

US, EU textile groups seek WTO action on China

REUTERS, Brussels

European textiles firms, fearful of a flood of Chinese imports, said Thursday they want a special monitoring system to be put in place and for trade barriers to be raised if necessary.

Ahead of the launch of a media campaign to get the attention of EU policymakers, lobby group Euratex said in a statement that European clothing makers feared the forthcoming end of the current system

of global import quotas at the end of this year.

"As this watershed date looms ever closer, decision-makers in the EU, with a few rare exceptions, appear indifferent to the coming storm, to the resultant company closures and job losses," Euratex said in a statement.

The United States has already used World Trade Organisation (WTO) rules to impose limits on some Chinese clothing imports.

The European Commission, which handles trade matters for the European Union, has so far avoided similar measures, but on Thursday launched a probe to see if certain types of textiles from China are being dumped on the EU market.

Euratex urged EU countries to launch a monitoring system, which would check Chinese textiles on day-to-day basis to make sure they are not being sold artificially cheaply or that counterfeit goods were not being

shipped to the EU.

If the monitoring system found that China was not respecting WTO rules, then limits on its textiles imports to the EU could be imposed, Euratex added.

Many countries have expressed fears that the end of global textiles trade quotas will lead to a flood of Chinese products on all markets. China insists it respects WTO rules and that it can ship cheaper products due to being more competitive.

Eurozone posts 122pc rise in April trade surplus

AFP, Brussels

The eurozone posted a trade surplus of 6.0 billion euros (7.2 billion dollars) in April, a rise of 122 percent from the year-earlier surplus of 2.7 billion, EU statistics office Eurostat said Friday.

Economists polled by AFX News, the AFP financial news service, had forecast an April trade surplus in the 12-state single currency area of 8.0 billion euros.

Eurostat upwardly revised the eurozone's March trade surplus to 10.8 billion euros from its original estimate of 10.2 billion. The surplus was 3.4 billion in March 2003.

Also in March, the full European Union, at the time with 15 members, had a trade deficit of 1.6 billion euros, compared with 8.6 billion a year ago. The EU expanded to 25 countries on May 1.

Over the first four months of the year, the EU trade surplus rose to 17.7 billion euros from 14.4 billion in the same period in 2003.

With China, the EU's trade deficit narrowed to 6.8 billion euros in January-March, from 14.7 billion a year earlier.

Germany, the eurozone's largest economy, had the biggest trade surplus in the period, at 42.3 billion euros, followed by Ireland with 9.9 billion.

FUNDING OIL, GAS, MINING PROJECTS WB urged to protect interest of the poor

REUTERS, Washington

The World Bank's response to a review of its funding of oil, gas and mining projects should represent the interest of the world's poor, the report's author said Thursday.

Emil Salim, Indonesia's former environment minister, led the Extractive Industries Review that recommended the bank radically change its approach to oil, gas and mining projects and even stop supporting some.

The bank is preparing a response to the review, which will be discussed by directors next week.

He said the bank should use its funds to build good governance and transparent institutions in resource-rich poor countries instead of supporting extractive industry projects in such countries.

"Based on our review, the bank is not giving governance issues enough priority -- they cannot be addressed while large sums of

money are simultaneously lent to countries with poor governance," he added.

In World Bank language, governance means the process of decision making and the process by which decisions are implemented, or not implemented.

Salim said the bank's mandate was poverty alleviation, and academic reports and its own studies showed that countries which rely on extractive industries have higher poverty levels, more infant morbidity and mortality, civil war, corruption and totalitarianism than those with more diversified economies.

He said the bank and its affiliates should focus on strengthening environmental and social requirements for investment in extractive industries.

The bank should also require high standards for delivering social and environmental protection and benefits, he said.

India seeks job-creating foreign investment

REUTERS, London

India's new left-leaning government will encourage foreign investment that creates jobs, Trade Minister Kamal Nath said Thursday.

"Instead of dollar generating capacity we will be looking more at employment generating capacity," Nath told reporters in London.

"I would like to see more greenfield investments, not necessarily those which replace Indian capital -- they are now over 50 percent," he said. The Congress-led government, which came to power in a general election last month, would broadly continue its predecessor's policies that led to a rise in investment but would pass new laws too, said Nath.

Nath said he aimed to give a legal framework to "special economic zones", some 17 areas singled out by the last government to focus on attracting investment. He said he may introduce laws to

boost investment by pharmaceutical companies, especially from the United States and Europe, seeking to carry out clinical research or take out patents in India.

Boosting the manufacturing sector was another priority, said Nath, who is aiming to develop a hub for machine tools and auto parts. While the services sector -- accounting for 48 percent of national output -- is booming, the industrial sector has been slower to take off. It constitutes about a quarter of output.

India has benefited from foreign investment in the last few years, but its growth is still outpaced by Asian rival China.

Nath, who has pledged to continue to protect India's farming sector, said the country would not give up its barriers on soya beans or sugar but that some flexibility might be possible on nuts, processed foods and downstream maize products.



PHOTO: DYNASTY SWEATER

Mutual Trust Bank Ltd (MTBL) Chairman Syed Manzur Elahi inaugurates Dynasty Sweater (BD) Ltd at Ashulia in Savar recently. Among others, Square Group Chairman Samson H Chowdhury, MTBL Managing Director Mosharraf Hossain and Dynasty Group Chairman Zahid Akbar Chowdhury were present. MTBL has financed the project.

Weekly Currency Roundup

June 12-June 17, 2004

Local FX Market

Demand continued to remain high for USD in the market due to import-related payments and profit remittances. Such demand-supply gap pushed the rate of greenback to reach a fresh high against BDT in this week.

Money Market:

Bangladesh Bank issued BDT 3,234.00 million by the Treasury bill auction held on Sunday, compared with BDT 1,819.00 million in the previous week's bid. The weighted average yields of t-bills of different tenors were unchanged from the previous bid.

The call money rate was moved in narrow range in this week. The rate was stable in the beginning of the week, then rose slightly at the end.

International FX Market

The dollar rose to a three-week high against the euro and a one-week peak versus the yen in the beginning of the week as comments from a Federal Reserve official bolstered the view that US interest rates could rise sharply this year. Speaking late on Sunday, Minneapolis Fed President Gary Stern said central banks had a responsibility to contain inflation. His comments chimed with recent hawkish remarks from other Federal Reserve officials and had resonance ahead of key US inflation figures on Tuesday. The dollar was up a third of a percent against the euro and three-quarters of a percent higher against the Japanese yen.

The dollar held near its lowest level versus the euro in a week during the middle of the week after losing a cent in the previous session when US inflation data and comments from the Federal Reserve weighed down rate hike speculation. Fed chief Alan Greenspan said on Tuesday that interest rate rises were likely to be gradual and that inflation was unlikely to be a serious concern in the near future. His comments came after the US consumer price index (CPI) for May showed a rise of 0.6 percent, slightly above economists' forecast for a 0.4 percent increase, but not enough to satisfy dollar bulls who had hoped for a stronger reading. The dollar touched one-week low of \$1.2168 earlier in the day. Investors will look to euro zone inflation data due shortly and a news conference by European Central Bank president for any clues.

At the end of the week, Swiss franc rose across the board after Switzerland's central bank responded to signs of economic recovery by delivering its first interest rate rise in four-years. The Swiss currency, whose safe-haven appeal was already boosted by news of another deadly bomb attack in Baghdad, gained further by three-quarters of a percent on the day. The dollar also traded with a weaker bias against the euro and Japanese yen as news of suicide car bomb attack on an army recruitment centre in Baghdad highlighted the difficulties faced by the US-led coalition in restoring stability to the country. Markets are focusing on important economic data-US producer prices, weekly jobless claims, Philadelphia Fed's manufacturing index and euro-zone industrial output data due in this week.

-- Standard Chartered Bank



PHOTO: STANDARD BANK

Kazi Akramuddin Ahmed, chairman of Standard Bank Limited, presides over the bank's 5th annual general meeting held in Dhaka recently. The bank has declared a 15 percent stock dividend for its shareholders.



PHOTO: CITY CELL

Md Farhad Alam, vice-president of CityCell, and Mujtaba Sattar Anonto, managing director and CEO of Inforev Limited, sign an agreement on behalf of their organisations in Dhaka recently. Under the deal, Inforev Ltd will be the content provider of CityCell's SMS Push-Pull based news and information service.

STOCK