

EU asks WTO to approve \$4b sanctions on US

Row over Washington's tax break scheme

BRUSSELS, Nov 18: The European Union asked the World Trade Organisation (WTO) yesterday to authorise up to \$4.04 billion a year in EU trade sanctions on the United States in a row over a US tax break scheme for businesses, says Reuters.

The EU's sanctions request is the highest ever made to the WTO, the global regulator for trade disputes, EU officials said.

However, the EU and the United States have agreed to follow lengthy WTO procedures in the case and it will be the middle of next year, if at all, before the EU could actually impose sanctions on US goods.

The row over the US tax break scheme is potentially the most explosive of a series of transatlantic trade disputes.

The United States imposed more than \$300 million of trade sanctions on the EU last year over its banana import policy and its ban on hormone-treated beef. Aid to the aircraft industry and genetically modified foods have also caused friction.

US officials have warned that if the EU ever imposed heavy sanctions in the tax dispute it could spark a major trade war between the world's leading commercial powers, whose two-way trade totalled around \$290 billion in 1999.

The WTO ruled in February that the US Foreign Sales Corporation (FSC) programme, which granted around \$4 billion a year in tax breaks to major US exporters such as aircraft maker Boeing Co and software giant Microsoft Corp, was an illegal export subsidy.

US President Bill Clinton this week signed legislation repealing the FSC programme, which doled out tax breaks to exporters through offshore subsidiaries, and replacing it with a new tax relief system for US companies.

Washington says the new law, which excludes some types of foreign source income from US taxes, brings it into line with the WTO ruling. The EU contests this.

The new law "not only maintains the violations found by the WTO in the FSC case but may even aggravate them," the EU said in a statement.

US Trade Representative Charlene Barshefsky and Deputy Treasury Secretary Stuart Eizenstat said in a statement issued in Washington that the United States would challenge the EU's \$4.04 billion sanctions request.

They urged the EU to reconsider its view that new US legislation still violates WTO rules. "We continue to strongly believe it is WTO compliant, as it neither constitutes a subsidy nor is it export contingent," the US officials said.

The United States remained open to further talks with the

EU to resolve the dispute. Both sides should continue to manage the issue responsibly to avoid "any escalation of tensions that could harm our strong bilateral relationship," they said.

The EU released a broad list of goods from which US products could be selected for sanctions if the WTO agrees with it that the new US law does not comply with global trade rules. Products on the list range from live animals, cereals and books to iron and steel, electrical machinery and aircraft.

EU trade spokesman Anthony Goehs said the EU had also asked for WTO consultations with the United States - the first step towards the for-

mation of a WTO panel of experts to rule whether the new US system complies with global trade rules.

Also in Geneva, US trade ambassador Rita Hayes said the United States would, as expected, seek WTO arbitration on the EU's sanctions request. Requests for sanctions are often sharply scaled back by WTO arbitrators.

EU Trade Commissioner Pascal Lamy, at a business conference in Cincinnati, Ohio, stressed the need for the EU and United States to avoid shouting threats at each other in the tax dispute. "We all know that trade disputes are quite normal in view of the huge volume of transatlantic trade," he said.

Vietnam to press on with economic liberalisation

Free info key to knowledge-based economy: Clinton

HANOI, Nov 18: Communist Vietnam insisted it would press on with market-opening reforms Saturday after US President Bill Clinton criticised attempts to turn back the clock on economic liberalisation, reports AFP.

US Trade Representative Charlene Barshefsky met Vietnamese Trade Minister Vu Khoan after Clinton warned his communist hosts freedom of information was crucial to development in a knowledge-based economy.

Bu Khoan appeared keen to reassure his American counterparts that Hanoi was convinced a full dismantling of the Stalinist economy, while retaining tight political control, was the key to accelerated development.

"Vietnam is already an open economy," he told reporters as

he met Barshefsky for talks at the trade ministry on implementation of a landmark bilateral trade deal signed in July, still to be ratified by Congress.

"Because of this open door policy that we have, the economy has developed substantially over the past few years."

He said exports had increased almost six-fold in a decade.

"Of course, if the economy is closed, then the impact will be reversed. We understand in the coming 10 years, we are going to have to accelerate the integration process to increase our exports and foreign investment in Vietnam."

"We will also try to accelerate our integration into the World Trade Organisation (WTO) and the trade agreement (with the US) is a positive step

in this direction."

Later the official Vietnam News Agency reported Prime Minister Phan Van Khai told Clinton in talks Friday Vietnam wanted to double gross domestic product in 10 years.

At her meeting Saturday, Barshefsky said the US would provide "technical and other assistance to the government of Vietnam so the implementation on both sides can proceed smoothly."

In July Washington and Hanoi signed a landmark trade deal giving Vietnamese exporters access to US markets in return for an opening of the Vietnamese economy to American businesses.

The deal was a key step on Vietnam's long road to entry into the WTO.



An employee (C) observes the fastest computer of Europe, with a surface of 18 square meters, at the Academic Audit Centre in Amsterdam, on Friday. The Dutch organisation for Scientific Research purchased the Scalable Node-1 computer for 30 million guilders (around 11,000,000 USD). The new 'super' computer can process one thousand billion calculations per second.

--AFP photo

US for better investment climate in Europe

CINCINNATI, Ohio, Nov 18: US Treasury Secretary Lawrence Summers on Friday warned that Europe trailed the United States in the use of information technology and entrepreneurship and urged it to boost investment to reach more balanced global growth, reports AFP.

"A more attractive European investment climate will be critical to supporting a more balanced pattern of global growth, with a reliance on investment-led -- rather than export-led -- European growth," Summers said in a speech here at a meeting of the Transatlantic Business Dialogue.

US officials have frequently warned that the United States cannot continue to function as the world's principal growth engine and have appealed to both the European Union and Japan to spur momentum in their own economies.

While Europe is changing, Summers warned, "the world, in many ways, may be changing even faster."

The "impressive reductions" in budget deficits that Europe has engineered have not led to substantial increases in European investment or upward revisions in growth estimates, according to Summers.

He said Europe was lagging behind the United States in the application of information technology, job creation, and entrepreneurship.

According to estimates by the Organisation for Economic Cooperation and Development it takes 12 times longer to set up a new business in continental Europe than in the United States, Summers noted, while the cost of doing so is four times higher.

Information technology only accounted for four per cent of the 11-nation euro area gross domestic product in 1999.

compared to seven per cent for the United States and 6.5 per cent in Japan, Summers said.

Although several European countries have acted to improve labour market flexibility, only 67 per cent of the euro area's working age population is actually employed, compared with nearly 80 per cent for the United States.

Summers said that those countries that have progressed farthest with labour reforms -- including Britain, the Netherlands, Denmark and Ireland -- "have enjoyed sharp declines" in structural unemployment.

DaimlerChrysler sends in German team to kickstart US operations

STUTTGART, Germany, Nov 18: German-US auto giant DaimlerChrysler installed Friday a new German leadership at its troubled US arm Chrysler to kick the loss-maker into shape, reports AFP.

The current head of Chrysler Group, American James Holden, was replaced with immediate effect by a German, Dieter Zetsche, DaimlerChrysler said in a statement that had been widely anticipated in the press.

Zetsche, 46, was appointed Chrysler's new president and chief executive officer.

He was to be aided by Wolfgang Bernhard, 40, in the newly-created position of chief operating officer, also with immediate effect.

"Due to a significant shift in market conditions in the United States, the new management team of the Chrysler Group will fundamentally reposition and restructure the business," the statement said.

"This programme, details of which will be announced in the first quarter of 2001, will focus on measures to improve cost positioning, product line-up and market performance."

The removal of Holden was likely to raise hackles on the other side of the Atlantic and shatter once and for all any illusions that the German-US tie-up back in 1998 was a merger of equals.

But analysts suggested that by prescribing such a bitter pill early on, DaimlerChrysler chief Juergen Schrempp might be able to stop loss-making Chrysler from becoming the same sort of liability that British car maker Rover turned out to be for BMW.

Chrysler turned in a record loss of 579 million euros (498 million dollars) in the third quarter of this year.

And DaimlerChrysler warned on Friday that the situation was unlikely to improve in the fourth quarter.

Office of the Deputy Police Commissioner (Supply)

Dhaka Metropolitan Police, Dhaka

Tender Notice

Sealed tenders are invited from bonafide traders/contractors/supplier establishments for procuring the following ration goods as per time mentioned against each for the 3rd quarter of the fiscal year 2000-2001 (for the months of January, February and March, 2001 year) for fire wood, wheat crushing, general transport and sugar carrying in the Dhaka Metropolitan Ration Store, Rajarbagh, Dhaka. Tenders will be received in the box kept at the Office Chamber of the Assistant Police Commissioner (Supply), Dhaka Metropolitan Police, Dhaka to the undersigned on 26-11-2000 before 12.00 hours and tender box will be opened the same day that is 26-11-2000 at 12.00 hours before the tenderers present (if anyone remains present). Intending tenderers will have to procure schedule containing terms and conditions by depositing Tk 750/- (seven hundred fifty taka) for fire wood and Tk 400/- (four hundred taka) only for other items separately to the Assistant Police Commissioner (Supply), Dhaka Metropolitan Police, Dhaka.

Terms & Conditions

1. Attested photocopies of the following documents renewed up-to-date along with the receiving schedule will have to be submitted, a) trade licence, b) bank solvency certificate with statement of transaction, c) certificate for income tax payment, d) nationality certificate, e) ownership affidavit, f) VAT registration certificate, g) in case of transport, contractors must have the document regarding the ownership of truck, h) in case of wheat crushing the owner of the firm must have an automatic/semi-automatic powerful wheat crushing mill at least with 4 (four) haulers of his own within the city corporation area and there should be a sufficient arrangement of full-time 6 (six) police guard within the place along the mill, i) certificate regarding the completion of work for 10 (ten) lakh taka in any government establishment during the last fiscal year from these offices. In case of general transport and carrying of sugar this condition, (i) is not applicable.
2. Security money for Tk 70,000 (seventy thousand) for fire wood Tk 50,000 (fifty thousand) for wheat crushing, Tk 50,000 (fifty thousand) for carrying of sugar and Taka 30,000 (thirty thousand) for general transport as the security money in the forms of Pay Order/Bank Draft (security receipt is not acceptable) must be submitted along with the application for receiving schedule.
3. Schedule will be sold on any day during office hours from the day of publishing notice in the newspapers and the day before receiving the tender that is 23-11-2000 till 15.00 hours. No schedule will be sold on the day of receiving tender.
4. Although the security money of the contractors for any other work is deposited, new security money will have to be deposited for the new work anew.
5. The authority is not obliged to give schedule until the authority is sure through proper usual investigation, if any doubt arises regarding any firm.
6. Tenders will have to be submitted by writing "submitted the tender by agreeing to the terms and conditions" on the schedule along with the signature.
7. The authority reserves the power to accept or reject any tender without assigning any reason.

Goods

- 1) Fire wood (From January/2001 to March/2001).
- 2) Wheat crushing (From January/2001 to March/2001).
- 3) General transport (From January/2001 to March/2001).
- 4) Carrying of sugar (From January/2001 to March/2001).

Md Habibur Rahman

Deputy Police Commissioner (Supply)
Dhaka Metropolitan Police, Dhaka.
Phone: 9330394.

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Daewoo Motor union angry over witch-hunt

SEOUL, Nov 18: Unpaid for three months and faced with massive layoffs, South Korea's Daewoo Motor union is angry that it has been blamed for massive problems at the automaker, reports Reuters.

"What wrong have we done, compared with follies by management, creditors and the government?" Kim Il-seob, chairman of Daewoo Motor's 13,000-strong union, told the agency today.

"They are driving us into a blind alley. This is an evil-doer's audacity," he said in an interview.

Daewoo Motor, the country's third largest automaker, has not been able to pay its 19,000 employees since August after creditors cut its credit line, demanding drastic job cuts and other cost-cutting measures.

"We have no other choice but to take to the streets to make our case understood," Kim said.

His union members would rally later on Saturday at a subway station near Daewoo's largest local plant in Puyong.

The bankrupt automaker filed for court receivership earlier this month after the union rejected a proposal to cut 3,500 jobs, which was a condition creditors had set the firm for fresh loans.

The courts are expected to rule on the fate of Daewoo Motor by early December and analysts said the company was more likely to be placed under receivership.

Indirect Taiwan investment in China doubles

TAIPEI, Nov 18: Indirect investment from Taiwan to China nearly doubled in the 10 months to October, official data showed Saturday, reports AFP.

Approved China-bound investment reached 2.01 billion US dollars in the January-October period, up 98 per cent from a year earlier, according to the Investment Commission.

Investment in electric and electronics business accounted for more than half of the total China-bound investment in the 10-month period, it said.

In October alone, 86 China-bound investment applications worth a total of 230 million dollars got the green light, the commission said.

It approved inbound investment worth 6.06 billion dollars, up 102 per cent from a year earlier, while non-China outbound investment rose 20 per cent to 3.48 billion dollars in the 10 months, it said.

The commission said it approved 145 non-China outbound investment applications worth 403 million dollars in October, it added.

Barshefsky sees hurdles US-Vietnam pact won't be smooth sailing

HANOI, Nov 18: Implementing Vietnam's bilateral trade agreement with the United States will not be "totally smooth sailing," US Trade Representative Charlene Barshefsky warned Saturday, says AP.

However, "I do think we will have in place the mechanisms with which to deal" with potential difficulties as they arise, she told Dow Jones Newswires.

Barshefsky is in Hanoi with US President Bill Clinton, who is making a historic visit to Vietnam this week. The United States and Vietnam signed a bilateral trade agreement in July after several years of drawn-out talks.

Both governments are expected to ratify the agreement next year.

Barshefsky met with Vietnamese trade minister, Vu Khoan, on Saturday. They discussed creating a joint task force to help Vietnam with the legal changes needed to implement the wide-ranging trade agreement, she said.

Vietnam has already begun identifying laws and regulations that may need modification under the trade pact, Barshefsky noted.

"This is very positive. The government is obviously thinking ahead," she said.

Under the trade deal, Hanoi is under a strict timetable to open up its domestic industries to the foreign market. It also allows Vietnam's exporters greater access to US markets, and is expected by the World Bank to add at least \$800 million to Vietnam's annual export revenues.

Observers say the complex changes Vietnam must make in order to comply with the trade deal could prove difficult in a country where local officials often pay little heed to government demands.

That has led to concerns that local authorities with a stake in the existing state-dominated economic structure may ignore any new rules from Hanoi.

Telecommunications, financial services and securities markets are likely to be the most difficult areas, Barshefsky said. "We see very little internal experience in these sectors. There's typically an information gap."

To compensate, the task force, headed by her office and Vietnam's Trade Ministry, will turn to the US Commerce and Justice Departments, the Treasury and Customs for advice, she said.

USAID back to Vietnam

HANOI, Nov 18: The US Agency for International Development (USAID) returned to communist Vietnam Saturday on a mission to create through trade the market economy that its efforts failed to secure a generation ago, reports AFP.

Twenty-five years after America's humiliating embassy-roof retreat from Saigon, USAID opened new offices in Hanoi as President Bill Clinton visited the capital on a landmark reconciliation visit.

The agency, which poured billions of dollars into South-east Asia in the 1960s in a bid to keep it capitalist, said its mantra was now "interdependence" with Vietnam's communist authorities.

However American officials acknowledged the agency would have a tiny budget compared with the money it spent during the Vietnam War. For the current year, funds are to reach just eight million dollars.

They also admitted such small funds and a focus on implementing a landmark bilateral trade deal agreed in July would disappoint Vietnamese hoping for recompense for the massive wartime destruction.

Three million Vietnamese were killed in the conflict, and scores of children die every year from the hundreds of tonnes of unexploded munitions that litter the countryside.

US stock markets captivated by protracted presidential race

NEW YORK, Nov 18: US stock markets found themselves captivated by the protracted race for the White House, resulting in little movement on the markets this week, reports AFP.

The Dow Jones Industrial Average crept up just 0.25 per cent or 26.92 points to close Friday at 10,629.87 points, while the tech-heavy Nasdaq barely moved, down just 0.06 per cent or 1.78 points to close at 3,027.21 points.

Instead, the financial markets spent another week following the complicated legal wrangling over votes in the US presidential race, which has yet to produce a winner.

"The impasse over the US presidential election continued to weigh on the financial markets this week," said Lynn Reaser, chief economist and senior market strategist for Bank of America Capital Management.

Both the public and the financial markets are now desperately seeking closure," she added.

Investors, she said, seemed to be less affected by the ex-

pected decision by the Federal Reserve to leave interest rates unchanged this past week, while monetary policy officials said they perceived inflation as the primary risk.

They also indicated that the economy might run below its potential growth rate for a while, which would help prevent wage and price pressures from building.

The economy's "soft landing has arrived" said Bruce Steinberg, chief economist at Merrill Lynch.

And Reaser added: "The economy stands at a critical juncture. If the Federal Reserve holds interest rates at a high level for too long, the economy could decelerate further."

In the banking sector, Bank of America shares lost nine per cent of their value Wednesday after the bank said a large loan to a consumer services company which had gone bad would more than double fourth quarter risk provisions from the third quarter.

The news came as First Union Corp said it too expected to have sharply higher non-

performing loan levels in the quarter, because of a souring syndicated loan to a consumer group.

Goldman Sachs analyst Catherine Murray downgraded Bank of America to market performer from 'buy' and lowered earnings per share estimates for 2000 and 2001.

Going forward, "we believe that the Dow Jones Industrial Average will make new highs in 2001, growing at an average rate of around 10 per cent," said Rao Chalasani, chief investment strategist First Union.

"However, we believe that the Nasdaq is stuck in a box between 2800 and 3800, where it may stay for another year as valuations and expectations adjust to the new economic environment," Chalasani said.

The climate of uncertainty pushed investors to take refuge in the bond market, pushing Treasury bond prices upwards.

As yield moves inversely to price 10-year Treasury bonds closed at 5.694 per cent Friday, against 5.795 per cent the week before, while 30-year Treasury bonds closed at 5.773 per cent against 5.694 per cent.

Tender Notice

Tenders in PDB's T-2 Form are hereby invited from Bangladesh Power Development Board's current financial year entitled A, B & C class contractors for the under mentioned work.

1. Name of work : Supply of pole fittings and other goods under the Operation & Maintenance (Revenue) Head.
2. Amount of : Taka 4,99,900/- (four lakh ninety nine thousand nine hundred) only.
3. Price of : Taka 400/- (four hundred) only (non-refundable).
4. Earnest money : At the rate 5% of the quoted price should be submitted through Pay-Order/Bank Draft in favour of the Deputy-Director (Accounts), Zone Accounts Office, PDB, Rajshahi.
5. Place of selling & submitting tender : Tender can be purchased from the 1. Chief Engineer, Supply North Zone, PDB, Rajshahi. 2. Superintending Engineer O&M Circle, PDB, Rajshahi. 3. Manager, Janata Bank, Chapai Nababganj Branch subject to written permission of the undersigned and the tenders can be submitted in the tender box kept at the said offices and office of the undersigned.
6. Last date of selling tender : 03/12/2000 (during banking hours).
7. Date of submitting & opening tender : Tender can be submitted upto 12:00 Noon of 04/12/2000 and will be opened on the same day at 12:30 PM in presence of the tenderers (if any).

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Resident Engineer (Executive)
Chapai Nababganj Electric Supply