

# EU, US step up dispute over tax scheme

## Transatlantic trade row deepens

BRUSSELS, May 30: A transatlantic trade dispute deepened yesterday as the United States said it would press ahead with proposed reforms to a multi-billion-dollar export scheme hours after they were rejected by the European Union, says Reuters.

"We regret that the (European) Commission has chosen not to engage in serious negotiations based on our proposal," US Deputy Treasury Secretary Stuart Eizenstat said in a statement.

Eizenstat presented the EU with proposals on May 2 aimed at bringing the scheme into line with global trading rules, but EU officials said on Monday they did not address their concerns.

The row over the US Foreign Sales Corporations (FSC) scheme, which provides billions of dollars of tax breaks for major US exporters, including

Microsoft, Ford FN and Exxon Mobil, could have far-reaching business and political implications in a US presidential election year.

The latest developments strained transatlantic trade relations — already hit by long-running disputes over bananas, hormone-treated beef and a controversial EU aircraft noise law just as President Bill Clinton prepared to meet top EU officials for a regular EU-US summit in Portugal on Wednesday.

The 15-nation EU says hundreds of billions of dollars of US exports are made through FSCs — shell companies of US corporations set up in tax havens such as the Virgin Islands, Barbados or Guain. Some estimates say tax breaks under the old scheme could reach \$4.1 billion by 2001.

In February, the World Trade Organisation (WTO) ap-

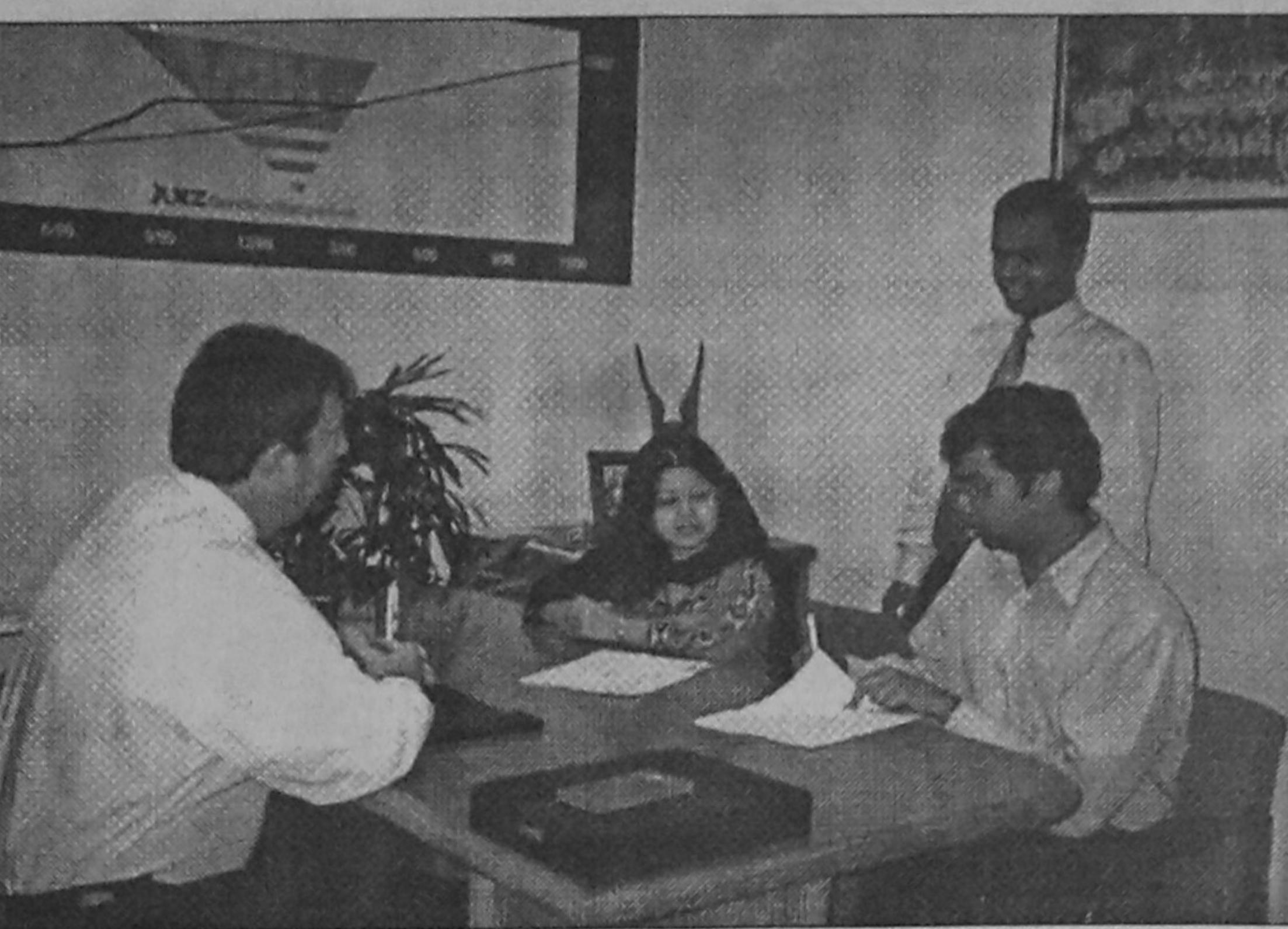
pealed body, ruling in favour of the EU, judged that the FSC programme was an illegal export subsidy and gave the United States until October 1 to revise it.

But the Commission said the US proposal, aimed at meeting that deadline, "does not meet basic WTO requirements".

EU Trade Commissioner Pascal Lamy told Eizenstat late last week that the EU remained open to further discussions to find a "definitive and timely solution" and had no wish to see the dispute escalate, the EU said in a statement.

EU officials said they hoped the United States would come up with a new formula which did comply with WTO rules.

The US administration immediately shot back, saying it intended to press ahead with legislation based on its proposals regardless of the EU's objections.



Md Mostaque Kibria, the first customer of ANZ Grindlays Bank to avail himself of 'Easy Start' personal loan facility, signs the loan offer letter at the bank. Neil Merrick, Deputy General Manager and Head of Personal Financial Services, and other officials of the bank are also seen. 'Easy Start' is a low interest personal fixed term loan facility that has a one-time disbursement advantage and the tenure of the loan is one year. The bank recently launched this loan scheme.

## Exchange Rates

American Express Bank foreign exchange rates (indicative) against taka to clients.						
Currency	Selling TT & OD	Selling BC	Buying T.T.	Buying OD Sight	Buying OD Export Bill	Buying OD Transfer
US Dollar	51.2700	51.3000	50.9000	50.7470	50.6750	
Pound Stg	76.6759	76.7358	75.5037	75.2763	75.1693	
Deutsche Mark	24.6350	24.6542	23.6407	23.5695	23.5360	
Swiss Franc	30.4361	30.4598	29.8146	29.7248	29.6625	
Japanese Yen	0.4817	0.4820	0.4728	0.4714	0.4707	
Dutch Guilder	21.8640	21.8810	20.9815	20.9183	20.8860	
Danish Krone	6.3966	6.4015	6.2636	6.2447	6.2258	
Australian \$	30.0208	30.0442	28.7331	28.6465	28.6058	
Belgian Franc	1.1944	1.1953	1.1462	1.1427	1.1411	
Canadian \$	34.5030	34.5299	33.5203	33.4193	33.3718	
French Franc	7.3453	7.3510	7.0488	7.0278	7.0176	
Hong Kong \$	6.5875	6.5926	6.5075	6.4879	6.4787	
Italian Lira	0.0249	0.0249	0.0239	0.0238	0.0238	
Norway Krone	5.7189	5.7234	5.6299	5.6130	5.6050	
Singapore \$	29.9066	29.9299	28.9681	28.8808	28.8308	
Saudi Rial	13.6957	13.7064	13.5101	13.4694	13.4502	
UAE Dirham	13.9866	13.9975	13.7954	13.7539	13.7344	
Swedish Krona	5.6408	5.6452	5.5701	5.5533	5.5454	
Qatari Riyal	14.1122	14.1232	13.9160	13.8741	13.8543	
Kuwaiti Dinar	172.4567	172.5914	160.1773	159.6955	159.4685	
Thai Baht	1.3041	1.3051	1.2907	1.2869	1.2850	
Euro	48.1818	48.2194	46.2371	46.0979	46.0324	

### Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
50.7112	50.3966	49.9632	49.5998	49.1163	48.2695

### US dollar London Interbank Offered Rate (LIBOR)

Buying	Selling	Current	1 Month	3 Months	6 Months	9 Months	12 Months
50.6750	51.2700	USD	6.6415	6.64	7.0250	7.29	7.45
75.1693	76.6759	GBP	6.1183	6.2615	6.4170	6.5506	6.68094
5.6050	5.6408	Cash/	4.20	4.40	4.60	4.7775	4.89

### Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
4.55/44.57	51.895/	39.19/39.24	3.7995/	8635/8665	1136/1137

### Amen notes on Tuesday's market

The USD/BDT market was very active on Tuesday. The USD/BDT rates reached as high as 51.25. The demand for USD increased, but the supply of USD remained steady, which pushed the rate up. The call money rates fell to 8-8.55 as T-bills matured and supplied some liquidity to the call market.

The euro rose against the dollar and broke through the critical 0.9330 level and briefly moved beyond 0.9400 before falling back to 0.9360-0.9365 level. Strong German GDP data coupled with a bright French Business outlook fuelled the upsurge of euro, but it drifted downward amid profit taking by US banks.

Sterling generally followed the euro and crossed 1.5000 against the dollar for the first time since April. However, GBP stayed beyond 1.5000 when euro drifted downward. The yen grew strong against the dollar.

Around GMT 6.00, the majors were at US dollar at 107.39/107.44 JPY, 1.6776/1.6784 CHF, Euro at \$ 0.9370/0.9373 and GBP at \$ 1.5020/1.5025.

## Advertising world under fire

### World No Tobacco Day today

GENEVA, May 30: World health bosses are targeting television and cinema in their "World No Tobacco Day" campaign on Wednesday in a bid to smash the "image of tobacco as glamorous and fun," says AFP.

"Tobacco is a communicated disease — communicated through advertising and promotion for which the tobacco industry spends billions of dollars," World Health Organisation Director-General Gro Harlem Brundtland, said in a written message prepared for delivery on the day in Bangkok.

The "Tobacco Kills — Don't Be Duped" campaign includes posters and leaflets depicting two horse-riding cowboys, one telling the other "Bob, I've got cancer."

They also carry the warning that tobacco should not be advertised, glamorised or subsidised.

Some 11,000 people die daily due to tobacco-related diseases, Brundtland said, pointing out

that research showed people's decisions to smoke was influenced by tobacco industry promotion.

Tobacco advertising featuring prominent sports and entertainment figures project and reinforce an image of tobacco as glamorous, fun, healthy, sophisticated and wealthy," she said.

The campaign offers four steps the entertainment industry can take to reduce the glamorisation of tobacco in movies, on television and in music videos.

Among them, health bosses call for the 'creative substitution' of cigarettes with other props for portraying rebellion, celebration, and relaxation.

And it appeals for the reality of tobacco use to be portrayed, highlighting that most smokers would like to quit but find it difficult because of the highly addictive nature of nicotine.

WHO said tobacco kills four

## Filipino GDP grows 3.4pc in first quarter

MANILA, May 30: The Philippines said today gross domestic product in the first quarter was up 3.4 per cent over the year-earlier period, slightly down from market forecasts of \$84.2 billion deal, creating Europe's second largest mobile phone group, the companies announced Tuesday, reports AP.

Brundtland describes the campaign's decision to focus on the entertainment, films and sports industry for "World No Tobacco Day" this year as a carefully thought one."

Medalla said growth was lower than his previous forecast of 3.8-4.3 per cent because of smaller than expected gains in the agricultural sector. It was also down on the revised 4.9 per cent year-on-year growth in the fourth quarter of 1999 and puts the Philippines at the bottom of regional growth.

Malaysia posted an 11.7 per cent year-on-year GDP growth in the first quarter. Hong Kong recorded growth of 14.3 per cent, South Korea 12.8 per cent, Singapore 9.1 per cent and China 8.1 per cent.

The Philippines' Q1 GDP grew 0.04 per cent over the fourth quarter of 1999, seasonally-adjusted. A senior government official said the figure confirmed the weakening momentum of the country's growth since the third quarter of 1999.

Under the deal, France Telecom will also take over Orange's 1.8 billion pounds (\$2.9 million) debt.

Orange — one of Britain's

## France Telecom buying British Orange

LONDON, May 30: France Telecom is buying Britain's Orange from Vodafone Air Touch PLC in a 2.51 billion pounds (\$40.2 billion) deal, creating Europe's second largest mobile phone group. France Telecom also gains Orange's license to offer the powerful next-generation wireless services in the United Kingdom, a building block for its aspirations to become a major mobile player in Europe.

The sale gives the French company a much-coveted foothold in Britain's fast-growing mobile phone market. France Telecom also gains Orange's license to offer the powerful next-generation wireless services in the United Kingdom, a building block for its aspirations to become a major mobile player in Europe.

Under the deal, France Telecom will also take over Orange's 1.8 billion pounds (\$2.9 million) debt.

France Telecom had tried unsuccessfully to secure a license in last month's auction in Britain of powerful third-generation mobile phone licenses, which will enable handsets to roam the Internet and download video.

France Telecom had backed NTL Mobile, the last unsuccessful bidder to withdraw from the auction.

The outcome of the auction helped catalyse France Telecom's plans to expand across the English Channel. Aside from Orange and Vodafone, the winners included One2One, which is owned by France Telecom's main continental rival, Deutsche Telekom.

Orange — one of Britain's most successful wireless brands — is the newest of Britain's four mobile operators but, under chief executive Hans Snook, it has built a 22 per cent share of the market.

Partly in order to win the support of Snook, France Telecom agreed to combine its mobile operations under one new company, called New Orange, under Snook which will be listed in the London, Paris and New York stock markets later this year or early in 2001, the companies said.

## Shipping Intelligence

### Chittagong port

Berth position and performance of vessels as on 30.5.2000

Berth	Name of Vessels	Cargo	L. Port	Local agent	Date of Leaving
J/1	Lady Hind	Wheat(P)	Gang</		