

West African states agree on cotton output policy

AFP, Dakar

Eight member nations of a west African economic community announced Thursday they have agreed on a programme to boost the competitiveness of the cotton-textile sector.

Finance ministers from the West African Economic and Monetary Union (UEMOA) agreed on the scheme at a meeting this week in Togo, where they also considered the grouping's economic state.

They decided to set up a regional fund for cotton production and promotion, and for investment in textiles, said the statement issued by the eight nations' joint central bank, the Dakar-based BCEAO.

The programme also features a regional training programme in the textile trade industries and the establishment of technical centres, with the aim of "helping to lift the cotton industry out of the crisis it has known for several years."

The UEMOA includes Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo.

In September, Mali, Benin and Burkina Faso were joined by Chad at World Trade Organisation (WTO) talks in Mexico, in seeking a "cotton initiative," where the United States and European Union would drop all subsidies to their cotton producers.

However, those talks in the resort of Cancun collapsed without agreement.

The four west and central African nations argued that western subsidies to cotton producers were depriving them of more than one billion dollars a year in lost earnings.

The statement gave no details of a timetable for the cotton plan but said ministers had agreed to form a follow-up committee consisting of member states, the BCEAO, the West African Development Bank (BOAD), the regional consular chamber and development partners wishing to contribute.

This committee would be expected to report back to the regional council of ministers once a year. Such ministerial meetings take place every three months.

British lab confirms first US case of mad cow disease

AFP, Washington

US health officials were scrambling Friday to trace the first US case of mad cow disease to its source, after a British veterinary laboratory confirmed that the infected cow had bovine spongiform encephalopathy (BSE).

Brain specimens from the Holstein dairy cow from a meat packing firm in the northwestern state of Washington, tested positive for BSE at a USDA lab in Iowa.

But the USDA sent specimens to a veterinary lab in Britain for confirmation, since Britain has had far more experience with the disease.

"The test samples were received at the laboratory in Weybridge, England, early Christmas morning," the US Department of Agriculture said Thursday in a statement.

"The UK veterinary pathologists concur with our interpretation of the December 22 positive test conducted by USDA pathologists at the National Veterinary Services Laboratory in Ames, Iowa," it said.

The statement said USDA chief veterinarian Ron DeHaven "considers this concurrence to be confirmatory of our finding of a positive BSE case."

"The Weybridge lab will conduct a series of additional confirmatory tests," it said, "and we anticipate they will be consistent with the earlier findings."

The USDA scheduled a press briefing for 11:00 am (1600GMT) Friday to elaborate on the test results.

At least 26 countries, including top importers Mexico and Japan, have now barred US beef imports, a massive blow to the multi-billion-dollar industry that directly employs one million people.

Domestic cattle prices and fast food industry shares have taken a beating in the wake of the scare, and activists launched appeals for tougher food safety standards.

As of 0730 GMT Friday, Australia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Hong Kong, Indonesia, Japan, Jordan, Malaysia, Mexico, Panama, Paraguay, Peru, Russia, Singapore, South Africa, South Korea, Taiwan, Thailand, Trinidad and Tobago, Turkey, the UAE and Vietnam had all halted US beef imports.

China scraps steel tariff after US move

REUTERS, Shanghai

China scrapped retaliatory tariffs on steel products, in place for 13 months, Friday in a widely anticipated response to a welcome US move to drop tariffs on imports of the metal this month.

"In response to the latest development in steel trade, the Ministry of Commerce has decided to terminate its safeguard steps starting December 26," the ministry said in a statement.

Market experts had foreseen the move.

Washington declared safeguard tariffs of up to 30 percent on steel imports in March 2002, aiming to

protect local industry.

Beijing then retaliated by slapping temporary tariffs of up to 26 percent on imports of some steel products, including thin plate steel and cold-rolled thin stainless steel, in November last year, saying they would last three years.

Those products accounted for up to 40 percent of the 17 million tonnes of steel China imported in 2002.

The US move was believed to have limited impact on Chinese steel makers, which export tiny amounts, but top Chinese steel firms, including Baoshan Iron and Steel Co Ltd 600019. SS, had welcomed the move as a boost to their bottom lines.



PHOTO: INTERNATIONAL LEASING

Luthful Karim, deputy general manager of Bangladesh Small Industries and Commerce Bank Limited (Basic Bank), and Mafizuddin Sarker, managing director of International Leasing and Financial Services Limited, sign a loan agreement recently in Dhaka. Under the deal, Basic Bank will extend a credit line of Tk 50 million to International Leasing.

Weekly Currency Roundup

December 20-December 24, 2003

Local FX Market

Dollar became stronger throughout the week against Bangladeshi taka. Increased demand for import payments, profit remittance by the multinational companies increased the demand for US dollar.

Money Market

Bangladesh Bank borrowed BDT 7,686.90 million by the Treasury bill auction held on Sunday, compared with BDT 5201.90 million in the previous week's bid. The weighted average yield of 28-D t-bill was down by 3 bps from the previous rate to 4.05 per cent, while the yield of 5-yr t-bills were down by 4 bps to 8.08 per cent.

The call money rate was upward this week as market experienced shortfall in liquidity. In the beginning of the week the rate ranged between 2.00-2.50 per cent. It increased throughout the week to end at 5.50-6.50 per cent.

International FX Market

The dollar remained under pressure in the beginning of the week as a heightened security alert in the United States encouraged a thin market to push the greenback within half a cent of last week's record low against the euro. Technical analysts noted that the \$1.2450 level, the equivalent of the German mark's 1987 high against the dollar marked chart resistance and many doubted whether it had sufficient momentum to overcome this level just yet. However, economists expect US gross domestic product data on Tuesday and durable goods orders on Wednesday to reinforce the view that the world's biggest economy is recovering fast.

The dollar edged lower against the euro and the yen on in the middle of the week ahead of Christmas holidays, as investors juggled heightened US security alert, economic expectations and intervention worries. The dollar eased to \$1.2414 per euro, compared with record lows set on Monday, the US currency's 14th record low in 17 trading sessions. The dollar also gave up by more than 0.20 per cent against the yen at around 107.30, just over three-year lows set earlier this month.

By the end of the week the dollar held within half a cent of a record low against the euro in rapidly thinning trade, awaiting US economic data and keeping an eye on news about the first reported US case of mad cow disease. After upbeat US consumer data on Tuesday, the next focus was weekly jobless claims and durable goods figures scheduled for 1330 GMT, before European and US markets shut down for the Christmas break on Thursday. Euro was trading at around \$1.2410. Yen and sterling was also steady against the US dollar.

At 1530 hours on Wednesday, euro was at 1.2408/12, GBP at 1.7651/55 and yen at 107.29/34 against dollar.

-- Standard Chartered Bank

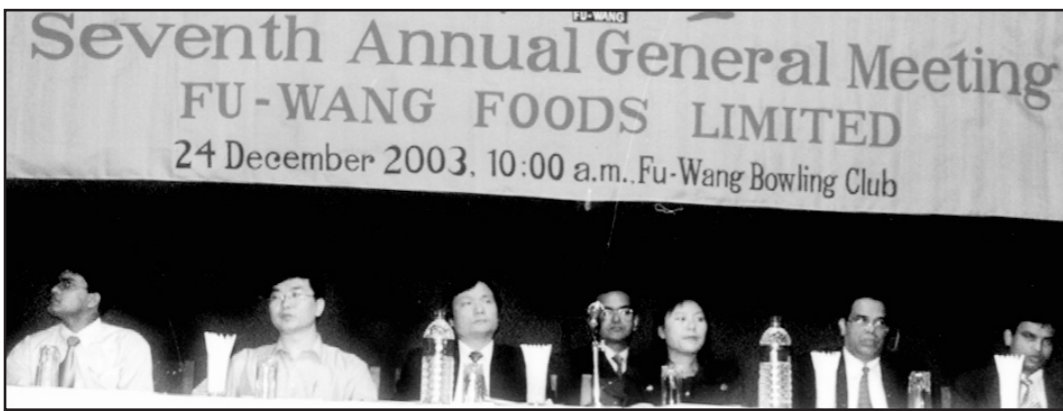


PHOTO: FU-WANG FOODS

Hsu Chin Hua, chairman and managing director of Fu-Wang Foods Limited, presides over the seventh annual general meeting of the company held in Dhaka on Wednesday.



PHOTO: BANGLADESH INSURANCE ASSOCIATION

Nasir A Choudhury, chairman of Bangladesh Insurance Association (BIA), speaks at the 16th annual general meeting of BIA held in Dhaka on Wednesday. M Haider Chowdhury, vice-chairman, and other members of executive committee of the association were present.



PHOTO: ALITEX INDUSTRIES

Afsaruddin Ahmad, managing director of Alltex Industries Limited, presides over the 19th annual general meeting of the company held at Rupganj in Narayanganj on Wednesday. Fahimuddin Ahmad Arif, deputy managing director, Imtiazuddin Ahmad Asif, director, MA Mohsin, additional director, and Liaquat Ali Chowdhury, company secretary, were also present.



PHOTO: MITA TEXTILES

Mita Textiles Limited Managing Director Mustafizur Rahman presides over the 14th annual general meeting of the company held at Sreepur in Gazipur on Wednesday.

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