

Battles loom over world free trade talks

REUTERS, Geneva

A truce over the multi-billion dollar subsidies which the big trading powers pay their farmers may collapse if talks to slash them do not make progress by the end of the year.

For the past eight years, since the World Trade Organisation (WTO) came into being, members have been prevented by a pact from suing each other in the WTO trade court for the damages which the vast subsidies can cause.

Under the pact, providing a country was abiding by ceilings for state aid agreed in previous free trade negotiations, it could not be charged with causing commercial harm regardless of how much its own farmers were hurting.

But from January 1, 2004, the so-called peace clause lapses, leaving the United States and the European Union, in particular, open to legal assault by angry farm goods exporting countries, such as Australia or Brazil. "The peace clause is going to expire and the EU and the United States will both be vulnerable to charges that their subsidies are causing severe problems to some of

their trading partners," said Australia's WTO ambassador David Spencer.

Some analysts argue that the looming deadline could focus minds and help trade negotiators forge the deal that has so far eluded them on how to reform world farm trade and cut back subsidies running to some \$300 billion a year -- more than the combined annual total of rich state aid to the developing world.

Efficient exporters, such as New Zealand and Argentina, and poorer states producing mainly for their own markets, such as India, are united in accusing the EU and the United States of distorting world trade with their massive farm programmes.

But EU farm trade chief Franz Fischler has warned that resort to the legal weapon could "poison the atmosphere" at WTO free trade talks and make an accord even more difficult to get.

"If WTO members start using this possibility in an exaggerated manner... I think this would influence the (negotiating) process very badly," he said in an interview with the Financial Times.

The pact makes farming an excep-

tion to WTO rules outlawing outright certain types of subsidy. In industry, for example, direct support for export, which the EU uses widely for farm goods, is banned. Severe restrictions are set on others.

Countries which feel that they have been hurt by another's subsidies can bring a case to the WTO's dispute settlement body.

With agriculture ceasing to be a special case, the way will be open for potentially bruising trade battles along the lines of the current fight over steel import duties pitting the United States against some of its key trading partners.

Although they have kept quiet in public, the exporter countries have let it be known they are ready to extend the truce if talks to reform world farm trade, a crucial part of the WTO's overall Doha Round of free trade talks, make progress.

But the round, in trouble virtually since its launch in late 2001, has stalled badly following the collapse of ministerial talks in Cancun, Mexico, in September, which revealed a rift

between rich and poor countries, particularly over agriculture.

Trade envoys are trying to reach in Geneva the deal that eluded ministers in Cancun. But diplomats are sceptical of success before senior trade officials gather in mid-December at the WTO to take stock.

"It was understood in Cancun that if there was potential for moving on Doha, there would be an extension of the peace clause," said Geneva-based trade analyst David Woods.

Without progress in the negotiations, "the potential for a great deal of dispute settlement activity next year is very severe," he added.

With the end of the peace clause, it is not just developing countries and exporters such as Australia which may be putting in calls to their trade lawyers. The United States and EU have said that they could take action against each other.

"Clearly the Europeans feel the most exposed, but they say that they will fire back. There is plenty in the United States that is challengeable," said Woods.



Officials of Sonali Bank and Commercial Bank of Ceylon (CBC) sign a master repurchase agreement on behalf of their organisations in Dhaka. Sonali Bank Managing Director Rabiul Hossain and CBC Managing Director A Goonaratne were also present.



PHOTO: IFIC BANK

Ataul Haq, managing director of International Finance Investment and Commerce (IFIC) Bank Limited, speaks at the valedictory session of a week-long course on Fundamentals of Foreign Exchange and International Trade organised by the bank recently in Dhaka. Among others, Moshir Rahman, deputy managing director, and RM Debnath, senior executive vice-president, are also seen.

World maritime trade set for fresh growth

REUTERS, Geneva

World maritime trade looks set for fresh growth this year after setting a volume record in 2002, but could be held back by new security rules, the United Nations said Friday.

In its annual report on the shipping industry, the world body's trade and development agency UNCTAD said goods moved by sea totalled 5.89 billion tonnes last year -- five million tonnes, or 0.8 per cent, up on 2001.

UNCTAD said the recovery reflected renewed global economic output growth -- with goods moved by ship

accounting for some 53 per cent of world trade -- and took the total past the previous record in 2000 of 5.87 billion tonnes.

Statistics for this year -- which the World Trade Organisation predicts will see international commerce up three per cent -- "indicate that growth rates will be positive but modest" with a slight increase on 2002, UNCTAD said.

The report said the world merchant fleet -- 72 per cent of which is made up by dry bulk carriers and oil tankers -- grew as a whole last year by 2.3 per cent in deadweight tonnage terms, a clear sign of industry confidence.

CURRENCY

Following is yesterday's forex trading 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
68.6671	68.7256	EUR	65.8098	65.6165	65.5379
99.2713	99.3558	GBP	96.0816	95.7993	95.6847
42.4148	42.4509	AUD	40.2891	40.1708	40.1227
0.5420	0.5425	JPY	0.5234	0.5219	9.5213
43.3880	43.4249	CHF	42.0689	41.9453	41.8951
7.5276	7.5340	SEK	7.0945	7.0737	7.0652
44.7433	44.7813	CAD	43.3613	43.2339	43.1822
7.5634	7.5699	HKD	7.4431	7.4212	7.4123
33.9244	33.9533	SGD	33.0837	32.9865	32.9470
16.1209	16.1346	AED	15.6291	15.5832	15.5648
15.7855	15.7990	SAR	15.3091	15.2642	15.2459
9.4680	9.4761	DKK	8.6373	8.6119	8.6016

Exchange rates of some currencies against US dollar						
Indian Rupee	Pak Rupee	Lankan Rupee	Thai Baht	Nor. Kroner	NZ Dollar	Malaysian Ringgit
45.3	57.235	95.03	39.915	7.1541	0.6665	3.80



PHOTO: STAR

Civil Aviation and Tourism Secretary Md Shafiqul Islam poses for a photograph with raffle draw prize winners of Sheraton Hospitality and Food Festival 2003 at the prize giving function held in Dhaka yesterday. The festival was organised to mark the inauguration of Dhaka Sheraton Hotel extension.

Malaysia's factory output up by 9.7pc

AFP, Kuala Lumpur

Malaysia's September industrial output surged 9.7 per cent compared with a year ago and rose 3.2 per cent from August, the Statistics Department said Saturday.

In September, manufacturing sector output grew 12.2 per cent from a year earlier, electricity output was up 4.1 per cent while mining fell 0.1 per cent, it said.

The month-on-month increase in September industrial output was due to a 5.0 per cent rise in manufacturing. However, there was a 3.6 per cent fall in electricity and 2.2 per cent contraction in mining, it said.

OECD economic trend indicator gains in Sept

AFP, Paris

The Organization for Economic Cooperation and Development predicted "a moderate to strong" near-term recovery Friday among its members, which are among the world's richest countries.

The OECD said its composite leading indicator for September rose by 1.3 points to 125.4 from August, highlighting accelerated momentum in the United States and Japan and pointing to an improvement in the eurozone.

"Moderate to strong recovery lies ahead in the OECD area," the organization said in a statement, adding that its six-month rate of change had "risen significantly since April 2003, following a decline that began in May 2002."

The September index rose 1.1 points in the United States, 1.5 points in Japan and 1.4 points in the 12-nation eurozone.

In Britain the index gained 0.5 points in September over August and was up 2.1 points in Canada.

ReadyCash Raffle Draw Winners

The latest ReadyCash Raffle draw was held at ReadyCash Banglaesh office at Dhanmondi in Dhaka on Saturday, says a press release.

Prizes	Name of Winners	Card No
China Junction Chinese Free Lunch for Two	Md Siddique Ullah	504798000049591
Meal in the Box Free Lunch for Two	Muhammed Abdul Zaili	5047980010025275
Kena Kata free Gift Box	Kamrul Islam	5047980000049599
White Castle free Lunch Package	Md. Humayun Kabir	5047980000049567
Liton's Snacks free Meal Box	Shawkat Jahan	5047980000049583
Pabna Cloth Store free Gift Box	Md. Habibur Rahman	5047980000049596

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.**

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