

# Brussels' ban on hormon-treated beef WTO awards US \$116.8m damages from EU

GENEVA, July 13: World Trade Organisation (WTO) arbitrators yesterday awarded the United States damages worth \$116.8 million from the European Union in the long-running row over Brussels' ban on hormone-treated beef, reports Reuters.

The figure, revealed in an official WTO report issued in Geneva, was nearly \$ 85 million less than Washington had argued its exporters had been losing annually as a result of the decade old EU measure.

Both powers put a good face on the outcome, although neither got what they had sought. Sir Leon Brittan, outgoing Trade Commissioner of the EU which had hoped for a figure of between \$ 50 and \$60 million, welcomed the ruling as showing US claims were "extreme".

And US Geneva trade ambassador in Geneva Rita Hayes hailed it as recognising the "serious damage" both US cattle-men and European consumers had suffered from the ban.

Washington also signalled that it would brush aside an EU request to discuss compensa-

tion, with US Trade Representative Charlene Barshefsky pledging quick action on retaliation against a list of EU goods Washington would draw up itself.

US officials in Geneva said the sanctions could go into effect from July 26, as soon as the arbitrators' report had been approved by the WTO's Dispute Settlement Body (DSB) that day.

The EU, which had accepted that it would have to agree to the WTO findings, had hoped to negotiate with the United States on a settlement under which it would cut tariffs on an agreed range of US imports to the value the arbitrators set.

It imposed the ban in 1989 amid strong pressure from European consumer bodies who fear the growth hormones used by US and Canadian cattlemen could induce cancer in humans.

The United States argues that Brussels is simply trying to protect its own beef producers.

In a linked ruling, the three arbitrators found Canada had lost \$11.3 million a year of potential exports to the EU because of the ban, much lower than the \$51 million potential

annual sales to the EU's 15 members Ottawa said it had been losing. But there was no immediate comment from Canadian officials.

"The EU must understand that as a result of the failure to comply with its WTO obligations, the United States will act firmly and swiftly under its WTO rights to sharply raise tariffs on imports from the EU," Barshefsky's statement said.

She gave no immediate indication of what EU imports would be hit, although a provisional list issued in March included items ranging from motorcycles to chocolate.

Goods from the Union's 15-member states ranging from handbags to bed linen are already subject to extra US tariffs worth \$191.4 million after Brussels' rules on banana imports were also found to be in violation of WTO rules.

These tariffs have been in force since mid-way.

The latest award to the United States means little more for Brussels than a return to the situation before Washington brought the row to the then

fledgling WTO in 1996.

Until then, it had been retaliating against the ban for seven years by imposing additional tariffs to the value of \$100 million on EU imports. It dropped these tariffs when Brussels launched a formal WTO case against them.

US officials have said in the past that the duties would remain in force until the EU sets a date for dropping the ban.

But EU officials, including Brittan, said compensation would be better. We see this as a trade-expanding solution, and not trade-contracting as sanctions would be," one said.

The EU believes its case for maintaining the ban was boosted by a preliminary scientific report in May, which pinpointed evidence that one of the six growth-promoting hormones widely used in the US cattle industry could cause cancer.

US officials have dismissed the report's findings as inconclusive, saying scientific research for decades has failed to find any health risk associated with growth hormones.



Japan's video game giant Sega Toys unveils the Dokitto-voice (Shocked Voice) lie-detector which can be connected to a mobile phone, at the company's headquarters in Tokyo Tuesday. The Dokitto-voice can display an upsurge of emotion in the human voice and an analysis of the voiceprint. Sega Toys will put it on the domestic market 31 July with a price of 2,980 yen (25 USD). — AFP photo

## ADB-Indonesia anti-corruption dialogue Jul 22

JAKARTA, July 13: The Asian Development Bank (ADB) today said it was planning to hold a high-level dialogue with the Indonesian government this month to outline steps to combat corruption, reports AFP.

A high-level dialogue will be held in Jakarta between the government of Indonesia and the bank on July 22, 1999, to discuss and agree on concrete steps to combat corruption," the ADB said in a statement.

A recent inquiry into an ADB-financed private junior secondary education project revealed some "serious irregularities," it added, without elaborating.

The Indonesian government was carrying out a detailed investigation of the project and its report was expected to be completed soon, the ADB said.

The Asian Development Bank accords high priority to fighting corruption and has adopted an anti-corruption policy to guide its anti-corruption efforts," the statement said.

## ROK court freezes all assets of Samsung Motors

SEOUL, July 13: A court ordered all assets of Samsung Motors Inc frozen Tuesday as it moved toward putting the financially troubled auto maker under receivership, says AP.

The court action jeopardized about 60 subcontractors who have survived on IOUs issued by Samsung Motors. Tuesday's decision froze the payment vouchers and blocked Samsung Motors from taking out further bank loans.

Samsung's subcontractors immediately issued a statement urging the government to provide emergency funds to keep their companies afloat.

Samsung and Daewoo groups, the nation's No 2 and No 3 conglomerates, had tentatively agreed to swap their car-making and home appliance subsidiaries as part of a government drive to reduce a glut in factory capacity and improve the competitiveness of the nation's largest businesses.

But more than six months of negotiations broke down after the two sides failed to narrow their differences over the price of Samsung Motors and the auto maker applied for court receivership on June 30.

Under South Korean law, a company can continue to operate pending a court decision on its request for receivership, which usually takes two or three months.

If court receivership is granted, a new management is appointed to discuss the troubled company's fate with creditors.

## US decision to impose new lamb quotas, tariffs Canberra won't harm broader ties with Washington

WASHINGTON, July 13: Australian Prime Minister John Howard told US President Bill Clinton his government is angry with a US decision to impose new quotas and tariffs on lamb imports but would not allow it to poison the broader relationship with Washington, says AFP.

"We are very unhappy," Howard said, standing in the rain to talk to reporters after the luncheon meeting with Clinton.

The measures, which were announced Wednesday and take effect July 22 for three years, limit foreign lamb imports to 1988 levels and subject them to a nine per cent tariff. Imports over the limit will be slapped with a 40 per cent tariff in the first year.

The US International Trade Commission found in favour of US lamb producers, who claim they are seriously threatened by cheaper lamb from Australia and New Zealand, which account for 95 per cent of all US lamb imports.

Howard said the US action "had a more adverse reaction in Australia than any other trade issue I can think of," he said.

"The president understood

we were very angered about it and very upset about it," he said, adding that Clinton explained that domestic considerations drove the US decision.

"We're upset over the decision but it's not going to be changed," Howard said. "I understand that. It doesn't make it any easier for us. We don't agree with the decision, but we can't allow it to contaminate a broader relationship certainly not in security aspects of that relationship," he said.

At least one Australian politician has called on the government to retaliate by evicting the US military from bases in Australia.

Before the meeting began, White House spokesman Joe Lockhart said, "We have a very strong and broad-based relationship with Australia, and I don't expect this particular trade dispute to sour that relationship."

"The president believes he acted prudently in this situation and took the appropriate steps," Lockhart said.

Labelling the US action "hypocritical," Australian leaders charged it was motivated by domestic US politics and was a blow to Washington's image as a

champion of free trade as it prepares for a new round of world trade talks next year.

"I think they are a touch embarrassed, particularly when we are only six months away from some all-important discussions on international trade within the WTO," Australia's incoming trade minister Mark Vaile said in a television aired Sunday in Australia.

The United States is Australia's largest market for lamb. Last year, US sales accounted for about a third of Australia's lamb exports, totaling about 70 million US dollars (100 million Australian dollars).

Vaile said Howard would use the luncheon with Clinton "to make the point that this is going to damage America's reputation in terms of their trade reputation, in the lead-up to the WTO talks at the end of this year."

Australia launched its formal bid to overturn the tariffs with the WTO in Geneva on Friday and a spokesman for Trade Minister Tim Fischer said over the weekend that Canberra expected a response to its bid for consultations on the issue in the coming week.

## Canada may lose 5 WTO rulings

OTTAWA, July 13: Canada is expected to lose five key decisions at the World Trade Organisation in Geneva in upcoming weeks, including ones that would gut the historic Canada-US auto pact and rule illegal Canada's main fund for aerospace research and development, says Reuters.

"Well we don't usually do five at once, we usually do sort of a policy striptease — we lose one at a time. (But this time) it's five for five," said Barry Appleton, a trade lawyer and expert on the North American Free Trade Agreement.

Rulings against Canada involving the auto pact, the federal Technology Partnerships Canada programme, Canada's drug patent regime, its dairy pricing system and a European ban on asbestos, are expected in August.

The biggest blow will come if, as expected, Japan and the European Union succeed in their case against Canada's auto pact with the United States, which has protected the Big Three US automakers from foreign competition in Canada since 1965.

What is being challenged is a section that allows Ford, Daimler Chrysler and General Motors to import vehicles into

Canada from anywhere in the world duty-free. Meanwhile, non-North American companies must pay a tariff of 6.7 per cent on imports.

Michael Hart, senior associate at the Centre for Trade Policy and Law in Ottawa, said the WTO ruling against the auto pact should come as no surprise.

"I would be amazed if it didn't (rule against the auto pact)," Hart said. A professor at the Monterey Institute in California, Hart said his students this year chose to simulate the auto pact case in class, but were stymied by the lack of arguments in Canada's favour.

"After a couple of weeks the team that was representing Canada came back to me and said it was unfair because they couldn't think of any arguments," Hart laughed.

Hart said the federal government, under tremendous political pressure from the US automakers, which employ thousands in vote-rich Ontario, to defend the auto pact, may secretly be glad to have the issue decided.

"The federal government has to be seen to be defending the industry but there may be some sighs of relief there to," Hart said. But he is not ruling out an appeal.

## Iran's economy shows mixed reaction to crisis

TEHRAN, July 13: Iran's economy has shown mixed reaction to the country's worst student unrest since the aftermath of the 1979 Islamic revolution, with the stock market continuing recent gains yesterday and the rial sliding further, says Reuters.

Meanwhile some Iranian economists warned that the unrest could take its toll on the embattled economy, frustrating efforts to draw foreign investments.

The all-share index at the Tehran Stock Exchange closed on Monday at 1,739.83 points, up 4.34 points from Sunday's close, the official news agency IRNA reported.

The market had closed before police and Islamic vigilantes tightened their hold on areas near Tehran University, beating students with batons and lobbing tear gas canisters.

The bourse's index has gained 9.12 points, or 0.5 per cent, in the three trading days since the start of protests by reformist students which have racked the country since Thursday.

But the Iranian rial, which has been steadily declining against hard currencies, dropped to a new record low of 9,400 against the US dollar on the black market on Monday, from 9,250 rials to each dollar on Thursday, traders said.

Realtors said the property market, one of the main sectors fuelling the economy, has fallen again into recession after rebounding modestly in the past few months.

"In the last two days transactions in real estate have screeched to a halt. In housing agencies, no one is buying or selling," one realtor told Reuters.

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## Exchange Rates

Table with columns: Currency, Selling TT & OD, Selling BC, Buying T.T Clean, Buying OD Sight Export Bill, Buying OD Transfer. Lists rates for US Dollar, Pound Stg, Deutsche Mark, Swiss Franc, Japanese Yen, Dutch Guilder, Danish Krona, Australian \$, Belgian Franc, Canadian \$, French Franc, Hong Kong \$, Italian Lira, Norway Kroner, Singapore \$, Saudi Rial, UAE Dirham, Swedish Krona, Qatari Riyal, Kuwaiti Dinar, Thai Baht, Euro.

Table with columns: TT Doc, 30 Days, 60 Days, 90 Days, 120 Days, 180 Days. Lists rates for 482112, 479074, 475048, 471023, 466897, 458845.

Table with columns: Buying (\$), Selling (\$), Currency, 1 Month, 3 Months, 6 Months, 9 Months, 12 Months. Lists rates for 48.0850, 48.7300, 5.1825, 5.3100, 5.60375, 5.6825, 5.7750, 5.2975, 5.2975, 5.3625, 5.47719, 2.8225, 2.8225, 2.8225, 2.8225, 2.8225.

Table with columns: Indian Rupee, Pak Rupee, Thai Baht, Malaysian Ringgit, Indonesian Rupiah, Korean Won. Lists rates for 43.222/43.230, 51.600/51.650, 37.120/37.170, 3.799/3.805, 860/6690, 1175.01/1176.0.

Amex notes on Tuesday's market. The USD/BDT market has continued its sluggish trend this week. Improved supply of USD has dragged the USD/BDT rate near the central bank selling rate of 48.6500 and even lower.

The euro sank to lifetime lows against the dollar, which also climbed to eight-year peaks versus the Swiss franc, on Monday at the start of a data-packed week expected to confirm solid, non-inflationary US growth. The latest lurch lower in the euro/dollar rate came as European Union finance ministers met in Brussels, with euro weakness and greater economic policy coordination among the 11 euro zone countries high on the agenda.

The dollar was stuck at 122 yen amid warnings that the Bank of Japan will allow its dollar-buying intervention to prevent the yen from strengthening.

Sterling was firmer against the dollar on Monday as it consolidated after hitting a 33-month low last week, although it was not expected to buck the downward trend for long. The market remained concerned about the possibility US interest rates will be raised above those of the UK later this year, thus putting dollar assets at an advantage over their British counterparts.

Shipping Intelligence. Chittagong port. Berth position and performance of vessels as on 13.7.99.

Table with columns: Berth No, Name of vessels, Cargo, L Port call, Local agent, Date arrival, Leaving. Lists various vessels like Xiang Cheng, Michelle, Banglar Kallol, Engouragement, Phaethon, Leona, Vishva Prafulla, Zeynep Kaptanoglu, Ever Brisk, Karunia Lestari-II, Kota Berjaya, QC Pintal, AL Swamruiz, Nordkap, Sin Hai, Elnza, RM/14 Unity, RM/15 Sarah-1, Corali, GSJ, TSP, RM/3, RM/5, RM/6, DDJ, DDJ/1, RM/8, RM/9, CUFLJ, KAFCO(U), KAGCO(A).

Table with columns: Name of vessels, Date of Arrival, L Port Call, Local Agent, Cargo Loading, Port. Lists vessels like Karin Cat, Edmo, Nopporn Naree, Chopol-1, Bunga Mas Lapan, Cemerlang, Jaya Venus, Joy World, Achiever, QC Mallard, Revenge, Jurong Balsam, Bangla Biraj, Banglar Mont, Kota Cahaya, Tug Hua Xiang, Barge Zhongren-1, Tug Mearaux, Rainbow Joy, Ocean-1, Da Fa, Bangla Mas, Banglar Gourab, Roro Slam, Bangla Biro, QC Teal, Star Glory, Xpress Makalu, Xpress Resol.

Table with columns: Name of vessels, Cargo, Last Port call, Local agent, Date of arrival. Lists vessels like Energy Explorer-IV, Seabulk Command, Seabulk Eagle.

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The above are shipping position and performance of vessels of Chittagong Port as per berth sheet of CPA supplied by HRC Group, Dhaka.

## Argentine debt default rumour shocks LatAm markets

Buenos Aires, July 13: Rumours of an Argentine debt default shook Latin American markets yesterday, but President Carlos Menem and local economists all blamed the presidential candidate of the ruling Peronists for needlessly scaring investors, reports Reuters.

The Brazilian real slid, the Mexican peso slipped, and stocks from Santiago to the Rio Grande sagged on the rumours, as well as on political factors unnerving investors in Buenos Aires.

Argentina's leading-share MerVal index MERV slumped to close down 8.66 per cent, largely due to concern that government power was leaking away ahead of the Oct 24 election. Congress last week delayed collection of a vehicle tax after a three-day nationwide strike by truckers.

Menem declared Argentina would pay every last cent of its debt and aimed a stinging re-

buke at the man widely blamed for triggering the rumours — the presidential candidate of his own Peronist Party, Eduardo Duhalde.

Duhalde, who has slipped behind the candidate of the centre-left opposition Alliance, Fernando de la Rúa, in opinion polls, at the end of last month called for part of Argentina's foreign debt of more than \$100 billion to be pardoned.

"I don't understand the logic of why a presidential candidate starts talking about condoning the debt or more time to pay it or whatever, when he himself will need to go to the creditors if he wins the election. That's what you call suicide," said Economist Aldo Abram, of consultants EXANTE.

He added that Argentina's debt profile was good, the proportion of short-term debt very manageable, and the size of the

debt in relation to gross domestic product of about \$300 billion reasonable.

Economy Minister Roque Fernandez last week dismissed Duhalde's proposal as impossible. Fernandez pointed out that most of the debt is in the hands of a large number of bond holders, with whom it would be impossible to negotiate.

While financial market traders tear out their hair at Duhalde's declarations, most Argentines think requesting debt forgiveness is a good idea, according to an opinion poll.

The idea did not go down as well in neighbouring Brazil, where its currency, the real, lost 2 per cent and the Bovespa stock index MXX was 2 per cent down in late trade. US Treasury bonds rose on flight-to-quality buying following rumours of a

possible Argentine downgrade.

"Of course Argentina can pay its debt. This is an overreaction caused by the power vacuum ahead of the elections," said Martin Redrado of the Fundación Capital consultancy, and a former head of Argentina's SEC equipment.

"The burden of short-term debt is very moderate. The government's policy of meeting financial needs ahead of time — we have already met our needs until October — reduces the risk of a default, and on top of that the contingency line provided by the International Monetary Fund means that the risk is very low," said Pedro Rabassa, economist at Scotiabank Quilmes.

Economists agreed that while Argentina could meet its debt commitments, the present market panic will push up its financing costs and deepen this year's economic recession.



S H Lee, Manager, Visual Media Division, Asia Export Group, Samsung Electronics Co. Ltd, Korea, inaugurates a Samsung Sales and Display Centre at 112, Airport Road, Tejgaon in the city on Sunday. Directors of Electra International were also present on the occasion.