

Japan's FTA talks with 3 nations at crucial stage

ANN/The Daily Yomiuri

Japan's ongoing negotiations over free trade agreements with Malaysia, the Philippines and Thailand are entering a crucial stage.

During Wednesday's talks with the Philippines in Manila, the Japan government officially presented a plan to accept nurses and nursing-care workers from the country, an important issue for Japan.

Parties concerned in Japan and the three countries have expressed hopes that basic agreements for the FTAs will be reached by late next month, when the Association of

Southeast Asian Nations is to hold a summit meeting.

But at the same time, different degrees of progress in the talks with the three nations have become apparent, with Japanese officials predicting that the negotiations with Thailand will see the year out.

In the talks with Malaysia, the main point is Japan's demand for the elimination of automobile tariffs.

But Malaysia's policy of fostering and protecting its domestic automobile industry has been an obstacle.

In the bilateral talks held since January, Japan has demanded automobile tariffs be eliminated as

soon as possible, but Malaysia has insisted that automobiles be exempted in principle from tariff cuts.

In the next round of talks scheduled from Nov. 4 to 6, no progress is expected over the automobile issue, a source in the Japanese delegation said.

One factor in Japan's favor is that Malaysian Prime Minister Abdullah Ahmad Badawi, who took office in autumn last year, appears to broadly support opening up the country's markets.

In talks with Thailand, the main focus has been on whether Japan

will liberalise its controls on agricultural imports.

Japan and Thailand already have agreed that rice—which was seen as the main obstacle to the negotiations—will not be subject to tariff cuts.

But many hurdles still remain as Thailand continues to strongly demand the elimination of Japan's tariffs on chicken, sugar and starch.

A diplomatic source said, "Thai Prime Minister Thaksin Shinawatra cannot make a bold decision until the country's general election in February."



PHOTO: SIEMENS

Officials of Siemens Bangladesh Limited show off four new mobile phone sets at a function in Dhaka recently. The new SL65, S65, A65 and A57 mobile phone sets are now available in local market.



PHOTO : IFIC BANK

Ataul Haq, managing director of IFIC Bank Ltd, speaks at the inaugural session of a daylong workshop titled 'Managing Core Risks in Banking' in Dhaka recently. Senior Executive Vice-president Dr RM Debnath, Executive Vice-presidents Ziaul Bari and Sa'ad Zaglul Abbas, among others, were present.

Weekly Currency Roundup

October 23-October 28, 2004

Local FX Market

US dollar was bullish against Bangladeshi Taka in this week. Higher demand for import related payment pushed the rate of the greenback higher against Bangladeshi Taka.

Money Market

Bangladesh Bank borrowed BDT 8,233.00 million through the Treasury bill auction held on Sunday, compared with BDT 3,140.00 million in the previous week's bid. No significant change was seen in the weighted average yields of t-bills of different tenors from the previous bid.

Call money rate remained stable this week. The rate ranged between 3.00-3.50 percent in the beginning of the week. The rate eased subsequently and ranged between 2.50-2.75 percent throughout the week.

International FX Market

(Euro hit new 8-month high against USD

(Yen hit six-month high against US Dollar

(USD fell to 8-year low versus Swiss franc

In the beginning of the week, the dollar extended last week's losses to eight-month lows against the Euro, eight-year low versus the Swiss franc and six-month low versus the yen on worries over the US current account deficit. The dollar lost ground against other major currencies as well, as the market feels a weaker dollar may offset the imbalances in the US economy and the impact of higher oil prices. Sterling hit two-month high against the greenback. The Canadian dollar reached a 12-year high versus the US dollar, while the Australian and New Zealand dollar were the strongest in half a year.

Euro held below recent 8-month peaks against the dollar in the middle of the week, undermined by warnings in the previous session about the impact of a soaring single currency on Europe's economy. Mixed US economic data, uncertainty over next week's presidential election and a revival of concerns over the US current account deficit have recently conspired to push the greenback down across the board. But the European Commission warned on Tuesday that record high oil prices would cut euro zone growth next year and further sharp gains of euro could make matters worse. The yen traded steady on the day recovering from losses made after an earthquake hit northern Japan.

By the end of the week, the yen hit a six-month high against the dollar on Thursday as falling oil prices boosted Tokyo stocks, while the dollar remained close to eight-month lows against the euro on concerns about the US trade gap. Oil has been retreating sharply since Wednesday after an unexpectedly large rise in US crude inventories. This prompted the investors to lock in profits from the euro's 7 percent rally against the dollar over the past two months and also buy the yen broadly despite disappointing Japanese industrial output data. Tokyo stocks ended up 1.51 percent as oil prices tumbled, Japan's industrial production fell to 0.7 percent in September compared with market expectations for a gain of 0.5 percent.

-- Standard Chartered Bank



PHOTO: MIDAS

Abdur Rashid Gazi, managing director of Midas Financing Limited (MFL), and Muzaffar Ahmed, CEO and president of Credit Rating Information and Services Ltd (CRISL), exchange documents after signing a memorandum of understanding on behalf of their organisations in Dhaka recently. Under the deal, CRISL will rate the performance of MFL.



PHOTO: GRAMEENPHONE

Selim Chowdhury, managing director of Group 4 Securitas Bangladesh (Pvt), and Tanvir Ibrahim, head of sales of GrameenPhone (GP) Ltd, sign an agreement on behalf of their organisations. Under the deal, Group 4 has become GP's corporate client.

ADB approves \$235m to China, Lanka

AFP, Manila

The Asian Development Bank said Friday it has approved two loans totalling 235 million dollars for China and Sri Lanka.

A 200 million-dollar loan would support a road development project in the autonomous Chinese region of Guangxi, the Philippines-based ADB said in a statement.

In line with its country strategy of focussing its assistance on China's less-developed central and western regions, the loan will support the construction of an 188-kilometer (117-mile) expressway between regional capital Nanning and Baise city, and upgrade or build 775 kilometers of local roads.

"Pockets of high poverty and minority groups are concentrated in the western part of Guangxi, the main project area," says Kim Jraiwi, an ADB transport specialist.

"By reducing transportation time and costs, the project will help promote private business, raise incomes, give better access to services, and create jobs that will boost economic growth and contribute to poverty reduction in Guangxi."

Meanwhile, the bank said it approved a 35 million dollar soft loan to improve the quality of secondary education in Sri Lanka.

India to export drought affected farmers to till African soil

AFP, Hyderabad

Indian bureaucrats have come up with an unusual solution to aid farmers driven to suicide after years of droughts and crop failure.

With East Africa lacking experienced manpower to till the soil of fertile land, officials in the southern Indian state of Andhra Pradesh spotted a happy coincidence.

A delegation has been dispatched for talks with Kenya, Uganda and Tanzania.

"Our farmers have been suffering from drought, while these countries have excellent infrastructure and land, but don't have people to farm these lands, said state agriculture minister N. Raghuvendra Reddy.

"This arrangement can be mutually beneficial."

Six successive years of drought in Andhra Pradesh have reportedly driven some 6,000 farmers to commit suicide, as the technology-savvy southern state struggled to cope with the human tragedy.

The regional Telegu Desam party was swept out of power in state polls in May as anger boiled over the mounting suicides, which far overshadowed a string of successes in the Information Technology industry. US giant Microsoft has joined the rush and is set to open a research centre here.

Reddy said the plan to export farmers offered a window to badly-needed employment as East African countries are willing to lease their fertile lands for up to 90 years at cheap rates.

"We have a lot of vacant land and the people of Andhra have expertise in agriculture which can be shared," high commissioner of Kenya, Mutuma Katurima, told reporters in Hyderabad.

Under the scheme, Indian farmers will, with the help of national governments, set up co-operative farms across East Africa to grow crops such as tobacco, sugar cane and groundnut.

"For years now, our engineers and doctors have been going abroad and doing well. Why shouldnt our farmers get opportunities,?" asked Peddireddy Chengala Reddy, chairman of the Andhra Pradesh Federation of Farmers Association.

No one expects a shortage of volunteers, however, he warned that this could not be a long-term solution to the agricultural crisis haunting the state.

Low prices for farm produces, high input costs and the shortage of water are the main reasons behind rising agriculture debt in the state he added.

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