

Apec nations to call for WTO talks to be back on track

AFP, Pucon, Chile

Trade ministers of 21 Asia-Pacific economies opened talks here Friday focused on adopting a "strong" statement urging WTO members to return to the negotiating table by July to devise new rules governing global trade.

The 148-member WTO talks on the so-called Doha Development Agenda collapsed in the Mexican city of Cancun in September last year after a bitter dispute between developing and industrialized states.

"I think all of us should try and make a supreme effort to get it done, back on track by July," Singapore Trade Minister George Yeo told AFP as he entered into talks among ministers of the Asia-Pacific Economic Cooperation (Apec) forum.

"It (the Doha issue) will be a key topic of discussion," he said, without elaborating.

Senior officials accompanying ministers to the talks at the Chilean venue in Pucon, a resort town

south of Santiago, said the meeting would adopt, aside from a joint communique, a "special" statement on the Doha round on Saturday.

"The ministers will work on the stand alone document at their meetings today and tomorrow and hopefully send a strong message that all WTO members should be back to the table by July," said an Asian official, speaking on condition of anonymity.

"July is just an interim milestone but let's hope that this statement will give the much-needed push," the official said.

"As we are a diverse and consensus based group, the Apec statement will not tie any member to any position but at least it will be united call that we should come to grips with the Doha agenda by a target date," he added.

Apec economies, which control nearly half of world trade, include industrialized nations the United States, Japan, Canada, Australia, South Korea and New Zealand and top exporters China and key

Southeast Asia nations.

Chile's senior Apec official Ricardo A. Lagos told AFP that the ministerial statement was expected to stress on market access and export subsidies and reflect "hopefully" an agreement on the so-called Singapore issues.

The issues, fleshed out at a WTO meeting on the Southeast Asian island in 1996, are trade facilitation, cross border investment and competition and transparency in government procurement.

WTO chief Supachai Panitchpakdi is here to brief Apec ministers on the latest negotiations on trade liberalization underway among members at the global trade watchdog's headquarters in Geneva.

Supachai had said that the ministers should give an added push to the negotiations, particularly in areas such as agriculture, manufacturing and services as well as the Singapore issues.

Supachai said WTO was itself crafting a draft statement to be

finalised by the end of July on a package of trade liberalization measures.

"It hopefully will be a framework agreement for key market access areas of agriculture and non-agriculture," he said.

The Cancun talks collapsed after a bitter dispute between developing and industrialized states over cross border investment and competition, which added to a more fundamental dispute about richer states' farming subsidies, and tariffs imposed on agriculture imports by developing economies.

United States Trade Representative Robert Zoellick told reporters that other WTO members suggested that other members make attractive offers after the United States and Europe gave concessions on export subsidies.

This is "a moment of a strategic economic opportunity," Zoellick said, adding that broad trade liberalization would give momentum to the global economic recovery.

China auto production drops for first time in 3 yrs

AFP, Beijing

Vehicle production in China dropped in April for the first time in three years, while buyers anticipating lower prices were delaying new purchases, the China Business Weekly reported Saturday.

Production of all vehicles dropped just over six percent in April compared with March, while sales declined more than eight percent, according to industry figures carried in the paper.

The drop was smaller for cars alone: nearly two percent for production and three percent for sales.

The decline in sales was caused by an expected decrease in taxes on imported vehicles that will be effective this year. This and the continued lowering of prices of models made in China were influencing buyers, who were choosing to hold off new purchases, the report said.

While this year's average monthly sales of vehicles was around 45 percent above that of last year, sales for May were expected to be only between 15 and 20 percent higher than in May 2003, auto sector officials said in the Financial Times Saturday.

The figures were made public during the opening Tuesday of the Beijing Auto Show, attended by nearly all the world's major manufacturers.

Last year, China produced two million cars, a rise of 84 percent over 2002. But more than 200,000 were not sold.

Asian investment banks adding desks for equity derivatives

REUTERS, Hong Kong

Investment banks are adding desks from Hong Kong to Tokyo for equity derivatives specialists as they trade more for their own accounts and the securities become more popular with clients.

A pick-up in derivatives trading has helped the trend, driven in part by the increasing importance and size of hedge funds in Asia. Firms such as Barclays Capital, ING and Merrill Lynch have been among the most active hirers.

"Last year, the first six months were pretty slow across the board, but ever since then equity derivatives have been extremely active and a lot of banks are looking to upgrade teams and expand teams," said Ameet Budhrani, a senior associate in the financial markets group of recruitment firm Alexander Mann Group.

Banks are selling more equity derivative products to hedge funds -- a rapidly growing sector with some US\$40 billion in assets in Asia -- and intermediaries such as private banks, he said.

Equity derivatives include complex securities such as those which profit from changes in the price swings of a stock index.

"It's an area that, within our derivatives mandate, has probably been the most active," Budhrani said.

One indication of the importance of the business is that when ING agreed to sell its Asian equities unit to Australia's Macquarie Bank in March, it held on to equity derivatives and just announced two Hong Kong staff additions.

Barclays Capital, a unit of Barclays Bank, on Tuesday announced the addition of 15 people to its worldwide equity derivatives team.

Trade ministers to meet to break deadlock on farm subsidies

AFP, Geneva

Trade ministers from the European Union, the United States, Brazil, India and Australia are to convene June 13 in Sao Paulo in a fresh bid to break a deadlock on agriculture that is threatening multilateral trade negotiations, a European source said Friday.

The meeting would be held during a gathering in Sao Paulo of the UN Conference on Trade and Development, headed.

A US trade official said after three days of talks here on agricultural trade that several important political questions remained to be

resolved.

The 147 members of the World Trade Organization are anxious to reach a "pre-agreement" on trade liberalization negotiations by the end of July. The talks are part of the overall Doha round of negotiations to eliminate global trade barriers that was launched in the Qatari capital in November 2001.

The round is scheduled to be concluded by January 2005 but progress has ground to a halt in disputes between developed and developing countries over trade in agricultural products.

A group of 20 emerging nations led by Brazil, China and India last

week proposed a formula under which customs duties on agricultural products would be lowered gradually, with the sharpest cuts reserved for the highest tariff levels.

The EU and the United States are ready to accept the proposal on condition that it is accompanied by a stipulation that products deemed especially sensitive for certain countries retain a higher level of tariff protection.

Another dispute centers on agricultural export subsidies in rich countries that distort trade and hamper farmers in developing nations trying to compete on world markets.

Japan aims to woo foreign investment with tax cuts

REUTERS, Tokyo

Japan, keen not to be left out of a foreign investment rush into neighbouring China, is stepping up efforts to lure money to its shores by lowering tax barriers.

Having ratified a 32-year-old tax treaty with the United States in March to spur cross-border investment, Japan is now eyeing similar deals with the Netherlands and several other countries in Europe and Asia.

Behind the move is a worry that Japan, with its savings rate on the decline after a decade of stagnation that the economy pulled out of last year, may be unable to sustain competitive industries without the help of once-shunned foreign money.

Tokyo's treaty with Washington ended double taxation on dividends, royalties and interest payments, and included other measures that could cut tax bills in some cases by as much as 10 percent.

While Japan will lose out on areas such as income from royalties, the government expects the net effect on tax revenue to be neutral and analysts say the longer-term effects on industries could even be positive.

With a goal of doubling the amount of foreign investment it receives in the five years to 2006, Japan is due to start talks to ratify its tax treaty with the Netherlands next week.

Britain and Germany have also shown interest in reviewing their

tax treaties with Japan after the amendment to the Japan-US treaty, a Finance Ministry official said.

One factor seen driving Japan's renewed effort to attract foreign money is China.

China drew some \$53 billion in foreign direct investment last year and saw economic growth soar as capital spending boomed. Japan's intake paled in comparison at about \$21 billion in the year to March 2003.

But given Japan's relative strength in areas such as intellectual property, analysts say it stands a chance of promoting itself as a regional hub for research and development.

Taiwanese fear economic fallout from China hostility

AFP, Taipei

A majority of people in Taiwan fear Beijing's hostility towards pro-independence Taiwanese entrepreneurs in China would undermine the island's economic outlook, a survey showed Saturday.

In the telephone survey of 1,134 people, 61 percent said Taiwan's economy would suffer if China imposed sanctions against Taiwanese businessmen who support independence but do business on the mainland.

Only 22 percent said the move would have no negative effect on the island's economy, according to the results of the poll by the ERA Survey Research Center.

The survey was done on June 2 and 3 after a sharply worded attack in China's official media Monday on Taiwanese entrepreneurs who have investment on the mainland but support the island's independence.

It was followed by another article by a researcher at a Chinese government think tank Thursday, which suggested that Beijing could impose sanctions to prevent Taipei from moving towards independence.

Both reports, though later denied by Beijing, sent Taiwan share prices plunging 6.72 percent over the week as investors figured that the already strained relations would take a turn for the worse.

G8 to welcome Opec move, focus on Iraq debt

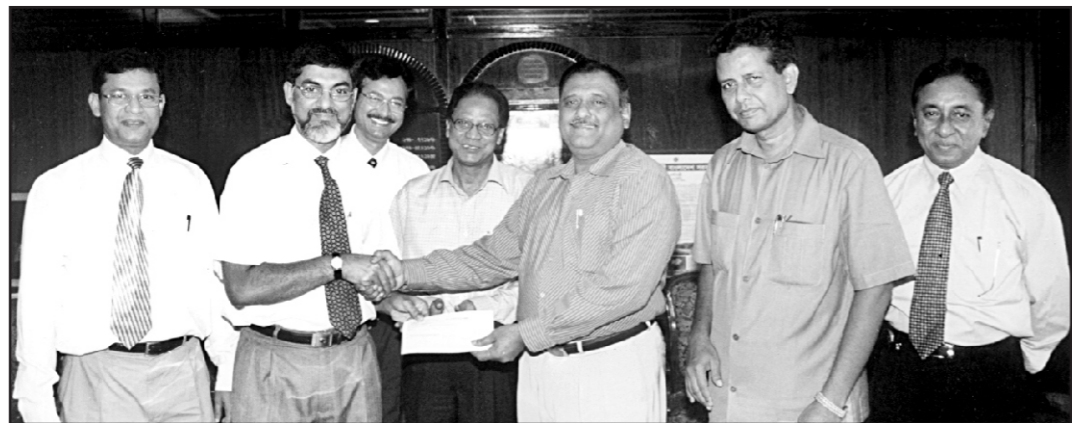
REUTERS, London

The leaders of the Group of Eight industrial nations next week will be sure to welcome Opec's decision to raise oil output and will discuss reducing Iraq's debt burden, a European diplomatic source said Thursday.

The source said Opec's decision on Thursday to raise output by two million barrels a day, effective July 1, would "certainly be welcomed."

The organisation of Petroleum Exporting Countries has promised to add a further 500,000 barrels a day from August 1.

Finance ministers from the Group of Seven top economic powers last month asked all oil producing nations to increase their output and safeguard the world economy from soaring energy costs.



Sarwar Ahmed, managing director of Syngenta Bangladesh Limited (2nd L), hands over a dividend cheque to Maj Gen (Retd) Imamuz-Zaman (3rd R), chairman of BCIC, at a meeting in Dhaka on Thursday. Syngenta approved a 15 percent dividend for the shareholders. BCIC owns 40 percent share of Syngenta.

US promises quick action on trade deal with Australia

REUTERS, Washington

Australian Prime Minister John Howard won promises Thursday of quick US action to approve a new free trade agreement in meetings with President George W Bush and congressional leaders.

"I assured the prime minister that I'll work with the leadership in our Congress to move this agreement forward," Bush said after a White House meeting with Howard, a staunch ally in the US war on terror.

"This agreement is good for both countries, and our Congress and the Australian parliament should ratify the free trade agreement as soon as possible," Bush told reporters.

The largest US labour federation opposes the agreement and American farmers, another influential group in trade issues, are wary of it, which could complicate prospects for quick approval.

However, US House of Representatives Speaker Dennis Hastert, an Illinois Republican, said he expected the House to approve the trade pact "without much delay."

The Senate Finance Committee and the House Ways and Means Committee scheduled back-to-back hearings on the trade pact June 15 and 16 in another sign that Congress could approve the agreement by the August congressional break.

Senate Finance Committee

Charles Grassley, an Iowa Republican who has complained about the lack of strong farm group support for the pact, said he would decide after the hearing how quickly he would push for a Senate vote.

Two-way trade between Australia and the United States totals about \$28 billion a year. US industry estimates the free-trade deal would increase sales of manufactured goods by about \$2 billion in the first year of implementation.

US trade officials also argue the agreement would remove barriers to investment, government procurement and services. They say it also would enhance copyright protections for music, movies and computer software.

American farmers have been ambivalent. As the agreement was being negotiated, cattle ranchers, dairy and wheat farmers all complained it would do little to boost their exports. US hog farmers, however, see the trade pact as a positive step.

The 13-million member AFL-CIO labour federation opposes the arrangement, which they say would lead to more US jobs moving overseas.

The Bush administration is hoping Congress debates the deal by this summer, before election-year politicking lessens the chances for a vote in the Senate and House of Representatives.



Gaus Uddin Khan, chairman and managing director of Assurance Developments Limited, a developer, and KM Zahid Uddin, general manager of HeidelbergCement Bangladesh Limited, sign an agreement on behalf of their organisations recently in Dhaka. Under the deal, Assurance Development will use portland composite cement of HeidelbergCement for all its future projects. Among others, Managing Director of HeidelbergCement Bangladesh Mark van Kempen was present.

CURRENCY

Following is Saturday's (June 5, 2004) forex trading statement by Standard Chartered Bank

Sell	Buy	Currency	TT Clean	OD Sight Doc	OD Transfer
61.9000	61.9500	USD	60.1550	59.9783	59.9065
77.1026	77.1649	EUR	73.0041	72.7897	72.7026
114.8740	114.9668	GDP	109.8310	109.5084	109.3773
43.8562	43.8916	AUD	41.0558	40.9352	40.8862
0.5624	0.5628	JPY	0.5358	0.5342	0.5336
50.3498	50.3904	CHF	48.0702	47.9290	47.8718
8.3162	8.3229	SEK	7.6452	7.6228	7.6137
46.1734	46.2107	CAD	44.1472	44.0175	43.9649
7.9489	7.9554	HKD	7.7061	7.6834	7.6742
36.3754	36.4048	SGD	34.9799	34.8772	34.8354
16.9901	17.0038	AED	16.2458	16.1981	16.1787
16.6367	16.6501	SAR	15.9128	15.8660	15.8470
10.6562	10.6649	DKK	9.5366	9.5086	9.4972
210.8023	210.9726	KWD	196.1747	195.5985	195.3643

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Nor kroner	NZ dollar	Malaysian ringgit
45.05	57.675	99.6	40.665	6.6707	0.6720	3.80

Local Interbank FX Trading
Local interbank market was active. US dollar remained almost unchanged against Bangladeshi taka.

Local Money Market
Money market was active. Call money rate rose slightly and ranged between 4.00 and 4.25 per cent compared with 3.50 and 4.00 per cent previously. Bangladesh Bank accepted two-day repos for taka 1

billion at 4.50 percent.

International Market
The dollar slipped on Friday after US jobs data came in at the high end of expectations but still disappointed investors who had bet that a powerful surge in job creation would boost demand for dollars. The dollar fell about half a percent against euro and 1 per cent against Canadian dollar and Australian dollar. Sterling was nearly unchanged. The dollar gained some ground against yen, but just barely up by 0.12 percent.

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