

## British trade deficit narrows

AFP, London

The British trade deficit narrowed in September to 2.697 billion pounds (4.27 billion dollars, 4.22 billion euros) from a revised shortfall of 3.397 billion pounds in August, official figures showed Friday.

The National Statistics office also reported a trade deficit with non-EU countries of 1.872 billion pounds in September, slightly narrower than a revised shortfall of 1.936 billion in August.

Analysts had been expecting a global trade deficit of 2.6 billion pounds and a non-EU trade shortfall of 2.0 billion.

## Taiwan's UMC sales up

AFP, Taipei

The world's second largest contract semiconductor maker United Microelectronics Corp. (UMC) said Friday its October sales rose 27.8 per cent from a year earlier mainly on a low comparison base.

The global semiconductor sector suffered declines in sales last year amid sluggish demand after the high-tech bubble burst in 00.

UMC reported 6.03 billion Taiwan dollars (174.6 million US) of sales in October, compared with 4.72 billion dollars a year ago.

The October sales were 0.2 per cent higher than that of September, the company said.

In the first 10 months of this year, UMC recorded 55.92 billion dollars in sales, compared with 55.27 billion for the same period last year.

In the first nine months of this year, UMC posted 6.09 billion dollars in net profit, compared with 596 million dollars in net loss a year ago.

As the business outlook remains uncertain, UMC cut last month its 2002 year capital expenditure forecast to 800 million US dollars from 1.3 billion dollars.

On Thursday, the world's biggest contract chipmaker, Taiwan Semiconductor Manufacturing Co. said its sales in October rose 47.3 per cent from a year ago with fourth-quarter wafer shipments now running ahead of the guidance given late last month.

# Jiang calls for growth and control as Congress opens

## China aims to quadruple economic strength by 2020

AFP, Beijing

President Jiang Zemin opened China's most important political meeting in a decade here Friday, outlining his vision of a nation powered by private capitalism but still under the strict control of the Communist Party.

Addressing 2,114 delegates in Beijing's cavernous Great Hall of the People at the start of the party's 16th Congress, Jiang said China's rulers must free their minds "from the shackles of outdated notions, practices and systems".

In what is likely to be his last major address before retiring as party chief, Jiang paid lip-service to the organisation's official Marxist base but urged the pursuit of market reforms, calling for a quadrupling of China's economic strength by 2020.

"Reform and opening up are ways to make China powerful," said Jiang, standing in front of a red backdrop emblazoned with a vast hammer and sickle emblem.

Of particular note was Jiang's allusions to a key -- and highly controversial -- reform due to be approved at the meeting: his own plan for capitalists to join the party.

"We should make a point of recruiting party members from among those in the forefront of work

and production," he said, using common party shorthand for the country's wealthy entrepreneurs.

However, he stressed that whatever the effects of economic liberalisation, the party elite should remain in firm control of China's 1.3 billion people.

"We must uphold leadership by the (party) and consolidate and improve the state system, a people's democratic dictatorship," he said in his 90-minute speech.

"We should never copy any models of the political system of the West," he added.

Jiang, 76, is among a string of elderly leaders expected to shed their party posts at the week-long Congress, the start of China's first major leadership reshuffle since 1989.

Vice President Hu Jintao, 59, is tipped to take over as party head, and then become president next spring. The succession remains a complete secret, although it is due to be announced a day after the Congress ends.

Analysts said the repeated references to Jiang's 13 years in power, during which China has liberated its economy while stagnating politically, appeared to mean his era was likely to end soon.

"This clearly indicates that Jiang



will resign from his number one position as general secretary of the party," said former party official Wu Guoguang, now of the Chinese University of Hong Kong.

However, Jiang is widely thought to be seeking a great measure of influence after his retirement and Friday's speech indicated he expects it to linger.

# EU recognises Russia as market economy

AFP, Brussels

The European Union formally recognised Russia as a market economy on Thursday in a move seen as a boost for Moscow's WTO accession, the European Commission said.

The changed status, first proposed by Brussels at an EU-Russia summit in May, was agreed after the EU amended its own anti-dumping and anti-subsidy laws.

"Henceforth Russia will be treated on an equal footing with all other market economies in anti-dumping investigations," said a

commission statement.

The decision is an acknowledgement of the important progress achieved in Russia in respecting market economy principles," it added.

The new status will be applicable from Friday, when the amended laws come into force, said the EU executive arm.

In August the commission approved the legal amendment, saying at the time that "in the broader context, this is an important milestone on the road to Russia's WTO accession."

In practical terms the recognition

means that instead of using proxy costs and prices from a third country, Russian companies' own costs and prices will be used for the purpose of calculating dumping margins.

It equally implies that Russia will be subject to anti-subsidy provisions applicable to market economy countries.

Before the May EU-Russia summit, EU officials had warned that Russia had to make a bigger effort to open up its energy sector to market forces and eliminate subsidies that give Russian enterprises an advantage over their EU counter-

## Matsushita, Toshiba open plant in S'pore

AFP, Singapore

Japanese electronics giants Toshiba Corp. and Matsushita Electric Industrial Co. on Friday opened a one billion US dollar plant to make liquid crystal displays (LCDs) for computers and televisions.

Trade Minister George Yeo said the opening of Advanced Flat Panel Displays' LCD plant heralded the birth of a new sector in the city-state's manufacturing industry.

The plant, one of the most advanced facilities in the world, will produce low temperature polysilicon thin film transistor LCDs for notebook computers, desktop computer monitors and colour televisions.

"Today, we celebrate not only the opening of AFPD's plant in Singapore, we also celebrate the birth of a new advanced display sector in Singapore," Yeo said in a speech.

The plant will position Singapore to cash in on the emerging LCD market, currently worth 35 billion US dollars globally a year.

This market is expected to grow at 17 per cent annually "over the coming years" due to the growing popularity of personal digital assistants, slim television panels and computer monitors, he said.

## Fiji set to raise value added tax

AFP, Suva

Fiji's government said Friday it is planning to increase value added tax from 10 per cent to 12.5 per cent.

The announcement came in Finance Minister Jone Kubuabola's 1.3 billion Fiji dollar (650 million US) budget which included a deficit of 179 million dollars.

Some cost cuts were announced, including to the Fiji Military Forces' budget which is now six million dollars less than last year's allocation at 57.4 million dollars.

The police also received half the increase they wanted for next year's Pacific Games.

The government's intentions to revamp the sugar industry was reflected in the budget.

# Iraq, 2 Russian firms sign oil drilling deals

AFP, Baghdad

Iraq has signed contracts with two Russian companies to drill oil wells in the north and south of the country, a newspaper reported Thursday.

"The oil ministry has signed new contracts with the Russian company Tatneft to drill oil wells south of Basra," 550 kilometres (340 miles) south of Baghdad, Al-Zawra weekly said.

Engineers and technicians from Tatneft, a producer from the Muslim-populated Russian republic of Tatarstan, have already arrived in the Basra region to start drilling 15

wells under one contract, the paper said.

Al-Zawra added that the ministry signed a contract with Russian firm Zarubejneft to drill 45 wells in Kirkuk, 250 kilometres (160 miles) north of Baghdad.

The news follows indications by Iraq and Russia that they were working on a massive economic cooperation pact, which covers 67 investment projects, including 18 oil and gas schemes and six petrochemical ventures.

Baghdad said the accord will be worth 40 billion dollars but Moscow has not confirmed the figure.

## WEEKLY CURRENCY ROUNDUP

November 2 -- November 6, 2002

### Local FX Market

Demand for dollar continued to increase throughout the week due to increased demand for import ahead of Ramadan. Short supply of the US currency resulted in high demand-supply gap and pushed the rate higher against BDT. BDT ended the week at 59.50/60.75 against USD compared with 58.80/59.00 from last week.

### Money Market

Bangladesh Bank borrowed BDT 8,685 million by the Treasury bill auction held on Sunday. Weighted average yield of 28-Day bills rose to 7.10 per cent from 6.83 per cent in the last bid. Weighted average yield of 5-Yr T-bills was 10.68 per cent.

Demand for BDT for overnight borrowing was volatile in this week. The call money rate ranged between 4.50-5.25 per cent in the beginning of the week. But the rate increased later in the week and ended at 6.00-7.00 per cent.

### International FX Market

The week started with thin trading volumes in Asian market due to holidays in Tokyo and Singapore. The dollar firmed in early European trade on Monday, keeping above Friday's three-month low against the euro and one-month low against the yen, as traders positioned for an expected cut in U.S. interest rates this week. The Federal Reserve meets on Wednesday and is expected to cut rates by at least a quarter point in response to data showing the U.S. recovery is stalling.

But it lost ground in the middle of the week and fell across the board. Euro reached 3 month high and crossed the parity level reaching as high as 1.0044 per euro against the Greenback. Against the yen, dollar was down by almost half a per cent to near one-month lows and reached 121.65 yen. A three-per cent rise in stocks combined with dollar's woes contributed to the rise of yen. The European Central Bank and Bank of England, both of which meet on Thursday, were less likely to ease, but markets had not ruled out the possibility of cut in rates.

The dollar recovered from five-week lows against the yen on Wednesday morning in Asia but struggled to hold its gains in a market bracing for the Federal Reserve's rate-setting meeting and the outcome of U.S. mid-term elections. The greenback came down parity after reaching 1.0044 previously. Sterling posted gains against both the dollar and the euro, a move most analysts chalked up to technical factors. The dollar struggled to hold on to its gains as the market waited Wednesday's Federal Reserve meeting and the European Central Bank's (ECB) rate setting meeting on Thursday. The Bank of England also reviews monetary policy on Thursday. The Fed is widely expected to trim at least 25 basis points from the 1.75-per cent Fed funds rate, which is already at a 40-year low.

At 1515 hours on Wednesday, euro was quoted at 0.9955/60, GBP at 1.5571/81, Yen at 122.51/54 against the dollar in international market.

-- Standard Chartered Bank

# STOCK