

# US shrimpers to file anti-dumping case against exporters

AFP, Washington

The leading US shrimp trade association is set to file an anti-dumping case against countries they claim sell shrimp in the United States at below-market prices.

The Southern Shrimp alliance said in a statement that imports "from countries such as Thailand, China, and Vietnam" are "causing market distortions that harm the US shrimp industry."

Details will be made public after the case is filed Wednesday, said Brad Ward with Dewey Ballantine LLP, the Washington law firm handling the case.

Alliance spokeswoman Deborah Regan said that countries in southeast Asia and Latin America had been targeted, but refused to give further details.

The Alliance represents shrimp harvesters, processors, and distributors from eight US states.

In mid-December representatives of Mexico's National Chamber of Fishing and Aquaculture Industries met with the Alliance and agreed to cooperate "to jointly oppose unfair trade in shrimp."

"The flood of unfairly traded shrimp injures both the US and Mexican shrimp industries and must be offset through strong enforcement of the trade laws in our two countries," representatives said in a joint statement at the end of their meeting.

According to US government figures, in 2002, shrimp passed tuna to become the number one consumed seafood in the United States. Americans consumed 3.4 pounds (four kilos) of shrimp per

person in 2001, up 9 per cent from 2000.

However while in 2000 the value of the US shrimp harvest was 1.25 billion dollars, by 2002 that had plunged to a mere 559 million due to competition from cheap imports.

The president of the year-old Shrimp Alliance, Eddie Gordon, said earlier that shrimping in the United States "has always been more than just a business, it has been a way of life."

"Today, our tradition, our way of life is threatened. Shrimpers, their families, related businesses, and many communities dependent on shrimping are experiencing serious economic harm. We are nationally united for the first time to prevent this."

## India economy grows 8.4pc in second quarter

AFP, New Delhi

India's economy expanded by a blistering 8.4 per cent between July and September, putting the South Asian nation into the ranks of the world's fastest-growing economies, official figures showed Wednesday.

Growth for the second quarter of the year to March financial year was driven by agriculture-dependent India's most abundant monsoon rains in a decade.

The numbers came as good news for the ruling Hindu nationalist Bharatiya Janata Party (BJP) which is expected to call early elections in April or May to cash in on the "feel-good" feeling stemming from the economic boom.

The figures put Asia's third-largest economy firmly on track to achieving the government's growth target of seven per cent for the fiscal year, economists said.

"It's mainly the agriculture sector that helped. I expect growth to be around seven to seven and a half per cent for the full year," D.H. Panandikar, economist at the RPG Foundation in Delhi, said.

## Japanese shares to remain upbeat in 2004

AFP, Tokyo

Japanese share prices are set to start the new year with an upbeat tone after ending a turbulent 2003 positively, but analysts caution the rise may run out of steam on a number of risk factors.

The Japanese market rebounded from a two-decade low in 2003 with investors encouraged by corporate restructuring and cost-cutting as well as Tokyo's clear commitment to rescue troubled banks brokers said.

The recovery of the benchmark Nikkei 225 index, which hit a 16 month-high in October, was backed by foreign investor buying and a smaller-than-expected impact from Severe Acute Respiratory Syndrome (Sars) and the Iraq war, they said.

"The key driver for this year has been active cost-cutting and corporate restructuring, which resulted in a major improvement of the underlying profit-generating capacity at manufacturers," said Tsuyoshi Segawa, equity strategist at Shinko Securities.



PHOTO: EMIRATES

Indian Civil Aviation Minister Rajiv Pratap Rudy hands over an award for excellence of Emirates to Nabil Sultan (right), vice-president of Emirates for India and Nepal, at a ceremony in New Delhi recently. Kapil Bhatia, chairman of Galileo India, is also seen.

## G7 to discuss dollar slide as Europe frets

REUTERS, Berlin

Finance ministers from the Group of Seven richest nations will discuss the dollar's slide when they meet in February, as Europeans become increasingly worried it may hurt economic recovery, a G7 source said Tuesday.

A euro level clearly higher than \$1.20 could not be good for Europe's economy, while a level of \$1.30 represented a "pain barrier", the source said.

A stronger single currency, which broke the \$1.25 barrier for the first time on Monday, can erode the euro zone's competitiveness by making goods produced there more expensive to customers outside the 12-nation region.

But the source said the United States should also not be happy with a sharply weaker dollar which could lead to a flight of capital from the country, depressing stock markets and pushing up long-term interest rates.

G7 finance ministers begin a two-day meeting in Boca Raton, Florida, on February 6, their first since gathering in Dubai last September when they called for flexible exchange rates.

Although their Dubai statement was aimed at Asian countries, it chiefly accelerated the dollar's slide against the euro and other leading free-floating currencies

outside Asia.

One euro zone monetary source told Reuters that currencies would be on the agenda at the next G7 meeting and policymakers needed to avoid confusion caused by the Dubai statement.

Europe prefers to coordinate policies with its G7 allies, but the source did not rule out euro zone officials acting alone if euro zone appreciation threatened to destabilise markets or an economic recovery. The euro fell slightly in reaction to the G7 source's comment but quickly recovered to stand just below this week's record high around \$1.2511.

"It's probably just another German moaning which is why the market isn't paying much attention," said Julian Jessop, chief European economist at Standard Chartered in London.

"There is no doubt that some European politicians and central bankers are concerned about the euro's strength, but I doubt the US will care what the Europeans say. The Germans might want to discuss the euro but it is unlikely the Americans will."

The euro's value has risen nearly 20 per cent this year. The German government said on Monday it was relaxed about the level of the euro, adding German exporters were extremely competitive.

## Annual forex, money market update 2003

Local Market

Foreign Exchange Market: The year 2003 has been a year of great significance for the local foreign exchange market as the country moved into the widely talked floating regime. Bangladeshi taka (BDT) was freely floated from May 31 by a Bangladesh Bank circular. Even though the inter-bank USD/BDT rates were as high as 58.95 in January and in some days of May before local currency floating, the rates became very stable in the post floatation period. The rates moved within a short range of 58.40 to 58.50 from beginning of June to mid-December.

The countries (India, Sri Lanka and Egypt), which had their currency floated recently, did experience substantial turbulence in local currency. Similar views were also present for taka, as Bangladesh did not see any devaluation since early 2002. Moreover, deficit in balance of payments asked for taka depreciation.

However, after floatation, taka did not go through any significant depreciation. Rather, in the earlier days of floatation taka appreciated slightly. According to analysts, this strength of taka spawned from two sources. Firstly, the US dollar itself was on weaker ground against all the major currencies all around 2003. So, taka was benefited from global dollar weakness. Secondly, frequent dollar selling and liquidity dry up intervention kept taka protected from any abrupt descent.

Only recently, in the last few days of the year, USD/BDT rates started to traded around 59.00 due to increase in import payments and inadequate supply, which is acceptable in competitive market scenario.

Money Market

& The Year is marked by a number of events for the local money market:

& Bangladesh Bank allowed all tenors of treasury bills for the Repurchase agreement from March 16.

& Bangladesh Bank introduced Reverse Repo facility for banks with excess liquidity from May 5.

& The first inter-bank Reverse Repo deal was done between two private banks on June 11.

& Citibank conducted the country's first secondary market treasury bill transaction on August 30.

& Bangladesh Bank asked for primary dealership applications from banks and other financial institutions. Eight banks and one non-banking financial institution were declared primary dealers.

& Auction of 3-year T&T Bond was held on October 18.

& Bangladesh Bank reduced the Statutory Liquidity Ratio by 4 per cent and decreased the bank rate by 1 per cent on November 6.

& First 5-year and 10-year Treasury Bond auction was held by Bangladesh Bank on December 28.

Call rates were mostly stable in 2003. However, call money rates saw sudden spikes in early February due to usual substantial cash outflows from the banking sector during the Eid-ul-Azha. Call rates also jumped as high as 36 per cent in June when the central bank dried out the liquidity from the local market to restrain the holding of dollars that could lead to undesired and artificial spike in the USD/BDT rates.

However, call rates eased from the end of June and remained soft until December. The call rates did not even see the pre-Eid upward movements during the November end as Bangladesh Bank supplied funds in the Banking sector through the Repo facility. Bangladesh Bank injected 38 billion taka through the Repo facility in that period at rates ranging from 4.50 per cent to 5 per cent.

In 2003, government borrowings through treasury bills decreased by almost 66 per cent from 2002. This was in line with government's policy to reduce borrowings.

In comparison to the Year 2002, the decrease in government borrowings came from lesser amount of 28 days treasury bill borrowings.

The treasury bill rate hikes that started in mid 2002 slowly flattened out by mid 2003. From July 2003, treasury bill rates in all tenors started to fall rapidly while 28 days treasury bill rates came down by 400 basis points in 2003.

International Foreign Exchange Market

& Dollar continued to get weaker against the major currencies despite positive US economic data throughout the year. The fall in relative Dollar value was based on:

& The US policy measures to combat the risks of deflation. All the steps point towards undermining the dollar value.

& Global asset managers' preference for the commodity currencies (e.g. euro, pound sterling) relative to US dollar.

& Official central bank policies not resisting Dollar weakness. For example, European Central Bank believes that higher euro helps cut inflation and gives the room to cut rates. Bank of England also has similar kind of views.

Citibank NA Bangladesh



PHOTO: THE ORIENTAL BANK

CM Koyes Sami, managing director of The Oriental Bank Ltd, hands over a passport to a Hajj pilgrim when he visits the Hajj booth set up by the bank in Dhaka yesterday, the first day of commencing Hajj flights.

## STOCK