

WTO members to aim for farm agreement by July

AFP, Geneva

The 146 members of the World Trade Organisation will try to reach an agreement to relaunch talks on the thorny issue of agriculture before the end of July, a WTO official said Friday.

"There seems to be an agreed objective on a timeframe in the sense that delegations should aim to agree on a framework at the latest before the summer break," said New Zealand Ambassador Tim Groser, who is head of the farm trade talks group.

"There is a very clear consensus on this," Groser told WTO member representatives as quoted by a spokesman.

For most delegations, an agreement would not necessarily give clear figures on such issues as reducing farm subsidies.

For Groser, "the biggest difficulty is market access" and "a lot of work needs to be done".

The delicate question of subsidies, which many poor WTO members consider to harm their exports, is politically difficult for many countries, but a lot of techni-

cal work has been done, Groser said.

WTO member states tried to revive deadlocked trade liberalisation talks in a meeting of the organisation's agriculture committee this week in Geneva.

"There is a welcome shift towards a listening mode, but the problem solving phase still lies ahead," Groser noted.

The WTO has planned four more weeks of talks before mid-July to try to strike a deal on agriculture trade liberalisation.

The talks are at the heart of the so-called Doha round of international trade negotiations that were launched in November 2001 and which in theory are supposed to be concluded by the end of this year.

Agriculture trade has been one of the stickiest topics on the agenda.

The European Union's trade commissioner, Pascal Lamy, has attacked WTO director general Supachai Panitchpakdi over the issue, accusing him of using exaggerated figures to refuse the EU the right to give subsidies to its farm-

ers. In a letter dated March 5, which AFP saw Friday, Lamy said he was struck "with some dismay" by remarks made by Supachai in San Jose, Costa Rica, at the end of February.

In an interview, the WTO head had estimated that developing countries granted subsidies worth one billion dollars per day to their farmers, creating a major obstacle to free trade.

"Should I remind you that this figure does not in any way correspond to actual budgetary outlays?", Lamy wrote.

"The honest figure would be around 100 billion dollars and less than 45 billion dollars a year in the European Union," he added.

"The European Union -- as any other country -- has a legitimate right to choose to support its agriculture in order to reach food security, safety and quality, to protect its natural environment and to maintain rural livelihood. That is a collective preference to which we will not renounce," he wrote.

US companies plan more outsourcing

REUTERS, New York

Most US companies plan to outsource more of its back-office functions overseas where labour is cheaper, despite a public relations backlash and weaker prospects for cost savings, according to a survey of 182 companies released on Friday.

About 86 percent of US companies plan to increase the use of offshore outsourcing firms, according to a poll by Chicago-based management consulting firm Diamond Cluster International.

But companies have lost the illusion of dramatic cost savings from outsourcing, the survey said, because managing far-flung international operations can be costly and difficult. They expect outsourcing to save only 10 percent to 20 percent of their costs, down sharply from 50 percent two years ago.

"The reality is the euphoria has come down a little," said Tom Weakland, who leads DiamondCluster's outsourcing advisory services practice. "Expectations for cost savings are lower but more in line with reality."

China agrees to consult with US over chip row

AFP, Beijing

China has agreed to consult with the United States over a US complaint about its tax system for domestic chip makers, the Chinese commerce ministry said Friday.

China expressed its willingness to discuss the sensitive issue in a letter sent to the United States via the Chinese representative at the World Trade Organization (WTO), the ministry said in a statement.

The US challenge lodged last week was the first WTO complaint filed against China by any member of the global trade body since Beijing joined the organization in December 2001.

International chip makers such as Intel and Micron Technologies complain that Chinese government tax rebates of up to 14 percent for its 19-billion-dollar chip industry give domestic companies an unfair advantage.

China has flouted WTO rules by providing the preferential tax

treatment for chips produced in China, thereby disadvantaging US and other imports, US Trade Representative Robert Zoellick said recently.

The Chinese announcement followed a day of talks in Beijing between Chinese officials and a US delegation headed by Commerce Undersecretary Grant Aldonas and Deputy Trade Representative Josette Sheeran Shiner.

A spokeswoman for the US embassy in Beijing said she was not aware if the chip dispute was on the agenda of the talks.

Chinese chip makers have expressed regret over the dispute, pledging to work toward a viable solution but also faulting US refusals to recognize that international chip makers in China were entitled to the same rebates.

Meanwhile, the United States appeared to be ratcheting up its pressure on China over what it considered flawed compliance with WTO rules.



PHOTO: DUTCH-BANGLA BANK
Dutch-Banla Bank Limited Managing Director Md Yeasin Ali speaks at the inauguration of a training programme on "Contemporary Human Resource" recently. Among others, Head of Human Resources of Commercial Bank of Ceylon Limited Mehboobur Rehman was present.

Weekly Currency Roundup

March 20 - March 25, 2004

Local FX market

US dollar got stronger this week. Increased demand for greenback for import payments and profit remittances made the dollar stronger against Bangladeshi taka. By the end of the week, it eased slightly due to higher supply.

Money market

Bangladesh Bank borrowed BDT 2,325 million by the Treasury bill auction held on Sunday, compared with BDT 3,768.00 million in the previous week's bid. The weighted average yields of T-bill of different tenors were almost unchanged.

The call money rate was volatile this week. Call money rate ranged between 6.00 and 7.00 percent in the beginning of the week. The rate steadied since then and ended the week between 4.00 and 4.50 percent.

International FX market

In the beginning of the week, the yen slipped against the dollar and euro in early Europe on Monday, erasing some of last week's gains due to falling Tokyo share prices and a spillover of bearish sentiment from Taiwan's disputed election. Taiwanese markets took a beating amid fears of a political crisis after President Chen Shui-Bian's walter thin election victory on Saturday, which came after an assassination attempt on him, was challenged by his opponent. Global security issues were also on the agenda after news of Israel's killing of the spiritual leader of the Hamas Islamic militant group and unsubstantiated rumors that al Qaeda No. 2 Ayman al-Zawahiri may be among those surrounded by Pakistani troops in a sweep of militants. Little economic data is scheduled for release on Monday but several key monetary policymakers make speeches.

Euro slipped by the middle of the week after cautious comments by European Central Bank President Jean-Claude Trichet, while the yen hit a one-month high on dollar after a ratings agency raised its outlook for Japan. Trichet told a German business newspaper late on Tuesday the ECB would reassess its outlook for gradual Euro zone recovery if consumer spending fails to pick up. Trichet's comments came after another ECB board member Jaime Caruana struck note over future economic prospects earlier this week. The Swiss currency, also aided by signs of an improving domestic economy, hit a three-month high on euro.

Sterling fell to a one-week low against the dollar on Thursday, dragged down by its losses to a 1-1/2 month low versus the yen as growing optimism about Japan's economy bolstered the Japanese currency across the board. Markets are waiting for Bank of England policymakers to appear before the Treasury Select Committee at 0930 GMT on Thursday. Yen marched to a four-month high on euro on Thursday, emboldened by growing confidence in Japan's economy and lack of official resistance, while the single currency suffered speculation over lower euro-zone rates. Euro was flat on the day, just above an earlier three-week low.

—Standard Chartered Bank



PHOTO: GOLDSMITH BANGLADESH
Sayyed Husain Jamal, managing director of Vanik Bangladesh Limited, and ATKM Azmal, proprietor of Goldsmith Bangladesh, a jewellery outlet at Mascot Plaza in Dhaka, exchange documents of an agreement signed recently in Dhaka. Under the deal, Vanik credit cardholders will be able to buy ornaments from Goldsmith Bangladesh.

Parmalat to cut 15,000 jobs

REUTERS, Milan

Parmalat will slash almost half its workforce as it sells or liquidates units in 20 countries in an effort to keep the insolvent food group afloat, a plan unveiled on Friday showed.

At a first meeting with international creditors the Italian-based firm's new managers asked banks and bondholders to work hand-in-hand to keep the scandal-hit group going.

Administrator Enrico Bondi told the representatives of 30 banks and 20 bondholder groups that Parmalat was in talks to sell US dairy assets and it planned to pull out of much of Latin America and Asia to focus on Europe, Canada and Australia.

Parmalat's worldwide workforce would plunge to under 17,000 from 32,000 as the axe was taken to its 30-nation empire -- once a point of pride at one of Italy's most global companies.

Opec likely to reduce threatened output cut

AFP, Dubai

The Opec oil cartel is likely to compromise in Vienna on Wednesday and cut production by less than the one million barrels per day (bpd) planned, the Middle East Economic Survey (MEES) reports.

"While all options remain open on March 31, it is difficult to see Opec rolling back its 10 February decision entirely, unless heavy consumer country pressure is brought to bear or there is a major rethink on the underlying supply-demand data," the industry specialist says in its Monday edition.

"While these two options are feasible, it appears more likely that Opec will engineer a modified output cut that will see actual production reduced by 700,000

bpd to one million bpd from around 26 million bpd in February and March.

"This would present a compromise position that would partly satisfy producers concerned about the seasonal drop in second quarter demand and the concerns of consumer countries," the weekly newsletter says.

"But the question of the likely level of leakage for any new deal gives even these rough calculations a major caveat. In other words, ministers must also find a way of explaining to anxious consumer governments and public opinion how their stated policy of production cuts since September 2003 sits with evidence of increasing Opec production over the same period," MEES adds.

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