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World trade talks

APEC vows to ensure subsidy, tariff elimination schedule

REUTERS, *Puerto Vallarta, Mexico*

Asia-Pacific Economic Cooperation trade officials sent out a powerful message to economies around the world Saturday that they will ensure global trade talks to eliminate tariffs and subsidies stay on track and are completed in January, 2005.

In a joint declaration before local and international media, the OPEC delegation of trade ministers set their own deadline of April 30, 2003 for countries to submit subsidy-cutting proposals in areas excluding agriculture.

The group, meeting at the Mexican beach resort of Puerto Vallarta, also pledged to ensure agriculture negotiations continue on track with the schedule set at World Trade Organization (WTO) talks in Doha late last year.

"Certainly there's been a very, very clear and strong message from ministers at this APEC ministerial meeting this year that we expect to see progress on the Doha Development Agenda in Geneva and we are prepared to actively participate in driving them along," Australian Trade Minister Mark Vaile said at the presentation of the declaration.

In the Qatari capital of Doha last November, members of the WTO agreed to negotiations aimed at reducing agricultural tariffs and other market access barriers, as well as phasing out all forms of farm export subsidies and substantially cutting trade-distorting domestic farm supports.

A deadline of March 31, 2003, has been set for agreeing on the basic structure of the farm subsidy cuts, or modalities. Nations must then submit draft schedules for making the cuts by the next ministerial meeting in Cancun, Mexico.

APEC trade officials in Puerto Vallarta reaffirmed their aim of meeting these goals as well as a June 30, 2002 deadline to submit services requests.

Ministers committed their personal involvement to ensure the completion of the Doha Development Agenda, or DDA, by Jan 1, 2005 and to make progress in areas including market access, agriculture, trade rules, investment, competition, trade facilitation and transparency in government procurement.

"Of course, we out of this meeting have sent a very, very clear message to Geneva and to the WTO to get on with the job of finalizing the arrangement ... so that we can get on with the substantive issues in order to be able to negotiate this (WTO) round," said Vaile.

Ministers also said they were making progress in offsetting the impact of terrorism and anti-terrorism measures in the wake of attacks on US landmarks last September.

"The collective and individual efforts of APEC economies have limited the economic fall-out from the Sept. 11 attacks and strengthened the resolve of ministers to push ahead with APEC's ambitious trade and investment liberalization and facilitation agenda," the ministers said in a joint, 10-page declaration after the two days of talks.

The group, chaired by Mexican Economy Minister Luis Ernesto Derbez, said substantial progress had been made in implementing measures to suppress the financing of terrorism and enhance energy security and national security.

The APEC nations called on "mentor" economies to help their trade partners enhance their abilities to fight terrorism.

"We need to find some sort of synergy between both fighting terrorism and promoting trade liberalization," said Korean Trade Minister Hwang Doo-Yun. "And that's exactly what we've discussed, how to promote security and facilitate trade at the same time."

The ministers pledged to push for the full implementation of anti-terrorist commitments agreed last year.

Although not directly addressed by the Puerto Vallarta Declaration, the $51.7 billion US farm bill that President George W Bush signed into law this month, boosting subsidies for certain crops and dairy products by 67 per cent, was not ignored by APEC delegates, including the United States.

Delegates agreed that protectionism adversely affects all APEC economies.

"We will continue to push for ambitious agricultural liberalisation and reform on a global level, and we are committed to all three agriculture pillars in the Doha declaration," US Trade Representative Robert Zoellick said in a prepared statement.

Many countries object to the recently announced US subsidies, saying they encourage larger plantings and result in lower prices for such staple crops as wheat and corn, and that they contravene the WTO goal of liberalizing trade and eliminating agricultural subsidies in its member countries.

Premier Bank holds branch managers' meeting

A meeting of the branch managers of Premier Bank was held in the city on Thursday, says a press release.

The meeting is part of the decision of the bank to hold such meeting of branch managers every week to review their performance.

Chairman of the Board of Directors Dr H B M Iqbal presided over the meeting.

Kazi Abdul Mazid, Advisor, Md Abdur Rob, Managing Director (current charge), and Md Shawkat Ali, Consultant, were also present on the occasion.

All branch managers of the bank and executives at head office were also present in the meeting.

Speaking on the occasion, Dr HBM Iqbal, chairman of the bank, advised the Managers and Executives to prepare for the challenges of the new millennium.

PHOTO: PREMIER BANK

Dr HBM Iqbal, chairman of the Board of Directors of Premier Bank, presides over a meeting of branch managers of the bank in the city on Thursday.

Yen falls against dollar after BOJ intervention

AFP, *London*

The yen recoiled against the dollar on Friday after the Bank of Japan intervened for the third time in two weeks to limit the advance of the Japanese unit against a weakening dollar.

The single European currency eased back from recent 15-month highs around 0.94 dollars. It traded for 0.9375 dollars against 0.9377 late on Thursday in New York.

The dollar rose to 123.82 yen from 123.35 late on Thursday.

The price of gold rose to 327.25 dollars an ounce from 326.0 dollars.

There was little action in currency markets apart from the latest bout of intervention by the Japanese central bank, which is concerned that the rapid rise of the yen is hurting exporters and putting economic prospects at risk.

The yen fell to 124.60 to the dollar after the Bank of Japan, under instructions from the Ministry of Finance, sold yen in its third intervention in the past two weeks.

Sale of domestic carmaker

Indonesian watchdog fines firms $30m

AFP, *Jakarta*

An Indonesian anti-monopoly watchdog has ordered several firms including the local unit of Deloitte Touche Tohmatsu to pay penalties totalling 268.5 billion rupiah (30 million dollars) over the sale of a domestic carmaker last year.

The Business Competition Supervisory Commission penalised PT Trimegah Securities and others, including consultants PT Deloitte and Touche FAS, for their role in the sale of PT Indomobil Sukses International, Friday's newspapers said.

The commission also ordered each party to pay a penalty and compensation ranging from one billion rupiah to 228 billion rupiah. It ruled that Trimegah, Deloitte and Touche and PT Citra Sarana Duta Perkasa should be barred from any future asset sale conducted by the Indonesian Bank Restructuring Agency (IBRA).

Commission official Syamsul Maarif, quoted by the Jakarta Post, said the country's potential loss from the transaction was 228 billion rupiah.

Indomobil was among assets surrendered to IBRA by the giant Salim group as part of a debt settlement deal. Late last year the Citra Sarana Dutra Perkasa consortium led by Trimegah successfully bid 625 billion rupiah for a 74 per cent stake.

Salim and other debtors are banned from buying back assets surrendered to IBRA but there were suspicions it was behind the winning consortium. The consortium has denied any link.

A statement by the supervisory commission cited irregularities in the sale. It said the bids were too low, the one-month tender process was too short, the participation was limited and there was possible collusion among the participants.

The commission fined Trimegah 10.5 billion rupiah, Pranata Hadjadi and Jimmy Marsin 10.5 billion rupiah, Citra Sarana Duta five billion and Holdiko Perkasa five billion.

Deloite and Touche was fined 10 billion rupiah, Alpha Sekuritas Indonesia 1.5 billion and Bhakti Asset Management one billion.

The commission also ordered Cipta Sarana to pay compensation of 228 billion rupiah.

It did not recommend cancelling the sale, saying such a move would have serious consequences for the state budget.

LG to build $400m HQ in Beijing

AFP, *Seoul*

South Korean conglomerate LG announced Friday that it will start work in June on a 400 million dollar twin tower headquarters for its growing China operation in Beijing's main business district.

On completion in 2005, the two 34-storey towers near Tiananmen Square will act as the main base for group activities in China where it has 34 local subsidiaries which employ more than 25,000 people. LG opened the first Korean manufacturing plant in China in Huizhou in 1993.

Koo Bon-Moo, chairman of the 81 billion dollar LG conglomerate, said in a statement: "China is the largest and fastest growing market in the world and at the same time it possesses the strongest competitiveness as a manufacturing site for the global market.

"We see China as a wonderful partner, and envision collaborative growth and prosperity, as opposed to viewing the People's Republic of China as a competitor.

"We will continue to extend our investment in China and truely operate as a local company.

ME oil nations urge OPEC not to raise production

AFP, *Cairo*

Middle East oil-producers this week renewed calls for OPEC not to yield to Western pressure to increase global oil supplies in the third quarter of 2002.

Qatar's decision to quit heavily-indebted Gulf Air and an appeal from Jordan for international financial aid also the economic news headlines across the Middle East in the last week of May.

The outgoing secretary general of the Organisation of Petroleum Exporting Countries (OPEC), Ali Rodriguez, on Thursday kicked off in Qatar a Gulf tour to evaluate the market ahead of the cartel's meeting on June 26 in Vienna.

The 11-member OPEC will decide at the meeting whether to keep in place curbs imposed on oil production since January 1.

Iran, OPEC's second largest producer after Saudi Arabia, on Tuesday said there was no need to increase production.

"Evaluating the situation in the market, we see it is stable," Iranian Deputy Oil Minister Mohammad Mir-Moezi said.

Qatari Energy Minister Abdullah bin Hamad al-Attiya shared this view.

"There is no reason for us to increase production ... The price right now of 25 dollars (a barrel) is reasonable for consumers and producers," Attiya said.

Industrialised countries have urged OPEC to increase output amid concern that high oil prices could hinder the recovery of the global economy.

OPEC slashed production by 1.5 million barrels per day (bpd) from January for a period of six months, under an agreement with leading non-OPEC oil exporters to haul prices out of a steep post-September 11 slump.

Non-OPEC Norway and Russia have said they will lift the curbs in the third quarter.

Most of the OPEC members have spoken so far in favor of maintaining in the third quarter 2002 the current 21.7 million bpd output ceiling set for 10 of the cartel producers.

The eleventh member, Iraq, is not bound by the quota system because of UN sanctions and produces around three million bpd.

The US Congress on Wednesday charged that Iraq was exporting a significant proportion of its oil production by smuggling it to neighbouring states, bypassing the UN monitors tasked with overseeing an "oil-for-food" program.

A US congressional investigation issued Wednesday said Iraq has secretly earned at least 6.6 billion dollars over the past five years from smuggling oil.

Just last March, the Iraqis illicitly sold up to 480,000 bpd, most of it through Syria, according to the investigation.

Other oil-related news included a report that Bahrain has completed the merger of its two state-owned oil companies, Banoco and Bapco.

Banoco, the Gulf state's upstream and marketing arm, and its refining arm Bapco will be merged formally on June 1 under the latter's name, said the London-based International Oil Daily.

In corporate news, Qatar has announced its withdrawal from Gulf Air, while the three remaining partners -- the governments of Bahrain, Oman and Abu Dhabi -- pledged to inject about 80 million dollars into the cash-strapped airline.

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