

US urges EU to lift sanctions in export tax spat

REUTERS, Washington

The United States urged the European Union Thursday to quickly drop its sanctions on \$ 4 billion worth of American exports after Congress finished work this week to bring US tax law into line with international trade rules.

"We believe the concerns that prompted the EU to bring (their WTO complaint) in 1997 have been addressed satisfactorily," US Trade Representative Robert Zoellick said in a statement. "We urge Europe to quickly move to end their tariffs on US exports, so that trade can

resume to the mutual benefit of both sides of the Atlantic."

The EU slapped a 5 per cent duty on \$4 billion worth of American jewelry, agricultural and other exports in March after the United States missed a deadline for repealing a set of tax breaks that WTO ruled were illegal export subsidies.

The EU has raised the duties by 1 percentage point each month since then. The tariffs currently stand at 12 per cent.

Despite Zoellick's assertion that a new corporate tax bill brings the United States into

compliance with WTO rules, EU trade officials have yet to say whether they agree.

They say they are still reviewing the new law repealing the tax breaks and point to two provisions that cause concern.

One of the provisions provides three years of transition relief for companies such as Boeing BA. N that have long benefited from the tax breaks. Another exempts contracts that were signed before Sept. 18, 2003.

Although both sides have been eager to put the long-running export

subsidy spat behind them, the United States' recent decision to bring a WTO complaint against European government support for Boeing's chief rival Airbus has focused new RU attention on the transition period and contract exemptions.

Airbus is co-owned by European aerospace company EADS EAD. PA and Britain's BAE Systems BAE. A.

EU Trade Commissioner Pascal Lamy denied on Wednesday making a direct connection between the two spats.

Americas set to miss FTA deadline: US

REUTERS, Washington

The US and other countries in the Americas region will not meet a decade-old deadline for crafting a free trade agreement by the end of the year, a top US trade official said on Thursday.

Deputy US Trade Representative Peter Allgeier told reporters that negotiations have "been at a pause for the last several months" because of disagreements between the US and Brazil over how to structure the pact.

Washington remains committed to a complicated framework that countries agreed on last year for concluding the proposed Free Trade Area of the Americas agreement, Allgeier said.

Allgeier was speaking by a video telephone link to a US-Brazil business conference in Rio de Janeiro.

Afterward, he told reporters there was no chance that countries would meet the Jan. 1, 2005 deadline for concluding the regional free trade zone set 10 years ago in Miami.

Countries agreed last November on a complicated framework for finishing the negotiations that would require all countries to make basic commitments in areas such as intellectual property, investment, services and agriculture.

At same time, countries that share the United States' goal of a more comprehensive pact could negotiate further reaching commitments in all those areas.



PHOTO: QUASEM DRYCELLS
Tasvir UI Islam, managing director of Quasem Drycells Limited, and MH Samad, managing director and CEO of CDBL, exchange documents after signing an agreement in Dhaka recently. Under the deal, CDBL, the service provider of central depository system (CDS), will convert Quasem Drycells' paper shares into electronic ones.



PHOTO: BEACON PHARMACEUTICALS

Abbas Uddin Ahmed, MD of City Bank, Shahabuddin Chowdhury, DMD of Social Investment Bank, Daud Ahmed Sikder, DGM of Janata Bank, Obaidullah al-Masud, DGM of Agrani Bank, and Md Ebadul Karim, MD of Beacon Pharmaceuticals Ltd, sign an agreement in Dhaka on Thursday. Under the deal, the banks will finance Tk 43 crore for setting up of Tk 73 crore Beacon Pharma.



PHOTO: GP

NKA Mobin, finance director of GrameenPhone Ltd, and Abrar A Anwar, head of Corporate Bank, Citibank NA, sign an agreement on behalf of their organisations in Dhaka recently. Under the deal, the bank will become a security agent and account bank of GP for a loan of \$60 million.

WTO farm talks seen focusing on market access: OECD

REUTERS, Brussels

Talks to free up world farm trade have a good chance of success and should focus on market access as they enter a key phase, the Organisation for Economic Cooperation and Development (OECD) said on Thursday.

A last-ditch deal reached at the World Trade Organisation in July, setting out guidelines on liberalising global farm trade, was a first step towards resolving tricky areas such as tariffs and export subsidies, the OECD's agriculture director said.

"The framework agreement is a small step in the right direction but much remains to be done. In a political sense, it was something that was badly needed," Stefan Tangermann told a seminar at the Centre for European Policy Studies in Brussels.

"The priority should be now on border measures. Border protection underpins domestic support: it is a cornerstone."

The WTO's Doha Round of world trade talks aims to lower trade barriers across the world. If successful, it could lift hundreds of millions of people out of poverty and inject billions of dollars into a still-fragile international economy.

Weekly Currency Roundup

October 09-October 14, 2004

Local FX Market

US dollar was range-bound against Bangladeshi taka in this week. Matched demand-supply of greenback kept the rate steady. The rate increased slightly by the end of the week.

Money Market

Bangladesh Bank borrowed BDT 1,322.00 million through the Treasury bill auction held on Sunday, compared with BDT 1,755.00 million in the previous week's bid. The weighted average yields of t-bills of different tenors were almost unchanged from the previous bid.

Call money rate was eased this week. The rate ranged between 6.00 and 7.00 percent in the beginning of the week. Improved liquidity eased the call money rate later and it ended the week at 4.50-5.00 percent.

International FX Market

In the beginning of the week, the dollar fell to a four-week low against the yen and held near a recent one-week low versus the euro after weak US jobs data fanned questions about future interest rate hikes in the US. Trading was thin due to market holidays in Japan and the US on Monday. Dollar was steady against the Euro. Sterling investors awaited trade and producer price data due at 0830 GMT.

The dollar hit the week's highs against the euro and the yen in the middle of the week, further erasing losses made following weaker than expected US employment data last week. High oil prices and weaker commodity prices were encouraging investors to buy back dollars against the yen and commodity currencies after the greenback fell sharply due to weaker than expected payrolls data on Friday, said analysts. For the yen the positive effect of a larger than expected Japanese current account surplus proved short-lived following a downward revision to Japanese industrial output and weak bank lending data.

The dollar was under pressure on Thursday as renewed strength in oil prices and a weak close on Wall Street knocked the greenback from recent three-week highs against the euro. Oil prices rebounded towards \$54 a barrel on Thursday, dampening sentiment towards the dollar ahead of US trade and fuel stock inventory data later in the day. After falling sharply of Friday in the wake of lackluster US jobs data, the dollar recovered earlier this week as firm US stocks and easing oil prices rekindled optimism in the US recovery. But the dollar lost a cent against the euro in late New York trade as oil prices spiked back up. It also slipped a quarter-percent weaker against the yen.

- Standard Chartered Bank



PHOTO: HSBC

Mamoon M Shah (3rd from right), manager (Personal Financial Services) of Hongkong Shanghai Banking Corporation, is seen among the winners of HSBC My Loan Fair 2004 raffle draw held in Dhaka recently.



PHOTO: QATAR AIRWAYS

Qatar Airways Chief Executive Officer Akbar Al Baker (centre) poses for photographs with Lebanese Minister of Tourism Ali Abdallah (left) after being honoured with lifetime achievement award by leading Arab travel show in Beirut.

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