

G7 ministers to look at deficits, growth, debt

AFP, London

Raton, Florida. That declaration found "excess volatility and disorderly movements in exchange rates" to be "undesirable" and called for greater currency flexibility in countries where such an attribute is lacking, a subtle reference to certain Asian economies.

While the abrupt slide in the dollar may be temporarily checked, what are seen in some circles as the causes of dollar weakness -- the huge US budget and current account deficits -- remain as worrisome as ever, especially for Europe.

"We are convinced that the imbalances at the source of the dollar's structural decline -- in other words the swelling US current account deficit -- persist, and that everything must be done to remedy this," French Finance Minister Herve Gaymard said late last

month.

"Europe until now has borne too big a share in the adjustment," he said, adding that the G7 meeting here "will be therefore the occasion to discuss this question with all the partners to make precise commitments."

There is fear in the 12-member eurozone that a steadily sliding dollar and appreciating euro will act as a drag on eurozone exports, making them more expensive and less competitive, and eventually hamper economic recovery.

The broader concern is that foreign investors, unnerved by the persistent deficits in the United States, will begin to shun US assets and thereby trigger an even steeper fall in the dollar that would spark a sharp and growth-dampening rise in US interest rates.

They are to convene here Friday and Saturday and, according to officials from Group members, are expected to adhere to an exchange rate statement they adopted one year ago at a meeting in Boca



Dr Mizanur Rahman Shelley, chairman of Premier Leasing International Ltd, presides over the extra-ordinary general meeting of the company on Tuesday in Dhaka. RA Howlader, consultant, Mohammad Hafiz Ahmed, managing director, and shareholders of the company, were also present at the meeting.

Bush promises tight budget, to slash 150 programmes

REUTERS, Washington

President George W. Bush said Wednesday that his fiscal 2006 budget would slash or eliminate more than 150 government programmes, and hold spending growth for many other programmes at below the rate of inflation.

Bush, in his State of the Union address, said the spending plan that he will send to Congress on Monday "stays on track to cut the deficit in half by 2009."

"America's prosperity requires the spending appetite of the federal government," Bush said.

He told lawmakers that the budget that he will propose will call for holding the growth of discretionary spending "below inflation."

With the White House projecting inflation at about 2 percent, govern-

ment programmes subject to the cap would face the budgetary equivalent of a cut in spending from levels enacted in fiscal 2005. Bush last year proposed a budget totaling \$2.4 trillion for fiscal 2005.

The proposed cap would affect only about one-sixth of all federal spending since discretionary spending does not include automatic payments like Social Security and Medicare.

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Bush has promised to halve the federal budget deficit by 2009 from a

\$521 billion forecast he made in early 2004.

Critics have accused the White House of using an inflated forecast to make it easier for Bush to meet his deficit-reduction targets, a charge the White House denies.

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Chairman of Green Delta Insurance Company Ltd AQM Nurul Absar addresses the company's Annual Conference-2004 on Wednesday in Dhaka. Other senior officials of the company also attended the conference.

Charities urge G7 to cancel poor countries' debts

REUTERS, London

Aid agencies Wednesday urged major developed countries to agree to cancel poor states' debts, saying more people die every week because of poverty than perished in the Asian tsunami.

The ActionAid, CAFOD and Oxfam charities made their plea ahead of a weekend meeting of policymakers from the Group of Seven countries in London.

Britain, as host, has pledged to make the debt of sub-Saharan Africa a key focus of the meeting.

The charities said in a joint statement that governments had proved their willingness to help other countries after the Dec. 26 Indian Ocean tidal wave disaster which killed some 300,000 people.

But they must do more to alleviate poverty around the world, particularly in Africa.

"Every week, poverty kills more people than died in the Asian tsunami. A child dies every three seconds from a preventable disease, and yet the world's poorest countries spend more on debt repayments ... than they do on health," the statement said.

Gillette quarterly profit up 13pc

REUTERS, New York

Gillette Co on Thursday said fourth-quarter profit climbed 13 percent as consumers traded up to high-end products such as its M3Power razor and Oral-B Sonic Complete toothbrush.

Profit at the world's largest razor and battery company, which last week agreed to be bought by Procter & Gamble Co, rose to \$415 million, or 41 cents per share, from \$368 million, or 36 cents a share, a year earlier.

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China tweaks tariffs to quell inflation

REUTERS, Shanghai

A series of tariff changes imposed by China to quell its booming commodities trade may well be Beijing's way of controlling inflation and saving jobs on the farm without touching the exchange rate.

The changes would make domestic power and metals cheaper and support agricultural product prices, achieving an effect similar to a yuan appreciation but without the potential damage to China's trade competitiveness or fragile financial system.

From Jan. 1, China raised the cost of exporting key metals and the cheapest clothing, lowered the cost of exporting corn, scrapped incentives for importing wheat and suspended import tariffs on copper, cotton and other goods from 25 African countries.

"The tariff changes allow them to cool specific sectors and limit specific exports. The results are the same as an appreciation but tariffs are a better tool," argued metals analyst Wang Qianming of China Southern Securities.

Western countries have protested that China's yuan pegged near 8.28 to the dollar since the 1997-98 Asian financial crisis is artificially undervalued, taking away millions of manufacturing jobs and swelling trade deficits.

Party officials fear a revaluation could unhinge an insular banking system burdened with \$200 billion in souloans.

A yuan appreciation would also make it more difficult to create jobs for millions of migrant workers, deputy central bank governor Li Ruogu said during the World Economic Forum in Davos.

Andy Xie, an economist with Morgan Stanley, said China had

realised that instead of subsidising raw materials exports it should keep those products in China, where domestic manufacturers could use them, supporting employment.

"The Chinese government's one concern is to create jobs. Everything else is subservient."

The tariff tweaks put forward the latest example of Beijing's use of administrative steps to slow the world's seventh-largest economy before it chokes on over-capacity.

Last year, the central government ordered to banks to curb lending and restricted land use to cool red-hot growth, which nonetheless hit 9.5 per cent -- the fastest since 1996.

The dollar has fallen 49 per cent against the euro since the end of 2001 making Chinese exports cheaper but raising the price of metals and oil that the country buys.

Now, export-tariff changes make metals cheaper and have the added benefit of curbing the electricity-intensive processing of aluminum, which caused power shortages. Those shortages lifted manufacturing costs and forced plants to scale back output in 2004.

On Jan. 1, Beijing imposed a 5 per cent tax on aluminium exports and removed an 8 per cent tax rebate for smelters that import alumina -- the raw material for aluminum and export the metal. Small and inefficient smelters would be shut.

"The China government's message is that it cares about the quality of fixed-asset investment," metals industry consultant Michael Komesaroff said.

"For the same energy a smelter uses, you can employ 100 times the people in auto fabrication, or 80 times in a rolling mill."

CURRENCY

Following is Thursday's (February 3, 2005) forex trading statement by Standard Chartered Bank

Sell	Buy				
TT/OD	BC	Currency	TT Clean	OD Sight Doc	OD Transfer
64.1500	64.1500	USD	62.7550	62.5707	62.4960
84.2466	84.3123	EUR	80.9540	80.7162	80.6199
121.5016	121.5963	GBP	117.4272	117.0822	116.9425
50.5300	50.5694	AUD	47.9511	47.8103	47.7532
0.6243	0.6248	JPY	0.5980	0.5962	0.5955
54.2852	54.3276	CHF	51.9839	51.8312	51.7694
9.6092	9.6167	SEK	8.5214	8.4964	8.4862
32.2711	32.3118	CAD	50.2120	50.0645	50.0048
8.2262	8.2326	HKD	8.0381	8.0145	8.0049
39.3155	39.3462	SGD	38.1397	38.0276	37.9823
17.5968	17.6106	AED	16.9503	16.8803	
17.2293	17.2428	SAR	16.6019	16.5531	16.5333
11.7230	11.7321	DKK	10.5207	10.4898	10.4773
220.1992	220.3710	KWD	207.1806	206.5720	206.3258

Exchange rates of some currencies against US dollar

Indian rupee	Pak rupee	Lankan rupee	Thai baht	Norkrone	NZ dollar	Malaysian ringgit
43.33	59.35	99.45	38.530	6.3409	0.7631	3.80

Local Interbank FX Trading

Local interbank FX market was active on Thursday despite hrtal. Dollar continued to get stronger against BDT due to higher demand for the greenback.

Local Money Market

Money market was active. Call money rate continued to rise due to increased demand and ranged between 14.00 and 15.00 percent and compared with 10.00 and 12.00 percent previously.

International Market

The dollar gained half a yen but hardly moved against other major currencies on Thursday after a key address by President

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SHIPPING

Chittagong Port

Berthing position and performance of vessels as on 3/2/2005

Berth	Name of vessels	Cargo	L. Port	Local agent	Dt of arrival	Leaving	Import disch
J1	Hpaan	Gi(y, Ma)	Yang	MTA	28/1	—	878
J2	Power	Clink	Vish	Olm	30/1	8/2	1990
J3	Hanjin Calcutta	Wheat(p)	Argen	Jnship	17/1	4/2	1838
J4	Al Muztoba	Gi(y, Maize)	Kaki	Cla	17/1	6/2	918
J5	Magway	Gi (st. C)	Yang	Everett	30/1	3/2	2717