	8.5440	8.5337

Exchange rates of some currencies against US dollar

Indian Rupee	Pak Rupee	Lankan Rupee	Thai Baht	Nor Kroner	NZ Dollar	Malaysian Ringgit
45.33	57.3	96	39.890	7.2153	0.6176	3.80

Local Interbank FX Trading:
Local interbank market was active Thursday. Dollar continued to get stronger against the Bangladeshi taka as the major public banks hoarded dollars to make import payments.

Local Money Market:
Money market was active. Call money rate rose due to pre-Eid withdrwl. Callmoney rate ranged from 5.50 and 6.50 per cent compared with 2.75 and 3.25 per cent previously.

International Market:
The dollar held cloe to its highest levels for more than a month against the euro and the Swiss franc on Thursday, as the market waited to see whether jobs data would support a brighter picture of US recovery. In Europe Bank of England is widely expected to raise interest rates for the first time in nearly 4 years and the ECB also meeting on monetory policy, holds its first news conference with new president Jean - Claude Trichet. Against the yen. It was unchanged on the day at around 109.90 yen.

At 11530 hours on Thursday euro was at 1.1457/61, GBP at 1.6730/33 and yen at 109.98/966dollar.

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