

Mexico to host WTO ministerial meet in 2003

REUTERS, Geneva

World Trade Organisation countries agreed Thursday Mexico would host the body's next ministerial conference, to be held in 2003 in the middle of a round of free trade talks.

The surprisingly rapid decision came at the first meeting of the WTO's ruling General Council since a landmark gathering of ministers from the 143 member states in the Qatari capital Doha last month agreed to launch the new round to start next month.

WTO Director-General Mike Moore told a news conference he was delighted Mexico's economy minister Ernesto Derbez, who played a key role in shaping accords in Doha, would chair the 2003 gathering.

He suggested the decision was in recognition of the success of developing countries that had opened their markets.

Nepal's central bank moves to boost economy

AFP, Kathmandu

Nepal's central bank Friday announced measures to help increase liquidity for commercial banks and boost the country's dwindling economy.

The Nepal Rastra (National) Bank (NRB) lowered the cash reserve ratio (CRR) for commercial banks, governor Tilak Rawal said.

"The CRR for both current and saving accounts has been lowered from 8.0 to 7.0 percent and the fixed account from 6.0 to 4.5 percent," he said in a statement.

"The refinancing rate for exports has been halved from four to two percent while the refinancing loan rate for sick industries has been cut from 4.5 to 3.0 percent which is expected to release two billion rupees (26.25 million dollars) into the market."

SOEs incur Tk 9.2b loss a year WB highlights 1991-2001 performances

STAR BUSINESS REPORT

The net loss of the loss-making state-owned enterprises averaged Tk 9.2 billion annually during the fiscal 1991 to 2001, with an accumulated loss of Tk 101 billion.

"Estimates suggest that 30 to 40 per cent of the conventional fiscal deficit stems from financing the loss-incurring SOEs. As a result of a sharp increase in their deficits in fiscal 2000 and 2001 financed through the annual development programme and outside it both the conventional and the consolidated fiscal deficit registered a sharp rise," the World Bank said in a policy brief for the new government.

These deficits, constituting 9 to 12 per cent of total domestic credit during fiscal 1994 to 2000, have had a significant effect on credit creation and consequent monetary expansion in the economy.

Despite huge investment and physical assets, the country's SOEs take away private sector's contribution to GDP, thus dragging down economic growth, it mentioned.

The private sector contributed 6.5 percentage points to GDP growth in fiscal 2000, but the public sector took away half a percentage point. And while the private sector's contribution to GDP growth rose from 80 per cent in fiscal 1992 to 110 per cent in fiscal 2000, the public sector's contribution fell from 20 per cent to 10 per cent, the WB said.

With physical assets estimated at 32 per cent of GDP, employment of 250,000, and investments equal to 7 per cent of gross domestic investment,

state-run enterprises contributed less than one per cent of GDP in fiscal 2000.

Between fiscal 1992 and 2000 real value addition grew about 5 per cent a year on average in the private sector against only about 3.2 per cent in the public sector.

Moreover, "government policies administered pricing of outputs and inputs, wage and employment rigidities, off-budget transfers and subsidies have undermined not just the fiscal performances of SOEs but also their ability to contribute to development," the multilateral donor agency said in its policy brief for the government.

Inefficient public provision for private goods was an important factor in the country's failure to boost GDP growth to 7 per cent by the end of the 1990s, it said, adding that run by inefficient state monopolies, utilities providing power, telecommunications, and other essential services deliver poor-quality services at high cost and with chronic shortages and supply disruptions.

Thus rather than provide these critical infrastructure services in ways that facilitate private production, business, and investment activity, these public utilities undermine competitiveness and stymie private sector growth, it said.

Investment in SOEs under the annual development programme averaged Tk 35 billion annually, an amount equal to 33 per cent of the ADP in recent years, the WB said.

Bush's plan to stimulate economy dies in Senate

REUTERS, Washington

President George W Bush's revised plan to stimulate the US economy died an acrimonious death in the Democratic-led Senate on Thursday hours after its predawn passage in the Republican-led House of Representatives.

As Congress tried to complete its work for the year and go home for the holidays, Senate Majority Leader Tom Daschle, a South Dakota Democrat, refused to bring up the bill for a vote and Republicans could not force him to do so.

"Unfortunately that particular piece of legislation was declared dead before it even got to the Senate floor," Bush said during a pre-Christmas visit to a Washington charity that feeds the homeless.

"For the good of the American people, that bill ought to get out of the United States Senate and get to my desk."

But after weeks of fruitless negotiations and intensifying partisan feuding on the stimulus package, it was clear that the two sides could not bridge the chasm. They have worked in bipartisan harmony on many emergency measures since the Sept. 11 attacks, but on taxes and aid to the unemployed, they failed to overcome huge ideological and political divisions.

The package, which would cost the federal treasury \$90 billion next year and \$214 billion over five years, included tax breaks for businesses and individuals, assistance for the unemployed and a new tax credit to help laid-off workers buy health insurance.

Republicans said Bush's plan would give a necessary boost to spending and investment in a stalled economy, with benefits for businesses and individuals in all economic levels. Democrats said it was larded with benefits for corporations and tax breaks for rich people. They said their alternative plan would do more to help the economy by putting spending money in hands of unemployed people whose ranks have swelled as an already-weak economy declined after the Sept. 11 attacks.

Assistant Senate Majority Leader Harry Reid, a Nevada Democrat, called the bill that passed the House on a largely party-line vote a "charade." He said, "They (Republicans) knew, they know, that it had no chance of passage over here."



PHOTO: CITY BANK

Anwar Hossain, Chairman of The City Bank Limited, speaks at the 18th annual general meeting of the bank on Thursday in the city. Vice Chairman of the bank Mohammad Shoeb, Directors Deen Mohammad, Z H Chowdhury, Azizul Haq Chowdhury, and Managing Director Abbas Uddin Ahmed are also seen in the picture

18th AGM of City Bank held

The eighteenth annual general meeting of The City Bank Limited was held on Thursday at a city hotel, says a press release.

Anwar Hossain, Chairman of the bank, presided over the meeting. Vice Chairman of the bank Mohammad Shoeb, Directors Deen Mohammad, Z H Chowdhury, Aziz Al-Kaiser, Fahmida Begum, Azizul Haq Chowdhury, Hossain Khaled Saifullah, Feroza Akhter, Monowar Ali, Rajibul Huq Chowdhury, Ahmed Rajib Shamdani, Saleh Ahmed Chowdhury, Manwar Hossain, Ashfaq Aziz, Rafiqul Islam Khan, and MD Abbas Uddin Ahmed attended the meeting.

Chairman, in his address, said deposit of the bank increased by 9 per cent and profit by 30 per cent during the year 2000.

China, Japan settle 9-month trade row

REUTERS, Beijing

China and Japan ended an acrimonious nine-month trade row yesterday, the deadline when Tokyo could have moved to impose full sanctions over a dispute sparked by surging imports of some Chinese farm products.

"China and Japan have reached a consensus," a spokesman for China's Foreign Trade Ministry told Reuters.

"The Japanese side will not impose safeguards on the three Chinese agricultural goods. The Chinese side will scrap punitive tariffs on Japanese cars and other products," he said.

The resolution came in talks

between China's Foreign Trade Minister Shi Guangsheng and his Japanese counterpart Takeo Hiranuma in Beijing on Friday morning.

The dispute started in April when Japan imposed temporary "safeguard" curbs on surging imports of Chinese leeks, shiitake mushrooms and rushes used for tatami mats.

China struck back in June with 100 per cent tariffs on Japanese cars, mobile phones and air conditioners.

Japan's original curbs expired on November 8 but Tokyo was considering full sanctions on China if the row was not resolved by its imposed deadline of December 21.

US jobless claims fall

AFP, Washington

The number of people making new claims for US state unemployment benefits fell 11,000 to a five-month low of 384,000 last week, the Labor Department said Thursday.

The decline in the week to December 15 defied Wall Street expectations for a rise of 46,000.

It brought the number of new claims down to the lowest level since the week ending July 28, well before the September 11 suicide attacks wrought havoc on the labor market.

Initial claims for jobless benefits have fallen in seven of the past eight weeks.

A four-week average of initial jobless claims fell 12,250 to 438,000, the lowest level since the week ending September 22.