US urges Japan to lift ban on beef import

AFP, *Tokyo*

The United States on Thursday urged Japan to lift a temporary ban on US beef imports, arguing the products were "safe" despite the discovery of the first suspected US case of mad cow disease.

Japan, the largest export market for US beef by value, suspended US beef imports Wednesday after US Agriculture Secretary Ann Veneman said a US cow had tested positive for bovine spongiform encephalopathy (BSE).

"We would like to restore normal trade as quickly as possible," the US embassy in Tokyo said in a statement.

"Japan is a valued customer for US beef exports with annual trade valued at 1.8 billion dollars. All of the beef products that we provide to Japan are safe," it said.

Mexico, the top importer of US beef by tonnage, followed Japan and a host of other countries in slapping a ban.

Japan imported 333,272 tonnes of US beef and beef products in 2002, down from 422,548 tonnes in 2001, according to Japanese farm ministry data.

Japanese consumers have been gripped by a string of discoveries since two years ago that some domestic cows were also infected with BSE.

The US mad cow case is a headache for restaurant owners who have been trying to ease the public fear by saying they use "safe" US and Australian beef.

Dairy under quarantine on mad cow report

AP, *Mabton, Washington*

Residents of this tiny south central Washington town rallied around neighbouring dairy owners as news leaked that a local farm was the source of what could be the nation's first case of mad cow disease.

There are about eight dairy farms in Mabton -- population 2,045 -- and dozens more in the surrounding area. A government source familiar with the investigation told enws agency that the cow came from Sunny Dene Ranch in Mabton.

Mayor David Conradt said he did not expect "any financial hit" to the town, as long as the disease is limited to one cow. "The impact, I hope, is going to be minimal," he said. Locals were unwilling to discuss the matter with reporters, who were turned away from businesses and farms.

Sid Wavrin, who identified himself as the owner of the Sunny Dene Ranch, declined to comment when contacted. Sunny Dene has operations in Mabton and nearby Grandview. William Wavrin, who also is listed by the state Department of Agriculture on registration documents for Sunny Dene, did not return a call for comment.

US Agriculture Secretary Ann Veneman had announced Tuesday that a single Holstein from a farm near the town, about 40 miles southeast of Yakima, likely had mad cow disease. If confirmed by follow-up tests at a lab near London, the case would be the first in US history.

The case quickly affected at least one company associated with the slaughtered cow. Supermarket giant Safeway Inc. said it has stopped selling all fresh ground beef products from an Oregon supplier that received meat from the affected cow.

Outside the Sunny Dene dairy, police warned that anyone entering property without permission would be arrested for trespassing, so reporters lined up alongside a road that separates the farm and the Yakama Indian Reservation. A sign at the farm read "Private Property."

The US Department of Agriculture said the cow was slaughtered at Vern's Moses Lake Meat, Inc., in Moses Lake, about 70 miles north-east of Mabton, on Dec. 9, after she became paralysed, apparently as a result of calving.

New jobless queues shrink a little in US

AFP, *Washington*

The number of people lodging new claims for US unemployment benefits barely declined last week, the Labor Department said Wednesday.

The number of new jobless benefit claimants fell 1,000 to 353,000 in the week ended December 20, after a slide of 24,000 the previous week, seasonally adjusted figures showed.

A four-week average of new claims eased just 250 to 361,750.

In raw, unadjusted figures, new claims rose 11,248 to 423,782. There were 483,449 claims in the comparable period last year.

The number of people already making claims for two weeks or more fell 38,000 to a seasonally adjusted 3.27 million -- the lowest level since September 2001 -- in the week to December 13, the latest date for which those figures are available.

US grapples with mad cow shockwave

AFP, *Washington*

The United States battled a mad cow crisis, as it probed the first suspected US case of the disease, which triggered bans on American beef exports and hammered cattle prices and fast food industry shares.

Top officials promised Americans that beef on their holiday menus was safe, saying the mad cow case unearthed in north-western Washington state posed a negligible health threat.

While samples of the infected cow have been sent to Britain for a definitive diagnosis -- which should take five days, US authorities have moved beyond calling the infected cow a "suspected" case of mad cow disease.

"We are calling this a presumptive positive," said Ron DeHaven, Deputy US administrator for animal and plant health inspection.

The United Arab Emirates (UAE) and China, which in 2002 imported 532 million dollars of meat products, became the latest nations to suspend US beef imports.

Japan, the world's biggest importer of US beef on a value basis, imposed an immediate ban after the US announcement late Tuesday, and Mexico, the top importer by tonnage, quickly followed on Wednesday.

South Korea, Hong Kong, Singapore, Malaysia, Taiwan, Australia and Thailand, Paraguay, Chile, Brazil, Colombia, Russia, Peru, Canada, South Africa and UAE all halted imports, leaving the politically weighty US beef industry in turmoil.

The scare knocked fears of a Christmas holiday terror strike to rival the September 11 attacks off the top of US news bulletins.

In the first direct blow to the 40 billion-dollar beef sector, transactions on the Chicago Mercantile Exchange were frozen Wednesday after live cattle prices fell by the maximum permissible margin.

Shares of the world's biggest hamburger chain McDonald's tumbled 1.32 dollars or 5.22 percent to finish at 23.96 dollars.

Its rival, Wendy's, slipped 1.87 dollars or 4.72 percent to 37.79 dollars even as it told customers that the beef in its burgers was safe.

US Agriculture Secretary Ann Veneman said authorities were doing all they could to protect consumers and said that as the spinal cord and brain of the infected cow had not entered the food chain, the impact of the case should be isolated.

"We continue to believe the risk to human health from this situation is extremely low and people should feel confident in our meat supply," she told reporters in a conference call.

States neighboring Washington were hesitating to ban cattle and beef from the state, but officials admitted they had been wrong-footed by the surprise announcement in Washington.

The US beef industry, hoping to avoid the fate of its European counterpart which was savaged by the disease, mobilised to stop further cases entering the food chain.

Meat processing firm Verns Moses Lake Meats, of Moses Lake, Washington state, recalled about 20 beef carcasses that may have been exposed to raw tissue containing bovine spongiform encephalopathy (BSE).

And the farm where the four-and-a-half-year old infected cow was kept before slaughter, about 40 miles (65 kilometers) southeast of Yakima in Washington state, quarantined its remaining 4,000 head of cattle.

Veneman insisted it was too early to predict ruin for the US beef industry.

"We export about 10 percent of what we produce, so obviously that will probably have some impact on the market. At this point it's too early to determine how much," she said.

Activist groups called on Washington to impose tougher standards to ensure the safety of the food supply. Michael Hansen, with the advocacy group Consumers Union, said the United States should adopt the same stringent testing as Europe and Japan.

Although 37 million cows were slaughtered here last year, only 20,000 were tested for mad cow disease, fewer than France tests each month. "For us to recover our export market, they are going to have to do more extensive testing," Hansen said.

Some lawmakers plan to introduce legislation to raise standards to detect mad cow disease. "When we sit down at the dinner table, we should know that what we are eating is as safe as we can make it," said Senator Dick Durbin.

House of Representatives member Gary Ackerman has redoubled his efforts to to prohibit diseased animals from entering the food chain. "The question is: Would you have a steak from the healthy part of a mad cow?" Ackerman said Wednesday.

The only previous outbreak of mad cow disease in North America was a single case at a farm in Alberta, Canada, in May.

Mad cow disease has been linked to a form of the fatal brain-wasting Creutzfeldt-Jakob disease that affects humans.

More than 130 people have died in Britain from Creutzfeldt-Jakob disease since 1996, with at least four more fatalities in France.

Ninety percent of the beef produced in the United States is consumed domestically. The average American annually chows down on about 31 kilograms (68 pounds) of beef, second only to chicken, according to industry figures.

US exports grew in the 1990s when mad cow disease hit European cattle.

PHOTO: ANLIMA YARN DYEING

Mahmudul Hoque, chairman and managing director of Anlima Yarn Dyeing Ltd, speaks at the 8th annual general meeting of the company at Karnapara in Savar on Wednesday. Directors Abul Bashar, M Abul Kalam Mazumdar and Hubbun Nahar Hoque were also present.

UN approves over $3b budget for 2004-05

REUTERS, *United Nations*

The General Assembly has approved a two-year UN budget topping $3 billion, but inflation and currency market volatility are expected to eat up all the increased funding, UN officials said Wednesday.

The budget, adopted by the 191-nation assembly by consensus late on Tuesday, would authorise the world body to spend $3.16 billion in 2004 and 2005, or $1.58 billion annually.

The two-year budget has grown by about 15 per cent over the past 10 years and was nearly flat between 1994 and 2001, but most of the decade's increases reflect adjustments for inflation, the officials said.

The new budget compares to $2.97 billion for 2002-2003.

UN Secretary-General Kofi Annan requested $3.01 billion for 2004-2005, but the extra funding approved by the assembly was again limited to adjustments required to keep up with inflation and the cost of the falling US dollar, said Warren Sach, the UN programme planning and budget director.

"In real terms, the budget remains at the same level," Sach told reporters.

To help cope with future dollar fluctuations, the assembly authorized Annan to seek dues from some countries in currencies other than US dollars over the next three years. The assembly also approved 62 of the 117 new posts that Annan requested and gave him new powers to shift staff and funding to deal with changing priorities.

The budget provides more money mainly for development programmes and particularly for the special needs of Africa, hit hard by civil wars, poverty and soaring AIDS caseloads. It also funnels extra money to crime prevention, human rights and humanitarian aid.

The United Nations is funded primarily through dues from member nations and the assembly extended for three more years an assessment scale adopted in 2000 despite complaints from some developing nations that their dues had jumped under the new scale. Assessments were revised in 2000 at the insistence of the United States, which wanted its dues cut.

Under the new scale, Washington nonetheless pays 22 per cent of the general UN budget, while Japan pays 19.5 per cent. Among permanent security council members in addition to the United States, Britain pays 6.1 per cent, France 6.0 per cent, China 2.05 per cent and Russia 1.1 per cent.

Commerce Minister Amir Khosru Mahmud Chowdhury hands over national export trophy to Director of Prime Composite Mill Abul Bashar on Saturday in Dhaka for the company's export performances.

PHOTO: SOCIAL MARKETING CO

(From left) Shahid Ahmed, head of Sales of Social Marketing Company, Perveen Rasheed, managing director of the company, and Md Nasiruzzaman of USAID, pose for a photograph at the Annual Sales Conference, 2003 of the company held in Dhaka recently.

PHOTO: SWIFT USER GROUP

C M Koyes Sami, chairperson of Swift User Group Bangladesh and managing director of The Oriental Bank Limited, presides over the annual general meeting of Swift User Group in Dhaka recently.

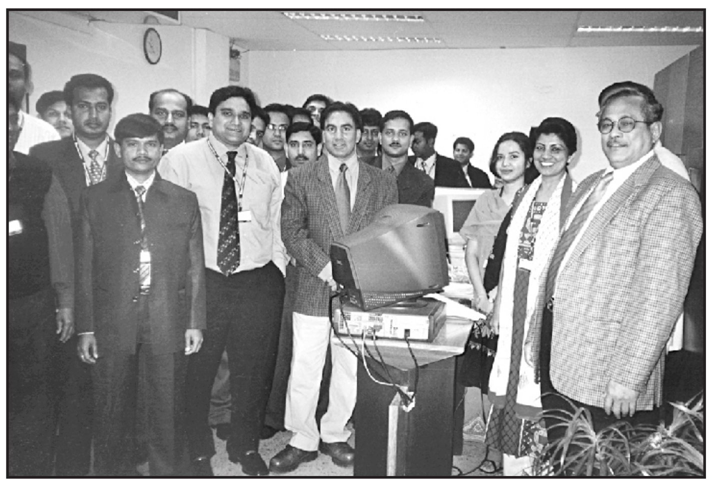

PHOTO: AIR ALLIANCE

Manager-Service Contractors, South Asia Pacific Region, United Parcel Service (UPS) Naeem Butt poses for a photograph with Rezaur Rahman, managing director of Air Alliance Limited (AAL), service partner of UPS in Bangladesh, Atif Rahman, CEO, and other staff of the company during his visit to Dhaka recently.

China lawmakers set to okay new banking laws

REUTERS, *Beijing*

Amendments to outdated banking laws that would facilitate further reform of China's creaking but reforming financial sector are ready to be approved by senior lawmakers, the Xinhua news agency said.

Drafts of three banking laws had been reviewed at a meeting of the Standing Committee of the National People's Congress, or parliament, this week and lawmakers were ready to give approval, it said Wednesday.

Among the expected changes was the likely establishment of a cabinet level body to coordinate financial regulators, including the China Banking Regulatory Committee and the China Securities Regulatory Commission, it said.

The third review of the draft laws comes as the banking regulator pushes for further reform of the nation's debt-laden state banks, some of which are seeking listings potentially overseas in the coming years.

Reform of China's banking system, considered technically insolvent by some western analysts looking at frightening levels of bad loans on banks' books, is seen crucial to maintaining growth in the world's fastest growing major economy.

Proposed amendments to the Law on Commercial banks would allow commercial banks to conduct non-banking business, Xinhua said without giving details.

Legislators have also discussed potential changes to the nine-year-old Law on Foreign Trade so that China could better comply with commitments made when it joined the World Trade Organisation in late 2001, the China Daily said on Thursday.

A fresh foreign trade law would spell out what constituted discrimination against Chinese exporters and allow domestic firms to resort to the world trade body to solve trade disputes, it said.

PHOTO: FIRST SECURITY BANK

First Security Bank Limited Chairperson Nasim Sikder inaugurates a new branch of the bank at Mendibag in Sylhet on Tuesday. Among others, Monowara Sikder, Salahuddin Khan, Osman Gani, A K M Enamul Hoque, directors, and Syed Ashraf Ali, managing director of the bank, are also seen in the picture.

Malaysia tourist arrivals see 7pc rise in Nov

AFP, *Kuala Lumpur*

Tourist arrivals in Malaysia have recovered, with preliminary numbers showing 1.13 million visitors in November, up seven percent year-on-year, a report said Thursday.

However the total number of tourists between January and November 2003 to 9.25 million fell 23 percent from a year ago, the Business Times said.

Neighbouring Singapore remained Malaysia's main source of tourists last month, with about 651,000 people, an increase of 10.87 percent from a year ago.

Sharp increases were also noted in the number of Indonesian tourists in November, up 62 percent compared to 52,087 last year, it quoted an unnamed source as saying.

Tourist numbers from South Korea and Taiwan surged 32 percent each, compared with last year's 4,518 and 11,771 respectively.

Despite travel advisories issued by the United States to its citizens to avoid travelling to parts of Malaysia following the abduction of six workers from a resort on Borneo island, the number of American tourists rose 32 percent to 15,618 from 11,832 year-on-year.

Deflation eats away Japan net asset value for 5 years in row

AFP, *Tokyo*

Deflation is eroding the value of assets held by Japanese, pushing the net national wealth into a fifth consecutive yearly decline in 2002, the government's latest data showed Thursday.

Japan's net assets held by individuals, companies and the government at home and abroad shrank 3.4 percent from a year earlier to 2,799.5 trillion yen (26 trillion dollars), the Cabinet Office said in a report.

The net assets, which exclude debts, hit a record high of 3,552.2 trillion yen at the end of 1990, but has since gradually declined as the burst of the economic bubble depressed real estate and stock prices and deflation made the situation worse.

Total land assets fell 5.5 percent from a year earlier to 1,369.4 trillion yen at the end of 2002, the 12th straight annual fall.

The report also said the nominal value of Japan's gross domestic product (GDP) in dollar terms dropped 4.3 percent to 3.98 trillion dollars in 2002, but remained the second largest in the world.

The US economy topped the global list with 10.45 trillion dollars in total output last year, up 3.6 percent from 2001, while third place went to Germany, which produced 1.99 trillion dollars, up 7.1 percent.

Japan's per-capita nominal GDP fell 4.5 percent to 31,277 dollars, the sixth largest in the world and down from fifth place the previous year.

Luxembourg remained at the top of the per-capita GDP list with 46,722 dollars, followed by Norway, Switzerland, the United States and Denmark.

As slump ends, global Ad giants face new squeeze

REUTERS, *Paris*

Purveyors of glossy advertising and slick marketing are emerging from a long famine to find that even if their clients want to ramp up spending again, they are tightening controls on how they pay their agencies.

Although a three-year industry slump is ending, with forecasters predicting recovery for 2004, the handful of world-scale groups that dominate global advertising face a new squeeze on how much they get paid.

For as economic hardship bit, companies not only cut back how much they spent on promotion, but also changed their way of doing business with their agencies, advertising bosses and analysts say.

Instead of letting conceptually-minded marketing departments negotiate their promotions, companies (the advertisers) are increasingly putting these in the hands of their procurement departments, the ferocious guard-dogs of corporate spending.

"Up to now we discussed with marketing departments, advertising directors or even the finance department, which know how to appreciate a concept, an advertising idea," said Herve Brossard, vice-chairman of DDB Worldwide, part of Omnicom the world's biggest advertising agency owner.

"Today we talk with the procurement departments, and what they want is not a concept and a campaign, they want us to talk about the value of a team, the time spent, things like that," he said in an interview.

Rather than fading out as the economy starts to improve, this change is becoming entrenched.

Corporate cost-cutters want agencies to detail their overheads, costs per hour, and even to deduct the cost of advertising agency staff vacations from their bill.

These particular pressures exacerbate a trend over the last decade for advertisers to pay flat fees, perhaps with an incentive percentage, instead of a commission that was based on the size or reach of campaigns.

"We always discussed price with advertisers, but it so happens that this is more organised than in the past," said Maurice Levy, Chief Executive at France's Publicis, the world's number four, in a recent interview.

This means that although advertisers may give their agencies more work and may also spend more on buying ad space, agencies' revenues will not increase in the same proportion.

"Remuneration changes have been more radical than just a shift to fees... and threaten to condemn agencies to a role akin to that of contract cleaners, caterers and security," said Morgan Stanley analyst Matthew Owen in a recent report.

Another reason advertisers began to look at their agencies' books was a wish to share in their productivity gains with the arrival of digital technology, according to Alain de Pouzilhac, chief executive of France's Havas, the world's number six agency group. Also, de Pouzilhac and Brossard note, advertising agency groups have only recently become global businesses quoted on stock markets, and their shares ramped up in 1999 and 2000 along with the media and technology boom.

This may have prompted clients to compare agency groups' profit margins and stock ratings with their own and wonder if they paid their agencies too much, they say.

Over the past few years, the boom swung to bust. Agencies' share prices collapsed as advertisers pulled campaigns or cut spending plans and their revenues and profits shrank, with some reporting losses. The giants are just beginning to return to real revenue growth and repair their damaged margins.

Advertising bosses say that as the global economy improves, price pressures will ease, even if procurement departments continue to manage advertising accounts.

They also say that the overriding reason for choosing an agency remains creativity, not price. But some analysts are not sure the pressure on the agencies will ease anytime soon.

They point to heightened competition between global ad groups, which have gone through a period of intense consolidation that leaves hardly any possibilities for acquisition-led growth.

Nowadays three quarters of advertising spending across the globe transits through agencies belonging to four mega-groups -- Omnicom, Interpublic, WPP and Publicis.

Another 15 per cent goes through three mid-sized giants, Dentsu, France's Havas and Grey, leaving only 10 per cent outside the global groups.

Advertising bosses say they can still get results.

"Does the price pressure from advertisers endanger agencies' profits in the long term? The answer is no because the agencies will try to have very significant productivity gains in all sectors," said de Pouzilhac of Havas.