

Bush presses for tax cuts

AFP, Washington

US President George W. Bush, backed by swollen ranks of Republicans in Congress, pressed Thursday for permanent tax cuts and vowed to find a new corporate crime fighter quickly.

Providing jobs and securing the country against terrorism were his two priorities, Bush said at a news conference two days after elections handed his fellow Republicans majorities in both houses of Congress.

"The economy has come out of a recession and is growing but I am not satisfied and I know we can do better," he said.

Bush ramped up pressure for an 11-year program of 1.35 trillion dollars in tax cuts to be made permanent.

"If people are really interested in job creation, they ought to join me in my call to make the tax cuts permanent," he said in an often light-hearted exchange with the White House press corps.

"It is an important part of sending a signal that there is certainty in the tax code, that all the benefits of tax relief don't go away after 10 years."

He promised to work quickly to replace former Securities and Exchange Commission chairman Harvey Pitt, who resigned under fire Tuesday after a series of gaffes.

"I am confident that we can find somebody soon and we ought to do that," Bush said.

The replacement must hold wayward executives to account and ensure companies' accounts are fair and transparent so people regained confidence in the financial system, he said.

US election bodes well for trade, says Zoellick

REUTERS, Washington

An impressive Republican victory in US congressional elections should give a lift to the Bush administration's trade agenda, US Trade Representative Robert Zoellick said Thursday.

"I think we're better off with a Republican Congress," Zoellick told reporters at a conference on African trade. "At the same time, as we've said all during the past year and a half, we're trying to build broader bipartisan support for trade."

In Tuesday's election, Republicans recaptured the US Senate and expanded their majority in the House of Representatives. The victories give the pro-business party control of both the executive and the congressional branches of government.

Zoellick said the election results increased the chance that soon-to-be-completed trade agreements with Chile and Singapore would be approved when they are submitted to Congress next year.

The White House also plans free trade pacts with Morocco, five Central American countries and the Southern African Customs Union, which includes South Africa and four of its neighbours.

Two even bigger efforts are negotiations aimed at forging a regional free trade pact with countries in Latin America and the Caribbean by January 2005 and concluding a new round of world trade talks by the same date.

British house prices soar

AFP, London

British house prices soared by 4.7 per cent in the month to October, the sharpest monthly increase on record, the country's leading home-loan provider, Halifax, said on Friday.

Having risen by what was previously a record-equaling 4.3 per cent in September, Halifax reported that the average British house price stood 30.6 up on the same month a year earlier at 122,377 pounds (193,637 dollars, 191,789 euros).

"Last month's record rise in prices underlines the continuing strength of the UK housing market as the low level of interest rates and falling unemployment drives up demand," said Halifax Group economist Martin Ellis.

But Halifax added that the fall in house prices last year following the terrorist attacks in the United States was responsible for nearly two thirds (four per centage points) of the increase in the annual rate from 24.2 per cent in September.

Halifax said there appeared to be little chance of either a substantial rise in interest rates or unemployment over the next year.

"House prices are therefore expected to continue increasing although at a slower pace than in recent months," it said.

Fate of proposed Shahjalal Fertiliser Factory uncertain

No response, bidding extended again

IQBAL SIDDIQUEE, Sylhet

The fate of proposed Shahjalal Fertiliser Factory in Sylhet has become uncertain as tender for construction of the factory has failed to get any proper response for the sixth time.

Recently, the authorities extended the timing for bidding again and the newly fixed last date for submitting tenders is December 31, 2002, said sources at the Bangladesh Chemical Industries Corporation (BCIC).

The sixth bidding for the \$250 million project closed on July 31 this year.

The proposed ammonia-urea fertiliser complex is to be set up on the premises of existing Natural Gas Fertiliser Factory (NGFF) in Fenchuganj.

In 1993, a high-powered committee suggested setting up of the factory on the premises of NGFF established in 1961, as the NGFF has been suffering from various problems including old technology and machinery.

A tender was floated in the same year and deferred several times. In a re-tender, three parties responded. Among them, Chinese firm CNCEC offered buyer's credit programme, but it was not accepted.

In 1997, another tender for letter of intent was floated when 23 companies responded. Among these, four companies -- Technimont (Italy), Foster Wheeler (UK) and American Business Corporation for Development (ABCD) Inc -- were shortlisted. But, things did not proceed.

A memorandum of understanding (MoU) was signed between the BCIC and the US concern-ABCD in 2000. But they failed to reach a final agreement on fixing the prices of gas and electricity.

In late 2001, the present government decided not to proceed further with the MoU. Accordingly, the authorities floated a new tender for the project under supplier's credit/soft loan proposal.

When contacted, some officials of the BCIC said though an MoU was signed between BCIC and US concern -- ABCD -- in 2000, it could not proceed as the conditions put by the company were found 'unacceptable' during the scrutiny.

The MOU was signed for conducting a feasibility study by the ABCD, nothing else, said an official. Besides, terms for supplying gas

to the proposed plant at reduced rate and power supply arrangement was almost against the national interest of the country, he added.

On the other hand, the ABCD source said it did not expect such a decision by the BCIC after signing the MoU in March 2000.

The US ambassador in Bangladesh on May 1, in a letter to the industries minister, advocated rescinding of the decision on re-tender for this project and called for finalising the contract with the ABCD.

The company chief also wrote a letter to the prime minister on February 5, 2002 referring to it's offer for setting up the 5,61,000-ton urea plant, the source added.



PHOTO: DELTA LIFE

Manzurur Rahman, chairman of the Board of Directors of Delta Life Insurance Company Ltd, presides over a meeting of senior marketing officers of the company held at its head office in the city recently.

World needs policymakers' collaboration, says IMF

REUTERS, Washington

The International Monetary Fund said Thursday that downside risks to the global economic outlook have increased the need for collaboration among policy makers to ensure a durable recovery.

"Downside risks have heightened the need for vigilance, while the challenges associated with persisting imbalances will require attention over the medium term," IMF Managing Director Horst Koehler said in a statement.

That, Koehler said, calls for policy makers to consolidate a "collaborative approach" to adapt policies to foster broad-based economic growth.

In a statement detailing the IMF's agenda for the coming months, Koehler said the lender will remain "strongly engaged with members facing exceptional difficulties, notably in Latin America."

Among issues Koehler said the IMF will address in coming months will be efforts to improve crisis prevention. The IMF chief said the lender will review its Contingency Credit Line in January with a view to possibly making changes to the loan to make it more attractive.

Since its inception a few years ago the IMF's CCL facility -- intended as a backup loan for nations with good economic policies -- has not been used by any country despite repeated efforts by the IMF to get Mexico and others to sign up.

Potential borrowers have shied away from signing up for the loan, fearing that to do so might send the wrong signal to Wall Street about their outlook.

In February, the IMF will review the adoption of the US dollar as a currency -- something that has increased in recent years in some Latin American nations. The lender said it will look at the monetary

policy implications of dollarisation and hold a seminar on financial globalisation in February.

The IMF also plans to develop a concrete plan for a sovereign debt restructuring mechanism for consideration by its executive board by March.

Such a bankruptcy mechanism would give countries the ability to restructure their debts in a more orderly fashion, similar to the way public corporations can at the moment. The idea has yet to secure broad support with Wall Street and leading emerging market economies opposed to the IMF's plan.

Among other things on the IMF's agenda will be how best to assess a nation's debt sustainability and how to make access to IMF loans more predictable, thereby reducing the need for large bailouts, the statement said.

Bakhrabad Gas profit hits all-time high

Bakhrabad Gas Systems Limited (BGSL), a company of Petrobangla, earned the highest profit in its history, fetching a net profit of Tk 449.07 million during the financial year 2000-2001, says a press release.

The company earned a total revenue of Tk 5606.15 million by selling 2204.79 million cubic metre of gas.

This was disclosed at the 21st annual general meeting of the company held in the city on Sunday.

The meeting was presided over by A R Khan, chairman of BGSL Board of Directors.

During the fiscal year 2000-2001, the company exceeded its targets set for pipeline construction and gas connections.

The company constructed a total of 312.58 km of network pipeline against the target of 185.15 km and its gas connections numbered 19603 as against 12111 during the year.

As a result, cumulative gas connections since inception of company stands at 214151. These include five power, three fertilizer, 673 industrial, 2725 commercial, 210742 domestic and three seasonal connections.

Chile for quick studies on free trade with Japan

AFP, Tokyo

Chilean Foreign Minister Maria Soledad Alvear called on Japan Friday to step up joint studies on the feasibility of establishing a free trade agreement (FTA) between the two countries.

Alvear made the request when she paid a 30-minute courtesy call on Japanese Prime Minister Junichiro Koizumi on the third day of her four-day visit to Japan, a Japanese government official said.

The Chilean minister said she hoped the two governments would launch a joint study into a possible trade pact, following up on a study made by private-sector representatives from the two countries, according to the official.

Koizumi replied that he considered such an accord a "medium and long term" issue and that further discussions should be made at working level on how to approach the issue, the official said.

Wall Street slips amid investor concerns

AFP, New York

US stock prices slipped sharply Thursday as investor concerns over corporate earnings sparked by a sales warning from Cisco Systems erased the previous day's gains from a larger-than-expected interest-rate cut.

The Dow Jones Industrial Average closed down 184.77 points (2.11 per cent) to 8,586.24, while the Nasdaq composite was down 42.27 (2.98 per cent) to 1,376.72.

The broader Standard and Poor's 500 was off 21.04 points (2.28 per cent), closing at 902.72.

Analysts said Cisco's second-quarter sales warning set the tone for the selloff by reminding investors of the weak prospects for corporate earnings in a soft economy, highlighted by the Federal Reserve's decision Wednesday to slash to 1.25 per cent its key federal funds interest rate.



PHOTO: BAKHRABAD GAS

A R Khan, chairman of the Board of Directors of Bakhrabad Gas Systems Ltd, presides over the 21st annual general meeting of the company held in the city on Sunday.

Two-day WTO mini-summit begins in Sydney Thursday

Protesters threaten disruption

AFP, Sydney

Australia promised Friday adequate protection for ministers from 25 countries due here next week for a key trade meeting likely to be besieged by thousands of anti-globalisation protesters.

The two-day World Trade Organisation (WTO) mini-summit begins at Sydney's Olympic Park on Thursday amid the most intensive security blanket seen here since the Olympic Games in September 2000.

Police will be on high alert over fears of violence during demonstrations by what organisers have warned could be up to 10,000 left-wing activists, students, environmentalists and trade unionists.

The Sydney meeting is aimed at addressing some of the problems the protest is about -- getting aid from the world's rich nations to poor and developing nations.

It will discuss the so-called

Doha Development Agenda drawn up at a meeting of trade ministers in Doha, Qatar, last year to help alleviate third world poverty and poor health.

The Doha meeting was the first attempt to launch a new round of world trade talks since a failed bid in Seattle in November 1999.

The planned protest will be the latest in a string of anti-globalisation rallies, which started at Seattle where confrontation flared into violence.

Trade Minister Mark Vaile said he had every confidence the New South Wales police would provide adequate security for all visiting delegates.

"My department and our agencies at the Commonwealth level have been working very closely with the NSW police in terms of how the security is going to be managed," he told reporters.

"It is going to be a significant

security effort, but we have just got to realise it is a fact of life these days."

Among the agenda issues is getting costly pharmaceutical drugs developed mostly in the United States and Europe distributed in third world countries to counter epidemics of diseases such as HIV-AIDS and tuberculosis.

"The goal is to try and get access to these much needed medicines at an affordable price by the developing world," Vaile said.

"It is a matter of identifying who should be enabled to manufacture or produce these drugs, what are the diseases we want to address, which countries should be able to receive these medicines."

But there are two sides to the argument, Vaile pointed out. On one side is the enormous cost of the research and development of the drugs, and the high value of the intellectual property.

Hundreds march to protest free trade policies in Chicago

AFP, Chicago

Several dozen US business executives met with senior US and European Union officials Thursday to brainstorm ways to remove bureaucratic barriers to transatlantic trade, as authorities braced for anti-globalisation protests.

Gathering in closed session, the 60 business leaders sat down to persuade commerce officials of the need to simplify regulatory requirements for corporations involved in transatlantic trade, which is worth an estimated two trillion dollars annually.

"What we need is ... harmonisation of the regulation of capital markets and financial services across the Atlantic," Sir Charles Masfield, vice chairman of BAE Systems, told the delegates to the Transatlantic Business Dialogue (TABD).

"Regrettably the rules and regulations that govern domestic economies haven't really adapted at

sufficient speed to the global dynamic."

The other items on the agenda at the two-day business conference include ways to speed the flow of capital across borders, harmonize international accounting standards, and boost e-commerce.

The watchword for the conference is co-operation, but simmering tensions between the European Union and the United States over protectionism and subsidies quickly surfaced.

The EU commissioner for Trade, Pascal Lamy, pointedly rebuked the United States for not playing by the rules, citing the United State's decision earlier this year to impose tariffs on imported steel to protect the ailing domestic steel industry.

"Put bluntly, non-compliance is an issue which has to be addressed and on which the business community needs to make its voice heard," Lamy said.

In addition to longstanding concerns about protectionism, the

impact of heightened security in the wake of the September 11 attacks also figured prominently in Thursday's public sessions.

Masfield, who is co-chairing this conference along with Phil Condit, CEO of aerospace giant Boeing, called on authorities to take into account the impact of tighter post 9/11 security on international commerce.

Authorities should balance the need for the "highest possible measure of security for our citizens," with "the continued freedom of goods and services," he said.

"If we allow substantially increased regulation and security to stifle two-way trade across the Atlantic, then, in effect, we will be allowing Osama bin Laden to win this battle," he said.

The US automobile industry, for one, has complained about plans to levy surcharges on imports to pay for beefed-up port security.

US productivity growth up, but job market soft

REUTERS, Washington

US productivity chugged ahead in the third quarter as profit-starved businesses squeezed more out of their workforces instead of taking on new hires, a government report Thursday showed.

While strong productivity is seen as a key ingredient for a potent recovery, it has taken a toll on the labour market by keeping companies from stepping up hiring. Separate data showed that the job market isn't likely to improve any time soon, even with the added stimulus of the Federal Reserve's half-percentage-point interest rate cut on Wednesday.

The Labour Department said non-farm productivity, or output per worker hour, grew at a 4.0 per cent annual rate the year-ago quarter, after advancing by a weaker 1.7 per cent in the second quarter. It was the fastest pace since the beginning of the year when the economy was in recovery from the 2001 slump.

"I think the good news is that

productivity is very healthy and is supporting economic growth. The downside is that this is the reason employment is going basically nowhere," said Sung Won Sohn, chief economist at Wells Fargo in Minneapolis.

Labour Department numbers on jobless claims revealed a mixed picture of the job market.

While the number of workers signing up for unemployment benefits fell last week, Labour's more reliable four-week moving average of these volatile data inched up, staying for the 10th straight week above the 400,000 level economists peg as designating a weak labour market.

"I think we definitely have a jobless recovery. Businesses are shell-shocked by all the blows received over the past year and a half. They are relying primarily on overtime, technology and by not spending money on people, capital goods or inventories," said Sohn.

Still, despite the hiring restraint of cautious businesses, consumers

appeared to be holding up their part of the load for the economy, according to the latest retailers' data.

US retailers reported mostly higher October sales, at stores open at least a year, helping alleviate fears sliding consumer confidence could create a disastrous holiday season and prompting some major apparel chains and department stores to raise their profit targets.

"Despite what the consumer may say about being worried about the economy, they're still spending," said Bank One chief economist Diane Swonk. "Those who think the consumer is going to fall will be mistaken."

Wells Fargo's Sohn agreed: "This to me demonstrates that consumers are going to keep the economic ship afloat."

The cut in interest rates took the federal funds rate below the rate of inflation by some measures, which may help consumer spending by dissuading Americans from saving.



PHOTO: UCBL

Muhammad Sajid-ul Haq, managing director of United Commercial Bank Ltd (UCBL), speaks as chief guest at the certificate awarding ceremony of a course on "Foreign Trade and Foreign Exchange" held at the UCBL Training Institute in the city on Monday. Hamidul Huq, additional managing director, A HM Nurul Islam Choudhuri, principal of the training institute, are seen in the picture.