

# China agri subsidies remain WTO bone of contention

AFP, Shanghai

China's entry to the World Trade Organisation (WTO) continues to be slowed down by a wrangle over agricultural subsidies, official media reported Tuesday.

China is battling to be treated as a developing country and to be allowed subsidies of up to 10 percent of the price of agricultural products.

Developed countries can only subsidise their agricultural products to the tune of five percent under WTO rules.

The main sticking point of the talks is the classification of China as a developed or a developing

nation," said a Western agricultural consultant in Beijing.

Although China has yet to give subsidies of more than two percent on agricultural exports such as vegetables, negotiators are holding out for the right to give greater subsidies.

"China has yet to exceed two percent in terms of subsidies so everybody is saying what's the big deal, but China wants to reserve to option of going higher if they need to," the consultant said.

Lu Feng, deputy director of the China Centre for Economic Research in Beijing said China ranks the protection of farmer's interests

as paramount because 80 percent of its population still lives in rural areas, the China Business Weekly paper reported.

Lu argued that China's policy of heavily subsidising grain and cotton production, which was adopted to curb inflation in the mid-1990s, is a short-term measure.

"The protective price...can not last long because of the huge losses of the state-owned grain transaction departments," Lu said.

State grain bureaux, which filtered the country's grain supply to the market, have sustained annual losses of up to 200 billion yuan (24

billion dollars), the report added.

Cheap Chinese vegetable exports are not the result of subsidies but are due to cheaper labour costs than in developed nations, Lu said.

China should gradually increase its investment in irrigation, technological support and agricultural education and phase out moves to prop up prices, he added.

Subsidising improvements in agricultural production is sanctioned under the current WTO rules while straightforward support of prices is frowned on, the paper said.

# Russia calls for more trade with ROK

AP, Seoul

Russian President Vladimir Putin called for more trade with South Korea on Tuesday, saying economic exchanges between the former Cold War adversaries will help reconciliation bloom on the Korean peninsula.

Putin also said Russia was willing to launch satellites on behalf of other countries in an apparent reference to international concerns over North Korea's missile programme.

Last year, after meeting North Korean leader Kim Jong Il in Pyongyang, Putin said the North was ready to abandon its missile programme if other nations help it launch civilian satellites.

"Russia can offer state-of-the-art technology," Putin told South Korean business leaders at a lunch in Seoul. "For example, we can help other countries launch space devices such as satellites."

Putin's visit - the first by a Russian leader in nine years - appeared designed to expand Russia's role in Northeast Asia, where China, Japan and the United States are also dominant players.

He also aimed to attract investment for Russia's fragile economy, which would benefit from more economic cooperation between South and North Korea.

"We want to build a stronger trade and investment partnership with your country," Putin told his audience. "Such a cooperation will contribute to solidifying stability in the region as well as in the Korean peninsula."

Speaking hours before meeting President Kim Dae-jung, Putin said Russia supported rapprochement between the Koreans, which began with a summit last year between Kim Dae-jung and North Korean leader Kim Jong Il.

Putin, whose Soviet predecessors backed North Korea in its fight against South Korea half a

century ago, visited the National Cemetery earlier Tuesday and sprinkled incense in a tribute to the South's war dead.

Wearing a black overcoat and white gloves, Putin dropped incense fragments onto a large brass urn, a traditional way of paying respect to the dead.

The cemetery is the burial site of tens of thousands of soldiers who died in the 1950-53 Korean War, which ended without a peace treaty.

Russia provided weapons and pilots for North Korea during the war while American-led UN forces fought for South Korea. China also sent hundreds of thousands of troops to fight on the North's side.

At the lunch, Putin said Russia was eager to help reconnect an inter-Korean railroad that links up with the Trans-Siberian rail line, which could reduce the cost and time required to transport South Korean exports.

Russia also welcomes foreign investment in exploiting natural gas and building pipelines, he said.

Russia, China and South Korea are discussing building a trans-continental natural gas pipeline to tap resources in Russia's Kovykta gas field in the Irkutsk region. The \$10-12 billion project will eventually bring the pipeline to South Korea, Seoul officials say.

Russia relies heavily on revenue from oil exports, and high world prices for the commodity have been one of the key reasons for recent economic growth.

Putin arrived in Seoul Monday night and was scheduled to leave Wednesday for Vietnam.

During his visit, Russian and South Korean officials were expected to discuss repayment schemes on \$1.8 billion owed by Russia to South Korea, a debt that dates to the 1990 establishment of diplomatic ties between the two former enemies.

# Russia to service Paris Club debt fully from Mar

REUTERS, Rome

Russian Prime Minister Mikhail Kasyanov reiterated Monday that Russia would pay in full its debts to the Paris Club of state lenders, with payments to commence at the beginning of next month.

"From March 1 Russia will start servicing and repaying the debt in full, including payments which have not been made in the first two months of this year," Kasyanov told a news conference after meeting Italy's Prime Minister Giuliano Amato.

On Sunday, Kasyanov said Russia would pay overdue Paris Club debts for February by Tuesday and intended to honour all payments on schedule from March.

Russia still owes the Paris Club nations around \$620 million out of a total of \$1.2 billion due in February. State debt agent Vneshekonombank paid \$577.45 million to the Club on February 20. Kasyanov said he had ordered the Finance Ministry on Saturday to make the overdue February payment.

Russia is due to pay the Paris Club around \$3.8 billion in the whole of 2001 but payments due will rise to as much as \$18-19 billion in 2003.

Russia, hoping to restructure \$40.2 billion in Soviet-era debt to the Paris Club, unsettled creditors in January after it said it would be unable to pay all it owed in the first quarter.

# Turkey's 2000 trade deficit rises by 89.1pc

AFP, Ankara

Turkey's trade deficit rose by 89.1 percent to 26.7 billion dollars (29.3 billion euros) last year, the state statistics institute announced on Tuesday.

Imports increased by 32.7 percent from the figure for 1999 to 53.98 billion dollars and exports rose by 2.8 percent to 27.32 billion dollars, it said.

Small depreciation of the Turkish lira under a pegged foreign exchange rate, which was abandoned last Thursday, and the falling value of the euro against the dollar, were major negative factors for trade by Turkey, which sells about 50 percent of its exports to EU countries.

Turkey's decision to allow the lira to float, and the subsequent depreciation of the lira, will contribute to an increase in exports, while forcing up inflation and placing additional burdens on Turkey's budget, experts say.

# GM announces joint venture with AvtoVAZ

AFP, Geneva

US car giant General Motors (GM) said here on Tuesday it plans to set up a joint car manufacturing venture with Russia's number-one car maker AvtoVAZ.

Speaking at the motor show here, the chairman of GM Europe, Michael Burns, told a news conference that the plans would involve investment of 332 million dollars (364.8 million euros), split between GM, AvtoVAZ and the European Bank for Reconstruction and Development (EBRD).

The venture would produce a vehicle manufactured by AvtoVAZ to succeed the current Niva. Production would begin from 2002 at the Togliatti factory on the Volga.

The factory is expected to be able to produce eventually some 75,000 vehicles a year to be sold under GM's Chevrolet name in Russia, and probably in other parts of the world also.

AvtoVAZ, the biggest Russian car maker with an output of about 700,000 cars a year, known in the West under the Lada brand, is based in Togliatti.

It has been searching for years for a foreign partner to help finance development of new models.



Roger Bird, Senior Policy Advisor of Job Opportunity and Business Support (JOBS), called on Yussuf Abdullah Harun, President of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), at Federation office yesterday. They discussed the draft law on secured finance. Allen Welsh, Project Consultant of Institutional Reform and the Informal Sector (IRIS), is also seen.

# US to avoid recession, but risks growing: Economists

REUTERS, Washington

The US economy will avoid a recession this year, but the risks are growing as business activity downshifts sharply into a severe slowdown, an economists' group said Monday.

The National Association of Business Economists (NABE) also forecast a drop in short-term interest rates, a smaller rise in consumer prices and higher unemployment rate in 2001 compared with 2000.

"The business outlook has clearly deteriorated and NABE panelists see rising recession risks," NABE president Richard Berner said in a statement accom-

panying the group's outlook, which is based on surveys this month of 34 of its forecasters. It was the first of four surveys NABE will conduct this year.

"The good news in their view lies in more modest inflation pressure," said Berner, who is also chief US economist at Morgan Stanley Dean Witter. "The bad news is ongoing pressure on corporate profits."

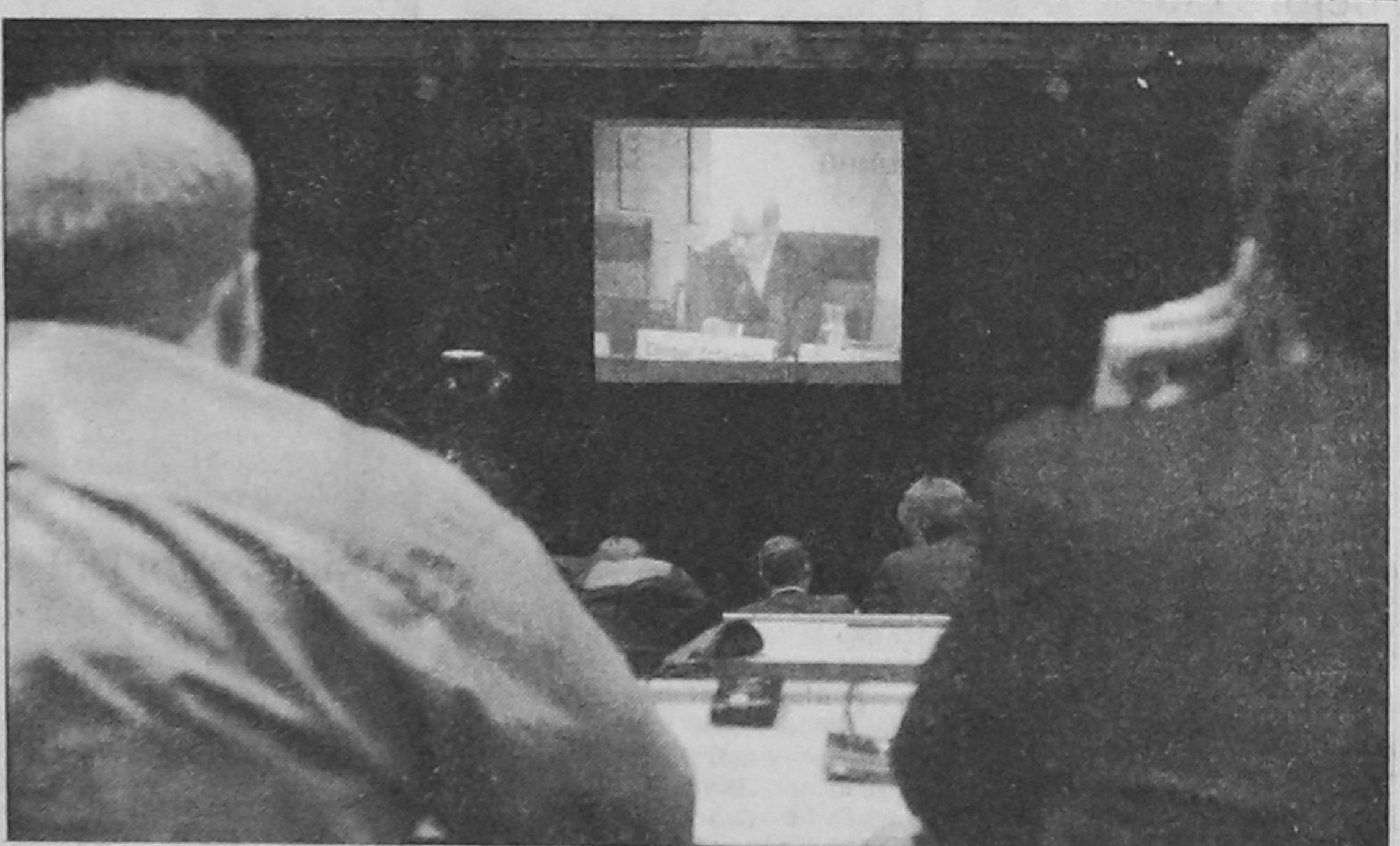
The panel expected US economic growth to stay out of negative territory, but fall to a 0.6 per cent annual rate in the first quarter of the year and 1.9 per cent in the second quarter before rebounding in the second half. For all of 2001, NABE expects growth

to slow to 2 per cent from last year's 5 per cent. In November, NABE forecast growth of 3.4 per cent.

In 2002, the panel said it expects growth to recover to 3.5 per cent.

The latest outlook reflects a more dour short-term mood among forecasters, who said chances of a recession have risen to one-in-three from one-in-five in their November survey.

Within overall business activity for 2001, the panelists' biggest downward revisions were in their forecasts for consumer spending, business fixed investment and inventory building.



Dieter Zetsche, DaimlerChrysler's Chrysler Group President and CEO, talks from Stuttgart to reporters at Chrysler Group headquarters in Auburn Hills, Michigan on Monday via a teleconference. DaimlerChrysler announced their turnaround plan for the Chrysler Group saying that it planned to spend 3.9 billion USD to pull the Chrysler unit out of the red and into profit by 2002.

# Turks count cost of financial crisis, austerity looms

REUTERS, Ankara

Price hikes hit Turkey yesterday as the nation trudged wearily back to work after learning once more the lesson drummed in by hard experience over the last few decades - do not trust your own currency.

In the first official hike sparked by last week's shock 36 per cent lira devaluation against the dollar, prices rose 10 per cent on state monopoly Tekel goods including cigarettes, salt and Turks' favourite aniseed-flavoured alcoholic drink, raki.

But the energy ministry took pity, saying it would keep the price of fuel, which Turkey imports, on hold until after a March 3-10 religious holiday for the Islamic Feast of the Sacrifice.

New central bank steps on Monday helped ease a cash crunch on the shell - shocked financial markets, helping the lira rebound by 16 per cent against the dollar while shares soared over seven per cent. But bankers said the future remained unclear.

Across-the-board price hikes on essentials ranging from bread to tea and from sugar to transport are expected, ramming home to millions of Turks the high cost of last week's financial crisis and their government's faltering response.

A spokesman at state-run Turkish Airlines said prices on international destinations had gone up by at least 30 per cent.

NTV television said 500 businesses had closed in the Mediter-

ranean port of Mersin and 25 in Gaziantep in the impoverished southeast. In the Anatolian heartland, it said 8,000 workers were fired in the industrial zone of Kayseri town.

Assured by top economic officials that a devaluation was unlikely, many Turks were caught up by the shock flood of the lira on Thursday and its subsequent fall against the dollar.

As a result, their purchasing power has plunged.

At home, the anger of ordinary Turks at losing out for going against their instinct to hoard dollars - the traditional Turkish standby - will be a powerful new force in Turkish politics for months to come.

# Canada seeks US-EU compromise for launching WTO talks

REUTERS, Washington

In a move aimed at jump-starting efforts to launch a new round of world trade talks, Canada has urged the United States and the European Union to compromise on their proposed agendas for the negotiations, a top Canadian trade official said Monday.

Speaking to reporters after a meeting with US Trade Representative Robert Zoellick, Canadian International Trade Minister Pierre Pettigrew said he urged the United States to support a larger agenda than it had proposed so far.

Pettigrew said he had also urged the EU to accept a narrower agenda than it pursued a 15 months ago, when the last World Trade Organization Ministerial meeting in Seattle ended in failure.

The disagreement between the United States and the EU over which trade areas should be included in a new round of world trade talks was one reason the Seattle meeting failed.

The United States opposed the EU's proposal for talks on competition and investment policies, saying expanding the talks to those areas would make it too difficult for countries to reach an overall agreement within the goal of three years.

US negotiators also resisted efforts by Japan and developing countries to include anti-dumping rules in the negotiations.

With another ministerial meeting set for November in Qatar, WTO Director-General Mike Moore has also urged member countries to identify remaining problem areas by the end of July.

Canada supports a "Quad meeting" between Canada, the United States, the EU and Japan to help set an agenda, Pettigrew said. But he said Quad countries must

take care not to alienate developing countries.

"I do believe we have to make more room for the developing countries in the World Trade Organization, in the world trade system. We need a lot more than the Quad to move on," he said.

Zoellick showed "some openness" to a Quad meeting, but did not want to send a signal that developed countries thought they could resolve issues related to the WTO agenda by themselves, Pettigrew said.

Differences between developed and developing countries over the WTO agenda were also a major reason the Seattle meeting failed. Many developing countries asked for more time to implement previous trade commitments.

# 'Japan must catch up with US IT revolution'

AFP, Kuala Lumpur

Japan needs major structural reforms to enable it to shift towards the knowledge economy and catch up with the United States, its former vice-finance minister said Tuesday.

Eisuke Sakakibara, once known as "Mr Yen" for his influence on currency markets, said Japan's economic success in the 1970s had fostered an inability to adjust to change.

"It is precisely because of that success (that) it has not been able to adapt to new changes in the 1990s," he told a conference on globalisation.

"We are moving towards the new economy and we have not done our homework. Japan has lagged behind the United States in a very significant way and must catch up in the transition to the new economy."

Sakakibara said the Japanese government had previously failed to map out a vision for economic growth.

"Major structural changes are necessary... we need fiscal consolidation, it needs to be done very

quickly and the government must provide a blueprint. Without this, it will be very difficult to get out of the slowdown."

Sakakibara also said Japan should keep a "distant relationship" with the United States to maintain its independence but forge an alliance with Southeast Asia, along with South Korea, China and India.

"In the 21st century, the two Asian giants are China and India which will be major forces of the future. They are like sleeping lions for the past 200 years but they have now finally woken up."

Such a coalition would give Asia a bigger say in world reforms and in institutions such as the International Monetary Fund (IMF), he added.

Sakakibara said he was disappointed over the slow progress of talks on reforming the international financial architecture.

"Nothing fundamental has changed. Institutions like the IMF need to monitor capital flows much more closely. Capital flow is the key to the new globalised economy," he said.

# CURRENCY

American Express Bank Ltd foreign exchange rates (indicative) against the Taka to major clients.

Currency	Selling TT & OD	Selling BC	Buying TT Clean	Buying OD Sight Export Bill	Buying OD Transfer
US Dollar	54.2800	54.3100	53.8150	53.6970	53.6250
Pound Stg	78.7006	78.7441	77.4721	77.3022	77.1986
Deutsche Mark	25.6881	25.7023	24.6288	24.5748	24.5419
Swiss Franc	32.3673	32.3852	31.6932	31.6237	31.5813
Japanese Yen	0.4687	0.4690	0.4605	0.4595	0.4589
Dutch Guilder	22.7986	22.8112	21.8585	21.8106	21.7813
Danish Krona	6.6634	6.6671	6.5238	6.5095	6.5008
Australian \$	28.9584	28.9744	27.6071	27.5466	27.5096
Belgian Franc	1.2455	1.2461	1.1941	1.1915	1.1899
Canadian \$	35.8900	35.9098	34.8678	34.7914	34.7447
French Franc	7.6593	7.6635	7.3434	7.3273	7.3175
Hong Kong \$	6.9730	6.9769	6.8859	6.8708	6.8615
Italian Lira	0.0259	0.0260	0.0249	0.0248	0.0248
Singapore \$	31.4849	31.5023	30.4901	30.4232	30.3824
Euro	50.2416	50.2693	48.1698	48.0642	47.9997
Saudi Rial	14.5118	14.5198	14.3102	14.2788	14.2597

Bill buying rates

TT Doc	30 Days	60 Days	90 Days	120 Days	180 Days
53.7512	53.6665	52.9181	52.4696	52.0212	51.1243

US Dollar London Inter Bank Offered Rate (LIBOR)

Buying(\$)	Selling(\$)	Currency	1 Month	3 Months	6 Months	9 Months	12 Months
53.6250	54.2800	USD	5.38125	5.19375	5.04000	4.98000	4.99750
77.1986	78.7006	GBP	5.70000	5.69750	5.61469	5.59078	5.56781
Cash/TC	Cash/TC	EUR	4.83500	4.80875	4.71125	4.66000	4.64813

Exchange rates of some Asian currencies against US dollars

Indian Rupee	Pak Rupee	Thai Baht	Malaysian Ringgit	Indonesian Rupiah	Korean Won
46.635/46.645	60.30/60.38	42.80/42.85	3.7995/3.8095	9845/9865	1246.5/1247.5

Amex notes on Tuesday's market

The inter-bank USD/BDT market has remained active with the average USD/BDT rate ranging between 54.18 and 54.21. The call money market was active. Average call rates ranged between 10.00 and 11.00 per cent level today.

The dollar weakened on Tuesday, with market players wary ahead of crucial US consumer sentiment data and skeptical about talk that the US Federal Reserve will cut rates again before its scheduled meeting. At 0830 GMT, the dollar was trading around 116.10/20 yen, just above the day's lows around 115.95 yen and down more than a quarter per cent from New York's levels. The euro was the main beneficiary of the uncertainty that was hurting the dollar. It rose as far as 80.9169, within half a cent of Monday's peaks around 80.9190 and up almost half a per cent from US closing levels around 80.9115. Even weaker-than-expected data from the Euro zone did not dent the single currency.

Sterling traded within narrow ranges against the dollar and the euro on Tuesday, as the market focused on the likelihood of a near-term cut in US interest rates. Sterling was trading at \$1.4462/65 and 63.18/29 pence per euro at 0820 GMT, slightly below New York closing levels.

At around 0917 GMT the exchange rates of major currencies against USD were GBP/USD 1.4460/1.4470, USD/CHF 1.6786/1.6796, USD/JPY 116.10/116.20, EUR/USD 0.9150/0.9153.

# SHIPPING

Chittagong Port

Berth position and performance of vessels as on 27.2.2001.

Berth No	Name of Vessels	Cargo	Local Agent	Date of Arrival	Leaving
J/1	Southern Queen	GI (Copra)	Sing	Arka	28/11
J/2	Thor Sailor	Canola	Sing	USL	17/2
J/3	Jody F Millenium	R Seed	Sing	Limond	18/2
J/4	A A Venture	GI/Rice (P)	Kara	CLA	17/2
J/5	Yon Pung Ho	Sugar (TCB)	Titi	SBS	16/2
J/6	Ocean Pride	GI (Maize)	Yang	PSAL	8/2
J/7	K Nicolas	GI (St C)	Kenai	Everett	20/2
J/8	Pathien	Rice (P/GI)	Yang	MTA	22/2
J/9	Andhila Rainbow(72)	GI	Viza	MTA	25/2
J/11	Kota Naga	Cont	Sing	PH (BD)	23/2
J/12	Banga Bijoy	Cont	Col	baridhi	25/2
J/13	Kota Cahaya	Cont	Sing	PH (BD)	18/2
CCT/1	QC Pintail	Cont	P Kel	QCSL	24/2
CCT/2	Da Fa	Cont	P Kel	BSL	23/2
CCT/3	orient Independence	Cont	Sing	TTL	23/2
RM/14	Banglar Kallol	idle	K Dia	Lams	27/1
RM/15	Banglar Urmi	Repair	BSC	R/A	5/3
CJ	Daina	Repair	BSC	R/A	5/3
TSP	Radian Star	R Phos/TSP	Tanj	Seacom	23/2
RM/4	Pranadya Dwitya	C Oil	Sing	CTPL	24/2
RM/6	Eagle Aries	JP-1/SKO	Repair	MSPL	26/2
DOJ	Banglar Jyoti</				