

ILO chief for better labour standard

SEATTLE, Dec 1: The head of the International Labour Organisation said that world organisations needed to work together to improve labour standards across the globe, reports AP.

Juan Somavia, ILO director-general, was in Seattle Tuesday for a meeting of ministers from the World Trade Organisation, at which labour standards is expected to be one of the most controversial issues.

"We believe that the whole of the multilateral system should sit together to see what different institutions can do about promoting core labour standards and understanding much better how the global economy is in fact affecting the world of work," Somavia told The Associated Press.

"From an ILO point of view I believe that has to be taken seriously. We need to create systems that take into account social policy and social problems. It is very important."

Somavia declined to comment on the WTO meeting itself, which is facing pressure from special interest groups to look at the link between trade and labour standards.

Proposals by the United States and the European Union to set up groups to look at the issue have faced concerted opposition from developing countries, who believe the move is aimed at protecting richer countries with higher labour costs.

"I think that I have to be here because issues of institutional importance to the ILO are being discussed," said Somavia.

"We have reached the limit of piecemeal thinking. We have got to get these institutions together because you can't address something that is increasingly integrated with piecemeal solutions coming out of separate institutions."

Somavia, a Chilean lawyer and former ambassador, took over as chief of the ILO in March. The ILO counts 174 countries as its members.

India among 6 mostly unfree economies

WASHINGTON, Dec 1: India is one of the six mostly unfree economies of the world with a complex regulatory framework and a slow judicial system resulting in its being a complicated and frustrating country to do business, according to a report by a leading US think-tank, reports PFI.

According to the office of the US trade representative, industries have expressed concern with India government's stringent and non-transparent regulations and procedures. This practice makes India an expensive, complicated and frustrating environment in which to do business, the +2000 Index of economic freedom, published by the Heritage Foundation and the Wall Street Journal (WSJ) said.

The survey said India's high tariffs make it very profitable to smuggle foreign goods into the country and adds that though some freedom has been made there, it still exists a massive black market.

The report, quoting US department of commerce, said that Indian courts provide adequate safeguards for the enforcement of property and contractual rights, but case backlogs frequently lead to procedural delays.

Investors, foreign and domestic, still complain that the regulatory system allows far too much leeway for bureaucratic discretion.

New China trade pact proves a boon for US citrus growers

LOS ANGELES, Dec 1: The new China trade pact appears to have cleared a political logjam that kept American citrus growers from selling fresh oranges, lemons and grapefruits to the potentially vast consumer market, reports AP.

With the door to China now open, growers hope over time to book hundreds of millions of dollars in new sales.

Shipments of United States citrus could be as early as mid-February, barring problems with a pending Chinese inspection of pest-control measures at US orchards, said John Thaw, a lead negotiator for the US Department of Agriculture.

Florida officials have estimated that sales of grapefruit, the state's primary fresh citrus export, could get a \$40 million boost from China trade over the next five years.

Sunkist Growers, one of America's biggest citrus cooperatives, expects overseas sales to grow by \$500 million over the same period for its 6,500 member farmers in California and Arizona. It now exports about \$600 million worth of fruit per year.

"All citrus fruit started in China with the mandarin," a variety of orange, said William Quarles, Sunkist's vice president for corporate relations. "Marco Polo took citrus to the Mediterranean and explorers brought it to the New World. We're trying to close the loop by taking it back to China."

Comprehensive new round of world trade talks EU, Japan, 4 other nations agree common front

SEATTLE, Dec 1: The European Union, Japan and other backers of a comprehensive new round of global trade talks have drawn up a joint document which they hope will break a deadlock at a conference here, EU officials said yesterday, reports Reuters.

South Korea, Hungary, Switzerland and Turkey are also backing the document, which will be put on the table at the World Trade Organisation (WTO) meeting being held here from Nov. 30-Dec. 3.

The joint document is an initiative by the 15-nation EU, which wants to kick-start stalled negotiations on the scope of future trade liberalization talks.

The EU, Japan and other countries that signed up to the text are supporters of a comprehensive new round of global trade negotiations. Together, they account for more than 30 per cent of world exports of goods.

But they face resistance from the United States and other WTO member countries which want a narrower agenda for new talks.

Months of preparatory talks in Geneva failed to break the deadlock, leaving ministers with a tough task to broker an agreement at the four-day Seattle conference.

Most of the backers of the text are under attack from the Australian-led Cairns group of major food exporters and the United States for resisting abolition of farm subsidies.

On agriculture, the document says the negotiations should "continue the ongoing process of fundamental reform directed at achieving a fair and market-oriented agricultural trading system..."

Negotiations would cover reduction in all forms of assistance to exports and reductions in trade-distorting domestic support, under the proposals.

But the paper repeats a controversial Japanese and EU demand for the "multifunctional" role of agriculture to be recognised. The EU argues that its farmers deserve compensation for protecting the environment and keeping rural areas economically viable.

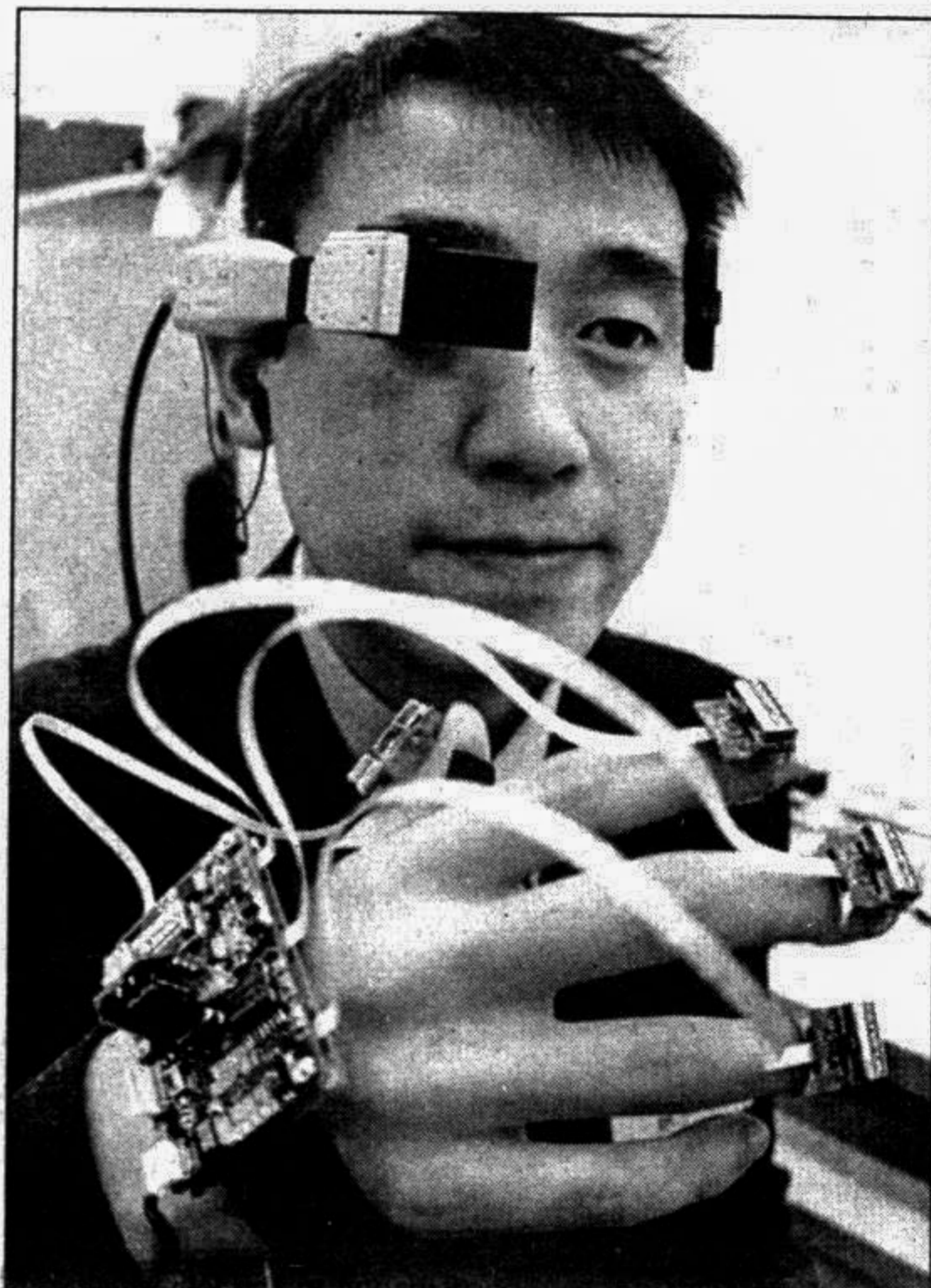
On anti-dumping — a sensitive point with the United States — the document proposes that rules should be reviewed and clarified.

Developing countries frequently complain at the way rich countries apply anti-dumping duties on imports they believe are being sold at below production cost.

As an immediate step at Seattle, the document proposes that WTO members should agree not to reopen investigations against the same product within a year of closing a previous case.

Washington opposes changes to existing anti-dumping laws. The paper calls for negotiations on substantially reducing tariffs on industrial products and advocates negotiations on multilateral investment and competition rules.

The United States opposes discussing investment and competition rules in a new trade round.



Tetsuo Tanaka, an employee of Japan's Olympus Optical demonstrates a prototype of a human interface device for a wearable PC, which gives the user the ability to input signals from the movement of wearer's fingers as the virtual keyboard or virtual pointing device, during the company's technology exhibition in Tokyo on Wednesday. IBM Japan and Olympus unveiled a prototype of wearable PC recently, which is composed of an IBM-made walkman-sized main unit and an Olympus-made headset with a full-color screen.

Clinton sympathetic to protesters' concerns

WASHINGTON, Dec 1: President Bill Clinton said yesterday he sympathised with protesters at the World Trade Organisation meeting in Seattle and that trade agreements should take into consideration the labour and environmental concerns, reports Reuters.

WTO ministers were meeting to set the agenda for a new round of negotiations aimed at reducing trade barriers in sectors ranging from agriculture to electronic commerce.

"I also strongly believe that we should open the process up to all those people who are now demonstrating on the outside. They ought to be a part of it," Clinton told reporters in the Oval Office.

"And I think we should strengthen the role and the interest of labour and the environment in our trade negotiations," he said. Clinton was scheduled to attend the WTO meeting on Wednesday.

Clinton acknowledged that addressing labour and environmental concerns in trade talks was "not going to be easy" because many developing countries see concerns about environment and labour standards as a way to "keep them down."

About 30 per cent of US economic growth was due to expanded trade, which has also helped keep US inflation down — "so, we've had this huge growth with low inflation," Clinton said.

But he said he wanted to make sure that the economy was not damaged by "trading rules that could put short-term economic considerations over long-term environmental considerations."

"So I'm very sympathetic with a lot of the causes being raised by all the people that are there demonstrating," Clinton said.

The president said he hoped the WTO meeting would launch a new round of trade talks that would lead to a reduction in tariffs and other trade barriers in agriculture and other areas.

"Since this has now become a global society with global communications, as well as a global economy, I think it was unrealistic to assume that for the next 50 years trade could be like it's been for the last 50 — primarily the province of business executives and political leaders," Clinton said.

Labour Secretary Alexis Herman at the White House told reporters, the United States recognised the concerns of developing countries on the issue of labour standards.

"We are very cognizant of their concern that anything that we do with regard to labour standards would not be to the detriment of a third world country, but I think increasingly we all recognise that it's not just about free trade but it is about fair trade as well," she said.

Protest against privatisation 200,000 Indian insurance workers go on strike

NEW DELHI, Dec 1: Nearly 200,000 workers of state-owned insurance companies went on strike Wednesday in a last-ditch attempt to block the government from privatising the insurance sector, Press Trust of India news agency reported, reports AP.

The day-long strike came as parliament debated a bill that would allow foreign companies to own up to 26 per cent in joint ventures with Indian firms. The government has controlled the insurance business since 1973.

Life insurance will continue to be handled exclusively by the state-run Life Insurance Corporation of India.

The parliament vote is scheduled for Thursday. "The insurance employees strongly condemn the indecent haste with which the government is proceeding toward enactment of the insurance bill despite all-round opposition,"

Earlier, Congress party chief Sonia Gandhi threatened to withhold support on the insurance bill unless the name of her husband, former Prime Minister Rajiv Gandhi, was removed from an indictment filed in a corruption case involving the purchase of Swedish artillery guns in 1980s.

The insurance bill must be approved by both houses of parliament and ratified by India's ceremonial president before it becomes law. The Congress party's support is crucial in the upper house where it controls majority votes.

"The government is confident of passing the bill," Press Trust of India quoted Parliamentary Affairs Minister Pramod Mahajan as saying Wednesday.

Leftist groups oppose the bill, arguing that insurance workers will be badly hit if foreign investors control the business and take profits out of the country. "It will ruin the Indian economy," said BS Rawat, a trade union spokesman.

Investors deny profits will be repatriated. This is one of the big myths, Derek Stott of Prudential Insurance told the Star News network. "It is not good policy to take money out of the country we are operating in."

India began opening up its socialist-style economy in 1991.



Employees at Hawha Mart, a large-scale supermarket in Seoul, Tuesday display Y2K emergency kits prepared for possible disasters that may be caused by the potential threat of the millennium bug. The kits, priced at 104 USD and 68 USD respectively, contain instant food, mineral water, cooking gas canisters, along with other daily necessities in case of an emergency.

US approves \$82b Exxon-Mobil merger

WASHINGTON, Dec 1: The US government yesterday approved Exxon Corp's \$82 billion purchase of Mobil Corp, creating the world's largest publicly traded oil company after the firms agreed to sell a record \$2 billion in assets, reports Reuters.

The mega-deal marks the latest in a series of mergers that have reshaped the international oil industry into a handful of huge companies with pockets deep enough to finance billion-dollar exploration projects.

To satisfy antitrust concerns of the Federal Trade Commission, the new company will divest 2,431 gasoline stations, pipeline interests in Alaska and the Southeast, an oil refinery in California and other assets.

FTC Chairman Robert Pitofsky said in an interview the large asset sale was vital to protect consumers at the pump and ensure healthy competition among gasoline retailers.

"We're comfortable that the deal as restructured will not create competitive problems or consumer harm," he said.

Lee Raymond, chief executive officer of the merged company, now called Exxon Mobil Corp, with the stock symbol XOM, said the firm will comply with the FTC terms "in a timely manner."

"The merger will allow Exxon Mobil to compete more effectively with the recently combined multinational oil companies and the large state-owned oil companies that are rapidly expanding outside their home areas," Raymond said.

About 9,000 jobs will be cut from the combined firm's 123,000 worldwide employees, he said. That plus other cost cutting will save more than \$2.8 billion annually.

Anti-WTO demonstrations shock Asia

TOKYO, Dec 1: The violent protests that halted the opening of the World Trade Organisation conference in the United States produced headlines across Asia on Wednesday, and one Japanese official said he was shocked by the clashes, reports AP.

As people in Asia and Australia watched live TV footage of the rioting, during which police attacked thousands of demonstrators in Seattle, Washington, Japan's Asahi newspaper carried a front-page story about the unrest.

"WTO ministerial talks get off to a precarious start," said the headline of the story.

The article, which called the unrest "extremely ominous," appeared alongside a colour photograph. It showed protesters diving for cover as police fired tear gas and pepper spray at them in the streets of Seattle, a city that has long promoted its strong trade ties with Asian countries.

"Demonstrators overrun Seattle," said a page-one headline in the Times of India, one of India's top national newspapers.

In Tokyo, Yasushi Abe, an official at Japan's Ministry of International Trade and Industry, said he had anticipated that some protests would be held outside the WTO meetings in Seattle.

"But the scale of demonstrations and reported violence were beyond imagination," Abe said in an interview.

As he spoke, a state of emergency was declared in Seattle, and authorities called for reinforcements by US National Guard troops.

"We hope the situation will soon return to normal. Trade officials around the world are gathering there for discussions," Abe said.

The Geneva-based World Trade Organisation has sweeping powers to enforce international trade agreements among the 135 WTO countries.

During its meetings over several days in Seattle, the WTO trade ministers hope to set the agenda for a new round of negotiations to reduce trade barriers around the world.

But the protests forced the WTO to cancel its opening ceremonies because riotous carrying dignitaries could not make it past the demonstrators, who chained themselves together and blocked streets.

US President Bill Clinton was to fly to Seattle a few hours later and address the World Trade Organisation on Wednesday.

In China, which recently struck a deal with the United States to be admitted to the WTO, the protests received only a passing reference on government-controlled China Central Television.

Japan finds 4 ODA projects inefficient

TOKYO, Dec 1: Japan's Board of Audit today identified as inefficient four overseas development assistance (ODA) projects worth a total of 7.28 billion yen (\$71 million) carried out by the Japanese government over the past 14 years, reports Reuters.

The Board, in its annual inspection report on government settlements, said a railway project in the Philippines failed to boost capacity despite a 5.04 billion yen Japanese government loan extended between fiscal 1990/91 and 96/97 (April-March).

The report, handed to Prime Minister Keizo Obuchi on Monday, also said 1.34 billion yen in technical assistance to Fiji to boost rice production failed to produce its intended effects.

The other two projects were a 878 million yen grant to upgrading dairy product processing facilities in Mongolia and a 30 million yen grant for Ecuador to preserve its national library archives.

Separately, the Board identified a 5.96 billion yen telecommunications project in Bhutan as having had problems in the way it was executed.

Specifically, Bhutan made 24 changes to its original plan without the Japanese government's approval, the report said.

Japan is the world's biggest bilateral aid donor, but its aid projects have often been criticised as inefficient.

Currently, Japan assesses the effects of ODA only after the completion of the projects.

China to speed up WTO entry talks at Seattle meet

BEIJING, Dec 1: China's trade minister will try to speed up its entry to the WTO by lining up meetings with member nations it does not yet have trade agreements with at this week's ministerial conference in Seattle, an official said today, reports AP.

Trade Minister Shi Guangsheng, China's top World Trade Organisation (WTO) negotiator, has said he wants to push ahead negotiations with those WTO members, so that China can speed up its entry into the trade body.

He will try to arrange meetings with the other members. They can either come to China

after the Seattle meeting or we can go to their country, said foreign ministry spokesman Sun Yuxi.

China, which is not yet a WTO member, is attending this week's meeting as an observer.

Sun said China must still negotiate trade agreements with 22 countries after having struck accords with 14. Two key countries, the United States and Canada, signed this month.

Meanwhile, another reports from the same venue says: China and the European Union will attempt to make progress toward an accord on the Asian giant's WTO entry

after the Seattle meeting or we can go to their country, said foreign ministry spokesman Sun Yuxi.

"Launching of a new round is one thing and China is another, and I came to Seattle to launch a new round," European Trade Commissioner Pascal Lamy said.

Lamy said he did plan to meet with the head of the Chinese observer delegation, Trade Minister Shi Guangsheng, but only to map out post-Seattle talks.

"I am meeting with Shi this week. We will make an explanation of what there is to do," he said, refusing to list sticking points between the two sides.



Sheltech Managing Director Dr Toufiq M Seraj inaugurates their project, Sheltech Sierra, one of the biggest shopping complex ventures in the country, at city's Elephant Road Tuesday. Leading businessmen, industrialists, city elite and other Sheltech officials were also present.

Exchange Rates

Table showing American Express Bank Ltd foreign exchange rates (indicative) against the taka to clients. Columns include Currency, Selling TT & OD, Selling BC, Buying T.T Clean, Buying OD Sight Export, and Buying OD Transfer. Rows list various currencies like US Dollar, Pound Sls, Deutsche Mark, etc.

Table showing US dollar London Interbank Offered Rate (LIBOR). Columns include Buying, Selling, Currency, 1 Month, 3 Months, 6 Months, 9 Months, 12 Months. Rows list currencies like USD, GBP, Euro, etc.

Table showing Exchange rates of some Asian currencies against US dollars. Columns include Indian Rupee, Pak Rupee, Thai Baht, Malaysian Ringgit, Indonesian Rupiah, Korean Won. Rows list the respective currencies.

Amex notes on Wednesday's market: The USD/BOT trading was very slow after the downward adjustment of the local unit by 3.03 cent on Tuesday. Market players remained cautious on trading in USD/BOT Wednesday. The average USD/BOT rate ranged between 51.07 and 51.1200.

The call money market was moderately active on Wednesday. Average call rate ranged between 5.75 and 6.25 per cent.

The euro held about a cent away from the psychological one-for-one rate against the dollar on Wednesday, mildly supported by strong euro-zone economic reports. Analysts commented that a batch of purchasing managers' index surveys coming out of France, Germany and the euro zone on Wednesday morning should keep the euro propped above its lows for the time being despite its proximity with parity with the US dollar. The euro stood just above \$1.01 more than half cent above the lifetime low of \$1.0034 hit on Monday.

Meanwhile, the US currency was trading above 102 yen, more than half yen above last week's four-year low of 101.22. Looking forward, the yen is expected to gain more ground against the dollar in coming weeks. Next Monday, the release of July-September gross domestic product data, and of the BOJ's 'Tankan' corporate survey the following week, could be catalysts for the dollar's fall below 100 yen.

Deflation holds back broad-based recovery in HK

HONG KONG, Dec 1: Hong Kong will not see full and broad-based economic recovery until deflation wanes, with most economists expecting prices to turn around in the second half of 2000, reports Reuters.

Exports have picked up on the back of regional improvements, and lower prices mean domestic consumption is recovering in real terms.

"We need a broad-based recovery. It has to come from investment, from consumption and not just from exports," said Li Lian-ong, regional economist for Asia at Macquarie Bank.

The government reported a 4.5 per cent surge in gross domestic product (GDP) in the year to the third quarter, prompting a rise in its 1999 annual GDP forecast to 1.8 per cent from 0.5 per cent.

At the same time, it lowered its 1999 inflation forecast to minus four per cent from minus 3.5 per cent, and fixed investment forecast to minus 14.2 per cent from minus 10.9 per cent.

The government said the downturn in machinery and equipment acquisition by the private sector had moderated, but building and construction activity was still slack.

This was offset to a certain extent by public sector building and construction output, which had bounced back to positive.

Analysts said investment would stay weak as long as real interest rates — nominal rates less inflation — were high.

"We have argued before that a full cyclical recovery, characterised by real investment growth and restocking, cannot take shape until deflation disappears," said a report by Morgan Stanley Dean Witter's Andy Xie and Denise Yam.

Deflation has shown recent signs of moderating with the composite consumer price index (CPI) falling 4.2 per cent year-on-year in October, versus a six per cent fall in September.

Morgan Stanley predicted full-year 1999 inflation at minus 3.1 per cent and year-on-year consumer price rises turning positive in the second half of 2000.