

NEW WTO AGREEMENT

Member states prepare for cautious steps

AFP, Geneva

Governments prepared to take tentative steps towards a new free trade agreement at the World Trade Organisation on Thursday with a series of crunch meetings planned over the next month.

Delegates from the 147-member trading group met here to discuss a July deadline to agree on a framework for particularly contentious topics, notably the fate of agricultural subsidies.

They are under mounting pressure to produce tangible results to wrap-up the so-called Doha round of trade talks by January 1, 2005.

"It was an exploratory meeting. The idea was what are we going to do in July, what kind of a package are we going to have," said India's ambassador to the WTO, KM Chandrasekhar.

"We need to start thinking about the July package in its entirety at this point, but it will take more time before we focus and start zeroing in on issues," he told reporters after

the informal gathering of the General Council.

"There are a whole lot of meetings that are going to take place in May and I think that will also feed into the process here."

In London on Friday, a small group of top diplomats from the United States, the European Union and a few other nations are due to meet for a private discussion on how to make progress with the trade round, which has been on hold since a failed ministerial meeting in Cancun, Mexico last September.

The meeting would precede another gathering of about 30 WTO member states on the sidelines of an OECD conference in Paris on May 14, said Eduardo Perez Motta, the WTO ambassador for Mexico, which will chair the mini-ministerial.

"The issues that should be discussed are the ones that will be part of (the July package)," Perez Motta said.

The four main themes would be farming, non-agricultural market access, cotton and the "Singapore

issues -- trade facilitation, transparency in government procurement, cross-border investment and competition, he added.

At the half-day meeting in Geneva, a majority of WTO member states supported a proposal to handle the four Singapore issues individually, with trade facilitation looking the most likely to remain a part of the round while the other three themes would be dropped for the time being, diplomats said.

The mini-ministerial in Paris would likely gather ministers from OECD states as well as countries such as Brazil, Chile, India and South Africa along with WTO director general Supachai Panitchpakdi, the Mexican ambassador said.

In addition, the WTO's least developed members are due to gather in Senegal while the African Group will meet in Rwanda before a formal gathering of the General Council, the WTO's executive body, in Geneva on May 17 and 18.

Mitsubishi Motors picks new CEO

AFP, Tokyo

Mitsubishi Motors said Friday it had brought in a group firm executive to head the debt-ridden Japanese carmaker as it seeks to survive without extra cash from its main shareholder DaimlerChrysler.

Mitsubishi Heavy Industries director Yoichiro Okazaki, who had already been appointed chairman of Japan's fourth-largest carmaker, has been nominated president and chief executive officer of Mitsubishi Motors Corp., the company said in a statement.

Okazaki, 61, will take up the CEO's position left vacant by the resignation of Rolf Eckrodt, who had been seconded to Mitsubishi from the US-German auto giant.

The resignation followed last week's surprise announcement that DaimlerChrysler had decided against putting more funds into the carmaker.

Mitsubishi shareholders approved the nomination at an extraordinary meeting Friday, when the company had originally scheduled to announce a drastic restructuring plan, supposedly backed by DaimlerChrysler.



PHOTO: DUTCH-BANGLA BANK

Industries Secretary and Chairman of Dhaka University Economics Department Alumni Association Shoab Ahmed and Dutch-Bangla Bank Limited (DBBL) Managing Director Md Yeasin Ali jointly inaugurate the newly renovated seminar room of economics department of Dhaka University on Tuesday. DBBL has donated Tk 1,550,000 to the refurbishment and modernisation of the seminar room.

Economic summit warns US to work for dialogue, not domination

AFP, Warsaw

More than 40 nations wrapped up an economic summit in the Polish capital on Friday, to the sound of a warning to the United States to work for partnership rather than domination in its relations with the expanding European Union.

"I would like to tell our American allies that no country in the world, even the most capable, is capable of tackling the global challenges as shown in Afghanistan and Iraq," Polish President Aleksander Kwasniewski told a closing session of a three-day European Economic summit.

"The European Union needs the United States, but we can see how much the US needs Europe as well," said Kwasniewski, whose country, the biggest set to join the EU as midnight rings in Saturday, was one of Washington's staunchest allies in the war which toppled Iraqi leader Saddam Hussein.

A similarly strong message came from Portuguese President

Jorge Sampaio, whose country also backed Washington over Iraq, who told Washington: "Our role is not only to follow."

"Please do not repeat last year's events in relation to the Iraqi problem," he told the session.

"I'm a true believer in these relations. But I'm totally against an intellectual domination. We need to get back to the multilateral approach."

Although Sampaio, a socialist, opposed the war, the centre right Portuguese government backed it.

The EU was split in two when the United States decided to go to war in Iraq last year.

The EU's incoming, mainly ex-communist bloc members, in particular drew fire from the EU's heavyweight founding members France and Germany for siding with Washington.

At the same time the United States has been wary of the moves by the EU to boost its own defence role, fearing it will tread on the toes of the Nato transatlantic military alliance.



PHOTO: BENGAL WARES

Morshed Alam, chairman of Bengal Group of Industries Limited, cuts tape to inaugurate a new showroom of Bengal Wares at Shewrapara in Mirpur recently. Col (Retd) Arif, GM, and Shah Mijanur Rahman, marketing manager of the company, are, among others, seen in the picture.

Weekly Currency Roundup

April 24-April 29, 2004

Local FX Market

US dollar was on bullish mode against Bangladeshi taka in this week. The rally resulted from higher demand of greenback mainly due to import payments for capital machinery, scrap vessels and industrial raw materials.

Money Market:

Bangladesh Bank borrowed BDT 2,032.00 million by the Treasury bill auction held on Sunday, compared with BDT 1,654.00 million in the previous week's bid. The weighted average yields of 5-Y t-bill fell to 6.94 percent from 7 percent.

The call money rate was bearish this week. Call money rate ranged between 3.50-4.00 percent in the beginning of the week. It continued to ease throughout the week and closed the week at 2.75-3.40 percent.

International FX Market

In the beginning of the week, the dollar rose to its highest in five months against the euro on Monday, continuing to benefit from recent upbeat US data after a weekend Group of Seven meeting threw up no obstacles to the greenback's rebound. Already on a roll after surprisingly strong US durable goods data on Friday, the dollar extended gains to its highest since late November. A better than expected German business sentiment survey gave the euro ground to cut losses in the European session. Investors are expecting that interest rate differentials between euro and dollar would narrow by end of this year.

In the middle of the week, the dollar bumped around recent ranges against major currencies on Wednesday as traders looked to data this week and next week for clues on the timing of higher US interest rates. The yen was best performer recovering ground on the euro and dollar after tumbling one percent on Tuesday. Encouraging comment from the ECB president also helped the euro to gain against the greenback.

The US dollar hit a six-week high against the yen, rose against commodity currencies and traded near recent peaks on the euro by the end of the week as investors bought the greenback on fresh doubts about China's economy. The worries emerged from Chinese Premier Wen Jiabao's comments on Wednesday that the country needs forceful measures to cool red-hot growth and Thursday's reports that authorities ordered some smaller banks to halt lending temporarily. High-yielding currencies such as the Australian dollar took hit from price falls in precious and base metals resulting from doubts about Chinese growth and even a surprise rate hike did little to help New Zealand dollar. An increasing number of economist now expect the Federal Reserve to raise its key federal funds rate by August, narrowing the yield advantage that currencies such as the euro and sterling have over the dollar.

-- Standard Chartered Bank

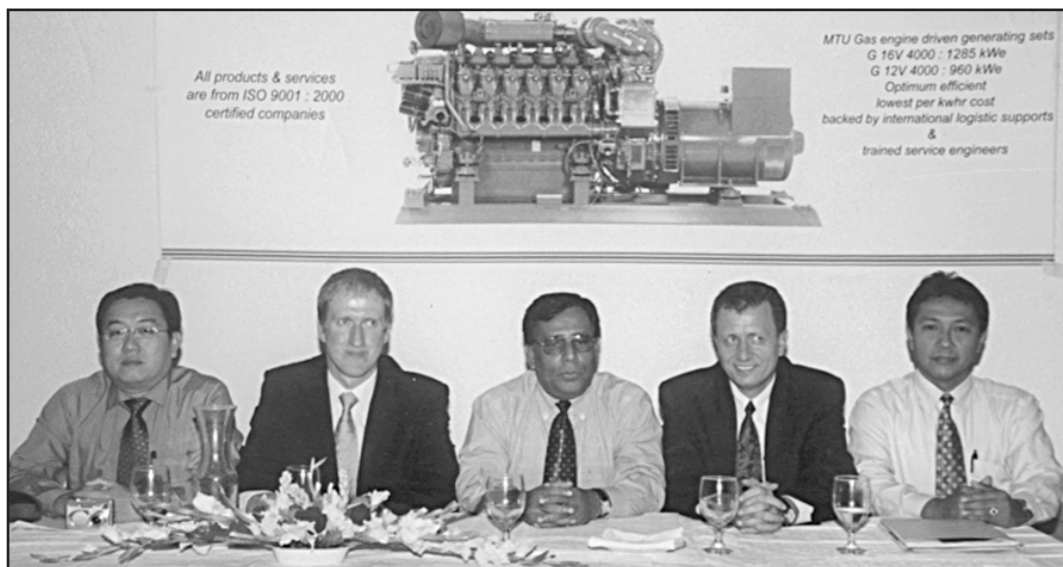


PHOTO: ADEX CORPORATION

(From left) Dennis Wong Chyng Yeu of MTU Asia Pte Ltd, Singapore; Frank Poh, MTU, Germany; Ali Azam of Adex Corporation Limited, R Lattermann, regional representative of MTU Friedrichshafen for Bangladesh; and Suthon Khumma, manager for Power Generation Division of MTU Asia (Thailand); pose for photographs at a technical seminar titled "Reliable and Economic Power Generation" jointly organised by Adex Corporation and MTU Friedrichshafen GmbH, Germany in Dhaka recently.

Citigroup closes KorAm bank purchase

AFP, Seoul

US financial giant Citigroup said Friday it had finalized its 2.6 billion dollar takeover of South Korea's KorAm Bank after buying 60.9 percent of outstanding shares in a tender offer.

The deal sealed the largest ever foreign investment in South Korea's financial industry.

Citigroup agreed in February to purchase a 36.6 percent stake in South Korea's sixth largest lender held by US private group Carlyle and JP Morgan and to raise the stake with a tender offer.

Citigroup paid 15,000 won (12.7 dollars) per common share, pushing the total purchase price for its stake of about 97 percent to 2.6 billion dollars, it said in a statement.

South Korea's financial watchdog last month gave the green light for the tender.

STOCK