

Americas' FTA talks shelved over farm subsidy spat

AFP, Buenos Aires

The planned Free Trade Area of the Americas (FTAA) suffered another setback Thursday when scheduled talks were postponed for a second time over disagreements between US and Latin American officials over agricultural subsidies.

Talks scheduled to be held in Puebla, Mexico, on March 18-19 had been postponed to April 22-23, but the divergence between Latin American nations and the United States forced another delay.

Ministers from North and South American countries in an informal two-day meeting were unable to

reach an agreement on a text for the Puebla talks.

No new date has been set.

The free trade zone is scheduled to start in January 2005.

But a US official and Latin American ministers said they are determined to conclude negotiations on time.

"In reality there is no crisis," Brazilian negotiator Adhemar Bahadian said. "We are working cautiously to make progress and we will soon have positive results."

There are mainly differences over the subsidies the United States pays to its farmers.

"The subsidies are not justified,"

said Regis Arslanian, the chief of Brazil's delegation. "What is the use of a free trade zone in the hemisphere if the negative effects of subsidies on agricultural exports persist?"

US negotiator Peter Allgeier said there are also differences over anti-dumping measures, intellectual property and access to markets.

The United States proposed a cut in agricultural subsidies within the World Trade Organization (WTO), but Washington is concerned that some countries might take advantage of the subsidies' elimination, Allgeier said.

Malaysia trade surplus slips to \$1.37b in Feb

AFP, Kuala Lumpur

Malaysia's trade surplus in February was 5.19 billion ringgit (1.37 billion dollars) compared to 5.77 billion ringgit in January and 5.83 billion a year ago, the government said Friday.

Total exports rose 16.7 percent year-on-year to 31.67 billion ringgit, a record figure for February, the Ministry of International Trade and Industry (MITI) said in a statement.

However, exports were down 8.3 percent from 34.52 billion ringgit in January, with the figures distorted by differences in working days due to holidays.

February imports were up 24.3 percent from a year earlier to 26.48 billion ringgit on a strong increase in of intermediate and capital goods but were down 7.9 percent from January.

MITI said exports for January and February 2004 were the highest levels ever attained for the first two months of any year.

In February, exports of palm oil, which accounted for 5.6 percent of total overseas shipments, rose 37.9 percent year-on-year at 1.78 billion ringgit.

Machinery, appliances and parts, which accounted for 3.6 percent of total exports, rose 34.9 percent to 1.14 billion ringgit.

Chemicals and chemical products rose 26.3 percent to 1.84 billion ringgit, or 5.8 percent of total exports, while wood products, which accounted for 2.8 percent of exports, rose 22 percent to 886.8 million ringgit.

Baghdad trade show postponed on security fears

AFP, Baghdad

A much anticipated trade show due to open next week in Baghdad has been postponed amid security fears, organisers told AFP on Thursday.

"It is postponed," said Eric Nigh, one of the organisers from the Iraqi-American Chamber of Commerce and Industry (IACCI).

"The IACCI and (coalition) officials have been reviewing the overall security posture of this event for the past several weeks and have jointly decided to postpone this event," added a statement from the chamber.

EU ups US sanctions, hopes to end row

REUTERS, Brussels

The European Union put a further squeeze on US imports Thursday in a long-running trade dispute, but said it hoped Washington would take steps to end the fight next month.

The EU is to gradually increase punitive duties on a wide range of US goods after Washington failed to change laws that give tax breaks to exporters, even though the tax breaks have been ruled illegal by the World Trade Organization (WTO).

European Commission trade spokeswoman Arancha Gonzalez told reporters the duties would rise as planned on April 1 from five per cent to six per cent. The extra duties began on March 1 and are due to go up one percentage point a month until March 2005.

"We hope that by this time next month, rather than announce a further increase from six to seven per cent, we will be able to announce the sanctions have been lifted," she said.

The US Congress has been

working on legislation to replace the tax breaks, which the WTO banned for being an illegal export subsidy. Gonzalez said the EU applauded the work done so far by the US lawmakers.

In Washington, US Commerce Secretary Don Evans warned the rising sanctions "have the potential to cause serious harm to (the US) economy, which is finally experiencing a rebound."

He urged Congress to "act now" to pass legislation.

The Senate remains stalled on the corporate tax and trade bill due to an impasse over an amendment on an unrelated issue concerning overtime pay for American workers.

House leaders have struggled to find the votes for their version and have said they are looking to action in the Senate to provide momentum.

The EU sanctions are being applied on goods ranging from toy cars to parts for nuclear reactors. They are expected to amount to \$300 million this year and to be worth around \$666 million if they are extended for the whole of 2005.

US industry rallies to protect shrimp trade

AFP, Washington

A coalition of US restaurants, grocers, seafood distributors and others was launched Thursday to fight a US trade panel ruling that could lead to anti-dumping tariffs against six countries.

The newly formed Shrimp Task Force said the case could end up hurting many US industries and consumers.

The case, involving 2.4 billion dollars in imports, "could make shrimp once again a delicacy only the rich can afford and adversely impact thousands of American workers," the task force said in a statement.

The quasi-judicial US International Trade Commission voted in February for a finding against shrimp and prawns from Brazil, China, Ecuador, India, Thailand and Vietnam.

It said there was a "reasonable indication" that the imported crustaceans, allegedly being dumped in the United States at unfair prices,

harm or threaten the local industry.

That means the Department of Commerce will press ahead with anti-dumping investigations and make a preliminary finding -- which could mean import tariffs or quotas -- by about June 8, the ITC said.

The industries petitioning in the case are seeking duties of 30 percent to over 200 percent.

The new coalition includes the Consuming Industries Trade Action Coalition, which fought the hotly contested US steel tariffs.

"The goal of the Shrimp Task Force is to guarantee that shrimp continues to be widely available at a reasonable price for American consumers, and to ensure that the 250,000 American workers employed in shrimp consuming industries are not harmed by this petition," said Erik Autor of the National Retail Federation, part of the new coalition.

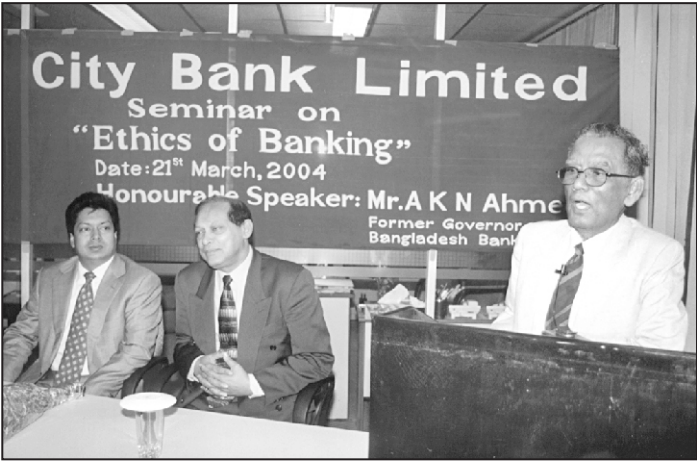


PHOTO: THE CITY BANK

AKN Ahmed, ex-governor of Bangladesh Bank, speaks at a seminar on "Ethics of Banking" organised by The City Bank Limited recently in Dhaka. Among others, Vice-chairman of The City Bank Ltd Aziz Al-Kaiser and Managing Director Abbas Uddin Ahmed were present.

Weekly Currency Roundup

March 28- April 1, 2004

Local FX Market:

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

Money Market:

Bangladesh Bank borrowed BDT 4,940.00 million by the Treasury bill auction held on Sunday, compared with BDT 2,325.00 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 stable this week. Call money rate ranged between 4.00 and 4.50 percent in the beginning of the week. The rate steadied since then and ended the week at 3.50 and 4.25 percent.

International FX Market:

In the beginning of the week, the yen rose as a newspaper report suggested intervention to curb its gains had officially ceased, while the Euro fell as speculation increased of a cut in official Euro-zone interest rates this week. Japanese officials denied the Times of London report that Japan had ended its drive to weaken the yen, which was based on a Bank of Japan source, saying their currency policy was unchanged. The report sent the yen to six-week highs on the dollar before the Ministry of Finance (MoF) reminded markets it controls currency policy and would continue intervening as needed.

In the middle of the week, the yen jumped over 1.5 percent against the dollar to four-year highs on Wednesday on optimism over the Japanese economy and a perception Japan is using less firepower to curb its currency. The yen rose at breakneck speed after hurdling 105 yen per dollar, previously considered a line in the sand for Japanese authorities, which have spent 30 trillion yen in the past year in an attempt to curb the yen's potentially export-damaging strength. Euro meanwhile rose to one-week highs against the dollar as investors scaled back expectations for the European Central Bank to cut interest rates on Thursday.

By the end of the week, Euro reversed early losses to hit one-week highs against the dollar on Thursday, as upbeat Euro-zone manufacturing data removed lingering talk of a Euro-zone rate cut later in the day. ECB releases its monthly policy decision at 1145 GMT. The yen hovered near the previous day's four-year high against the dollar and four-month high against the euro after a survey showed more upbeat outlook on Japanese business.

-- Standard Chartered Bank



PHOTO: RANCON MOTORS

Abdul Hai Sarker, chairman of Purbani Group, inaugurates the third week-long service campaign of Mercedes-Benz vehicles at Rancon Motors Limited in Dhaka recently. Romo Rouf Chowdhury, managing director of Rancon Motors Ltd, CA Hafiz, general manager, Automobile Division, and German technical expert Bernhard Appeltauer were also present.



PHOTO: HP SERVICES

Participants pose for photographs at a workshop organised by IT services provider HP Services in Dhaka recently.

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