

# China falling short on WTO commitments: US

**AFP, Washington**

China has made little progress in lowering trade barriers and implementing proposed reforms promised when it joined the World Trade Organization two years ago, the United States said.

In a 70-page annual report presented to the US Congress on Thursday, US Trade Representative Robert Zoellick said Beijings "uneven and incomplete WTO compliance record can no longer be attributed to start-up problems."

"As this years report reveals, while the US-China economic and trade

relationship is growing rapidly, there are a number of systemic concerns that remain, making further improvements in that relationship problematic," Zoellick wrote.

He said Washington would prefer to resolve its concerns through talks with China, but "if bilateral efforts are not successful, the administration is fully prepared to enforce US rights through other means, including dispute resolution at the WTO."

China has become the third-largest US trading partner since it joined the WTO in 2001. But even though US exports to the world's most populated country have grown by 66 percent over the past three

years, the US trade deficit ballooned to a record 13.57 billion dollars in October.

Zoellick's report said US officials remain concerned at China's lack of progress in removing agricultural trade barriers, protecting intellectual property rights and transparency in government.

The report dismissed China's announcement earlier this year that it planned to buy aircraft and other major US products as a smoke screen.

"In many instances," Zoellick said, "China has sought to deflect attention from its inadequate imple-

mentation of required systemic changes by managing trade in such a way as to temporarily increase affected imports from vocal trading partners, such as the United States."

Beijing has also in the past year begun to use tax policies to favor domestic production and increased its use of industrial policies to aid domestic producers at the expense of importers and foreign businesses operating in China, said the report.

"This latter phenomenon is particularly apparent in the automotive sector, where a proposed industrial policy threatens to undercut many US industry gains in Chinas market," the report added.

# India raises support price for oilseeds

**REUTERS, New Delhi**

India raised the support price for the summer rapeseed crop to 16,000 rupees (\$351.6) a tonne from 13,300 rupees in a bid to encourage farmers to grow more, a government statement said Thursday.

But the minimum support price for wheat was raised only marginally to 6,300 rupees from 6,200.

The minimum support price is fixed by the government each year before the harvest begins. The government's procurement agencies step up buying if market rates fall below the support price levels.

The country's summer crops are sown in November-December and harvested in March and April.

Prices of safflower have been raised to 15,000 rupees, an increase of 2,000 rupees.

The country is expected to harvest a summer oilseed crop of 8.5-9.0 million tonnes, compared with 6.0 million in the previous summer, because of ideal weather in the growing regions, traders said.

India, the world's largest edible oil buyer, imports nearly half its vegetable oil requirement of more than 10 million tonnes. It buys palm oil from Malaysia and Indonesia and soyoil from Argentina and Brazil.



PHOTO: EASTERN HOUSING

Eastern Housing Limited Chairman Manzurul Islam presides over the 39th annual general meeting of the company held in Dhaka on Monday. The company declared a 10 per cent cash dividend.



PHOTO: SHAHJALAL BANK

Shahjalal Bank Limited Chairman Sajjatuz Jumma presides over the 2nd annual general meeting of the bank held in Dhaka on Sunday.



PHOTO: SHRIMP SEAL OF QUALITY

Cedric C Randolph, coordinator of Shrimp Seal of Quality, and Kafil HS Muyeed, general manager of Sales and Marketing Division of GrameenPhone (GP) Limited, sign an agreement on Monday to start a Bangla voice mail service (VMS) for providing shrimp industry stakeholders with shrimp news through GP cell phones.

# US jobless claims drop

**REUTERS, New York**

Good news on the US economy piled up Thursday with a quartet of reports showing a fall in new claims for jobless benefits and a surprise surge in regional manufacturing that bodes well for the entire nation.

First-time claims for state unemployment insurance, a rough guide to the pace of layoffs, plunged 22,000 to 353,000 last week from a revised 375,000 in the prior week, the Labour Department said.

The unexpectedly steep drop brought claims back to the 2-3/4 year low they hit in early November. Wall Street economists had expected claims to slip to 365,000 from the 378,000 originally reported for the Dec. 6 week.

"The jobless claims numbers show the labour markets are improving and that increases the likelihood that the economy will remain strong," said Gary Thayer, chief economist at AG Edwards & Sons in St Louis.

Another report showed manufacturing in the mid-Atlantic region jumped in December from an already strong level, despite forecasts of a slight decline. New orders hit a 23-year high.

The Philadelphia Federal Reserve Bank said its monthly gauge of regional industry jumped to 32.1 in December from 25.9 in November.

# Japan sees growth slowing in '04

**AFP, Tokyo**

Japan said Friday it has set its official forecast for real economic growth at 1.8 percent for the year to March 2005, down slightly from the 2.0 percent expected for the current fiscal year.

Deflation, which has hurt business sentiment, is expected to stabilise, with the drop in the consumer price index estimated to be unchanged at 0.2 percent.

The government expects the unemployment rate of the world's second-largest economy to improve slightly, averaging 5.1 percent after an estimated 5.2 percent for the year to March 2004.

These assumptions will be used to draft the national budget for the next fiscal year, which the Finance Ministry plans to finish around December 23.

"The contribution from net exports (exports minus imports) is expected to decline in the new fiscal year as imports are expected to expand after being constrained this year by the SARS epidemic," a senior Cabinet Office economist told a briefing.

The outbreak of the Severe Acute Respiratory Syndrome in Asia that spread to many parts of the world badly hit the tourism and

airline industries and dampened consumer confidence generally.

"Imports are also likely to expand because of the continued recovery of the Japanese economy," the official said.

Net exports are expected to make a contribution of 0.2 percentage points to real gross domestic product (GDP) in the next fiscal year, down from the 0.5 percentage points projected for the current year.

Real GDP measures economic growth with price changes stripped out.

Despite the forecast decline in anticipated economic growth, the government expects the corporate sector-led recovery to continue, with a positive impact on employment and wages, possibly giving a boost to consumer spending.

"The recovery in the corporate sector in the form of gradual increases in industrial production and capital spending is expected to continue," the Cabinet Office said.

"Reflecting such a development in the corporate sector, the labour and wage environment, which is still challenging, is expected to start moving toward an incipient recovery and that is expected to gradually have a positive impact on the consumer sector."

## Weekly Currency Roundup

December 13-December 18, 2003

**Local FX Market**

Dollar became stronger throughout the week against Bangladeshi taka. Increased demand for import payments increased the demand for US dollar.

**Money Market:**

Bangladesh Bank borrowed BDT 5201.9 million by the Treasury bill auction held on Sunday, compared with BDT 8,716.50 million in the previous week's bid. The weighted average yield of 28-D t-bill was up by 3 bps from the previous rate to move to 4.08%, while the yield of 5-yr t-bills were down by 2 bps to 8.08 percent.

The call money rate was downward this week as the liquidity condition improved in the market. In the beginning of the week the rate was 3.50-3.75 percent. It eased throughout the week to end at 2.00-2.50 percent.

**International FX Market**

The dollar rose against major rivals in the beginning of the week, rebounding more than a cent from last week's record low against the euro as the capture of former Iraqi President Saddam Hussein forced greenback bears into retreat. But the US currency pared the initial gains as news of two deadly car bombs in and near Baghdad fuelled concern the former dictator's arrest would not mean an end to security worries. Euro fell as low as \$1.2135 in Asia before recovering to \$1.2230 in early European trade. Against the yen, the dollar rose as high as 108.39 yen but eased back at around 108.00.

The dollar held near record lows against the euro in the middle of the week after the previous session's subdued inflation data from the United States encouraged the view that US interest rates would remain low for some time. Dealers' said this meant the US would face difficulty funding its current account deficit from foreign investments, which usually tend to steer clear of low-yield destinations. Euro rose above \$1.2340 against the greenback. Sterling also closed at 11 year high against the Greenback. Against the yen, dollar was flat at 107.42, as market remained wary of potential Bank of Japan intervention.

US dollar hit new record lows against the euro for fifth straight session on Thursday in European trade on a growing view the European Central Bank may tolerate further gains in the single currency, with investors awaiting key German sentiment data. ECB President Jean-Claude Trichet was quoted on Thursday as saying he was happy that both Europe and the US were aiming to keep their currencies strong and stable. Euro was trading around \$1.2420, having risen to a record high of \$1.2436. Dollar remained steady against the yen. Against the sterling, dollar hovered at around \$1.7650, but below Wednesday's peak of \$1.7700.

At 1715 hours on Thursday, euro was at 1.2418/22, GBP at 1.7646/50 and yen at 107.59/65 against dollar.

-- Standard Chartered Bank

# STOCK