

G7 divided on anti-poverty fight

AFP, London

Senior finance chiefs from the Group of Seven industrial powers were to hold talks here Saturday amid divisions on how to attack global poverty and economic imbalances and scant hope of persuading China to ease its dollar-pegged currency policy.

The G7 finance ministers and central bank governors, following morning talks and a lunch with Chinese counterparts, are to issue a statement later in the day that will be rigorously deconstructed by currency traders the world over.

But G7 sources have said the document will probably break no new ground and will merely reiterate previous appeals for exchange rate stability and, where appropriate, flexibility.

The latter reference pertains to

certain Asian currencies, notably the Chinese yuan, that are pegged to the dollar and are seen in the United States and Europe as undervalued and giving their exports an unfair advantage.

During their lunch with counterparts from Britain, Canada, France, Germany, Italy and the United States, Chinese Finance Minister Jin Renqing and central bank head Zhou Xiaochuan are expected to be told again of the need to move more decisively toward a revaluation of their currency.

US Treasury Undersecretary for International Affairs John Taylor, standing in for ailing Treasury Secretary John Snow, said here Friday that Washington wanted to see China "move as quickly as possible towards a flexible exchange rate".

China has so far resisted calls to

allow the yuan to float according to a timetable set by the West and analysts say that stance is unlikely to change here.

Addressing a seminar in London Friday, Zhou pointedly made no mention of exchange rate policy.

China has repeatedly pledged to ease its dollar peg but has not said when, maintaining only that any eventual loosening would be gradual.

Mobilizing the resources of the rich to help stamp out poverty is also high on the agenda here, notably as host Britain is promoting a far-reaching plan that would offer Africa billions of dollars in financial assistance along with trade benefits and debt relief of up to 80 billion dollars.

Former South African president and anti-apartheid hero Nelson Mandela issued a vibrant appeal to the G7 on Friday to scrap all African

debt and to work for a doubling in annual financial aid from rich countries to 100 billion dollars.

"I urge you to act tonight," he said. "Do not delay when poor people continue to suffer."

Japan too is coming to the G7 talks with its own proposal for African development aid, including international financial programs worth 1.2 billion dollars.

Europe and the United States meanwhile have clear ideas of what the other needs to do eliminate imbalances and pockets of sluggishness in the world economy.

European Central Bank President Jean-Claude Trichet, speaking at a seminar here, appealed to the United States to promote savings as a means of reducing its gaping current account deficit.

"Clearly what we have... is that

there is a level of lack of savings which has to be corrected, certainly in the United States and we all agree on that," Trichet said.

Eurozone officials fear that the weakening dollar, reflecting investor concern about the persistent current account and budget deficits in the United States, will harm European growth prospects by making eurozone exports more expensive and thus less competitive.

The current account is a broad measure reflecting trade in goods and services as well as certain financial transactions.

US officials for their part insist that Europe must take concrete steps toward more business-friendly, less rigid economic management that -- they maintain -- will pull the eurozone out of the doldrums and enable it to contribute to global demand.

China refuses to set timetable on forex

REUTERS, London

Chinese authorities on Saturday again declined to set out a timetable to make their currency more flexible on the world's money markets and said they had not come under international pressure to revalue the yuan.

Major nations and especially the United States have repeatedly urged China to allow its currency to rise and the Chinese foreign exchange regime was also in focus at the Group of Seven meeting.

"We are determined to move toward a flexible exchange rate, but no timetable," Chinese central bank deputy governor Li Ruoguo told reporters.

When asked if China will widen the currency band or swap the peg for a currency basket, Li said: "We will do whatever I think is possible."

The yuan has been pegged at about 8.28 to the dollar since the

mid 1990s and critics argue this is to low and gives Chinese exports an unfair competitive advantage.

China has countered that it will move to a more flexible currency regime at some stage but only when it has reformed its shaky financial system, a pledge repeated again at the G7 meeting of finance ministers in London.

China has already relaxed some curbs on foreign exchange transactions, including allowing some service firms to retain more foreign exchange earnings, and made it much easier for multinationals to deal in hard currency.

The central bank has pledged to push ahead with currency, interest rate and banking reform in 2005, but repeated its policy of keeping the yuan "basically stable."

Meanwhile, Bank of Japan Governor Toshihiko Fukui told Reuters that central bankers at a breakfast on Saturday discussed the global economic situation

including that of China.

Asked how China's economy was performing and whether there was a concern it might be in for a sharp slowdown or hard landing, Fukui said: "A landing but not a hard landing."

He said they did not discuss bank restructuring issues in China or any progress the US had made on its currency account deficit but focused instead on the outlook for the global economy.

The World Bank in its quarterly report on China released on Friday said China's economy is showing signs of cooling, but acceleration risks remain and Beijing should be ready to raise interest rates again if needed.

China's central bank governor said on Friday he expected the Chinese economy to grow by between eight and nine percent in 2005. Economic growth in 2004 was 9.5 percent.

Iran, Pakistan to leave India behind for gas export pipeline

AFP, Tehran

Iran and Pakistan may not wait for an uncertain India to join a deal to buy Iranian gas via a trans-Pakistan pipeline, Iran's deputy oil minister for international affairs was quoted Saturday as saying.

"Iran and Pakistan are ready to separately sign a deal for Iranian gas exports, as the Indians are still doubting on a pipeline supply via Pakistan," Hadi Nejad-Hosseini said in the press.

Talks on setting up a pipeline from Iran to India have still not borne fruit due to territorial conflict between India and Pakistan. Despite repeated assurances from Pakistan, India hesitates to give a go-ahead to the deal.

The minister said "terms of cooperation with Pakistan should be in a way to provide adequate assurance to India about transportation of gas through Pakistan's land."

Nejad-Hosseini said the pipeline talks had progressed, adding that "because of the day-by-day increasing gas demand of these two countries, one single pipeline would not be sufficient to supply gas and the demand might necessitate two pipelines."

Pakistani Prime Minister Shokat Aziz is scheduled to visit Iran in late February to probably sign a memorandum of understanding on the gas imports from the giant South Pars field in the Gulf.

Iran's only current gas exports are to Turkey and are expected to reach five billion cubic meters (176.57 billion cubic feet) by the end of the current Iranian calendar year on March 20.

US, Europe fail to agree on development aid

AFP, London

Finance ministers from the Group of Seven industrialized countries failed to reach an agreement on boosting development aid late Friday in the face of US-European differences, European officials said Saturday.

The deadlock came despite an impassioned appeal from former South African president Nelson Mandela for the G7 -- Britain, Canada, France, Germany, Italy, Japan and the United States -- to take urgent steps to provide Africa with 100 percent debt cancellation and increased financial assistance.

"The Americans are in a completely different frame of mind from the Europeans," German secretary of state for finance Caio Koch-Weser said.

Under discussion was an ambitious scheme proposed by Britain that would fund a package of financial assistance of up to 100 billion dollars a year and provide debt relief and trade benefits.

US Undersecretary of the Treasury John Taylor said here during the day Friday that the plan "doesn't work" for the United States. US officials have cited legal problems in connection with the

plan, known as the International Finance Facility, and have pointed to their own proposals for debt cancellation and the transformation of World Bank loans into grants.

Finance ministers, joined by central bankers, discussed plans to stamp out global poverty during a working dinner Friday, with their deputies continuing discussions until early Saturday.

Ministers and bankers were later to meet for talks on currency matters and economic growth prospects but European sources said further debate on development aid was also possible.

Greenspan sees no crisis from US current account deficit

AFP, Washington

Federal Reserve Chairman Alan Greenspan said Friday he sees no crisis resulting from the massive US current account deficit and predicted the gap will stabilize or shrink due to market forces and budget discipline.

In a speech prepared for delivery Friday to a conference in London, Greenspan said market pressures "appear poised to stabilize and, over the longer run, possibly to decrease the US current account deficit and its attendant financing requirements."

Moreover, the Fed chief said he does not see a crisis resulting from the imbalance, arguing that the world's largest economy is flexible enough to adapt to the changing circumstances.

Greenspan appeared to step back from comments he made in November suggesting that foreign investors might become discouraged with the twin US deficit and flee from the dollar.

The latest remarks from Greenspan "seem much less jarring than his previous speech," said Kathy Bostjancic, senior economist at Merrill Lynch.

"He now emphasizes that market pressures may cut the current account -- meaning the weaker dollar should boost exports and reduce imports. He also adds that rising rates in the US (short-term rates) may boost savings and lower the current account, and thus reliance on foreign capital."

The deficit in the current account, the broadest measure of trade and investment flows, mushroomed to a record 164.7 billion dollars in the third quarter of 2004.

Analysts say the deficit creates a need for massive amounts of foreign capital and has been weighing on the dollar.

Mandela calls on G7 to provide 100pc debt relief

AFP, London

South Africa's former president Nelson Mandela issued a vibrant appeal Friday to Group of Seven finance ministers for 100 percent debt cancellation for Africa and a sharp increase in annual financial aid.

"We need action on 100 percent debt cancellation, multilateral as well as bilateral, to remove the burdens of the past to allow people to be free," Mandela told ministers from seven of the world's richest countries, Britain, Canada, France, Germany, Italy, Japan and the United States.

"Africa cannot have economic stability until you provide 100 percent debt relief and you have the ability to do that today."

Mandela also insisted that development aid should not be delivered piecemeal -- "not small amounts here and there, now and then ... but a doubling in aid, another 50 billion dollars each and every year until 2015."

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tinue to suffer."

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But several ambitious anti-poverty initiatives have also been under discussion, notably a massive "Marshall Plan" for Africa -- combining billions of dollars in financial aid along with trade benefits and debt relief -- proposed by Britain.

"We need action on all fronts, like the Marshall Plan for Africa that Gordon (British Chancellor of the Exchequer Gordon Brown) has spoken about," said Mandela.

South Africa's former leader in addition demanded an end to trade barriers in the industrialized world that discriminate against African exports and called attention to the pressing need to combat HIV/AIDS.

While Britain's proposal, called

the International Finance Facility (IFF), is said by Treasury officials here to have the support of France, Germany and Italy, it has failed to impress the United States.

"We don't need the IFF," Taylor said here Friday. "It doesn't work for us." He recalled that the United States is proposing to write off the debts of the world's poorest countries and to offer grants for up to 10 years.

Japan too is coming to the G7 talks with its own proposal for African development aid, including international financial programs worth 1.2 billion dollars.

Japanese Finance Minister Sadakazu Tanigaki is to propose the creation of a multilateral 200-million-dollar fund at the African Development Bank (ADB), according to vice finance minister Hiroshi Watanabe.

Japan would also single-handedly offer a special five-year lending program using one billion dollars in loans through the Japan Bank for International Cooperation, he said.

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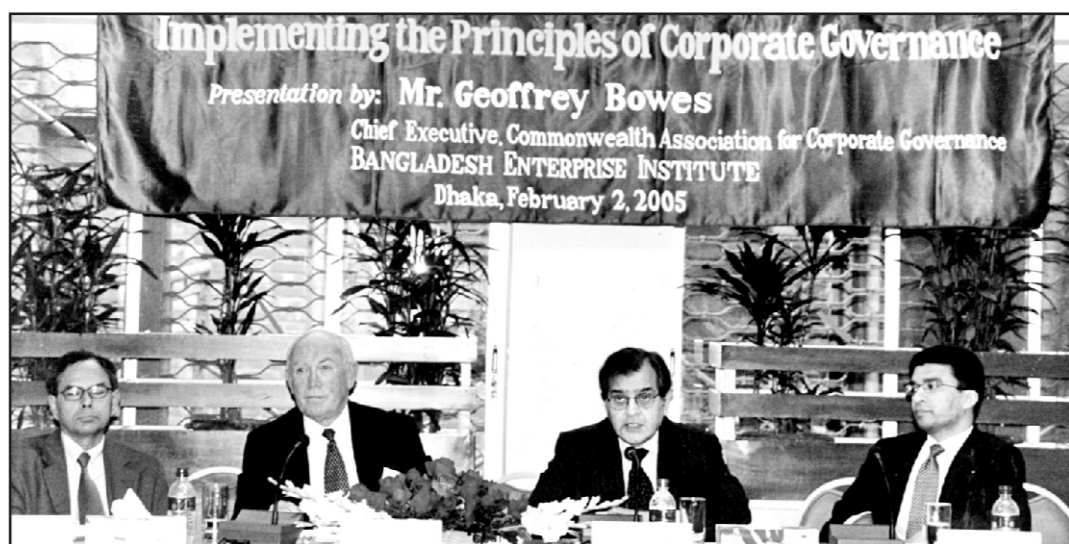
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Farooq Sobhan (2-R), president of Bangladesh Enterprise Institute (BEI), addresses a roundtable on 'Implementing the principles of corporate governance' in Dhaka Wednesday. Among others, Geoffrey Bowes (2-L), chief executive of Commonwealth Association for Corporate Governance, was present at the discussion attended by directors and managing directors of banks and financial institutions.

Duty-free zone mooted for Phuket

ANN/THE NATION

A special duty-free shopping zone will be created in Phuket if the government approves the Tourism Authority of Thailand's emergency plan to win back tourists in the three tsunami-battered provinces, the agency chief said Friday.

The tourism agency's short-term strategies include discounts and other incentives to lure back local and foreign tourists to Phuket, Phang Nga and Krabi -- three provinces that contribute about half of the country's tourism revenues.

"We have prepared several tourism campaigns for February through April, and we expect about 500,000 international tourists to come during the period, especially those from Japan, China, Hong Kong, Singapore and Taiwan," said Juthamas Sriwan, the authority's governor.

The Cabinet is scheduled to consider the TAT's plans for a duty-free shop on Tuesday.

If the plan is approved, the TAT will work with the Customs Department to establish a special shopping area in Phuket to sell duty-free goods to all visitors -- both Thai and foreigners, Juthamas said.

Many name brand products as well as One Tambon One Product offerings from Thailand will be on sale.

Aside from the shopping zone, Juthamas said TAT would also work with private companies to launch a lucky-draw campaign to give away four cars, international air tickets, diamonds, digital cameras, mobile phones and more.

"The total value of the gifts will be around Bt100 million. Big prizes will be sponsored by the private sector," Juthamas said.

TAT and Orient Thai Airline will together ask the Airports of Thailand Plc, operator of Phuket International Airport, to reduce landing fees for all flights landing in Phuket.

The TAT will also hold talks with the Aviation Department, the operator of Krabi airport, for a similar cut in landing fees.

Mahathir denies meddling in Malaysia's Proton

AFP, Kuala Lumpur

Former Malaysian Prime Minister Mahathir Mohamad Saturday denied interfering in the management of state-controlled automaker Proton after the company's chairman quit over his role in the firm's affairs.

"I don't talk to the government or tell them or advise anyone. If asked for my opinion, I'm entitled to give it," Mahathir told reporters.

It was Mahathir's first response to the media after the Asian Wall Street Journal Friday reported that chairman Abu Hassan Kendut quit because he felt Mahathir, with no formal executive position, was interfering with management efforts to revamp the long-protected automaker.

Abu Hassan had represented Proton's biggest shareholder, Khazanah Nasional Bhd., a government investment arm.

Khazanah boosted its stake in Proton to 43 percent last month when Japan's Mitsubishi Corp. sold its 7.9 percent stake for 384 million ringgit (101 million).

Mahathir was appointed as adviser to Proton in April last year. He created the company in 1983 as part of Malaysia's drive into heavy industry.

Citing unnamed government officials, the newspaper said that Abu Hassan handed in his resignation after Prime Minister Abdullah Ahmad Badawi overruled a plan by the board to remove chief executive Tengku Mahaleel Ariff.

Abdullah had earlier backed the decision to replace Tengku Mahaleel, a Mahathir protege, but changed his mind after Mahathir asked that Mahaleel be retained, it said.

It said the exchange clearly showed that Mahathir, who retired in October 2003 after 22 years in

power, continued to wield influence in both Malaysia's political and corporate affairs.

Mahathir said four board members, including Abu Hassan met him a few months ago.

"I got the impression that they didn't want the present CEO but they had no real complaints that Proton was not well run. In my mind, Proton has performed very well," he said.

Proton, which is in talks with Volkswagen AG to develop new vehicles, had 44 percent of the domestic market last year, down from 48 percent in 2003.

The New Straits Times Saturday said Former Kuala Lumpur Stock Exchange Executive Chairman Azlan Hashim was expected to be appointed Proton chairman to replace Abu Hassan who resigned early this week.

ROK economy to grow 4pc this year: IMF

AFP, Washington

South Korea's economy is expected to grow four percent this year on the back of a revival in domestic demand, lower than a projected 4.6 percent in 2004, the IMF said Friday.

The economy has remained in a prolonged slump caused by sluggish domestic consumption.

In an annual review of the South Korean economy, the Washington-based International Monetary Fund said "domestic demand will finally begin to revive in early 2005, supporting yearly growth of four percent."

The government had forecast a 5.0 percent growth in 2005 while the central Bank of Korea predicted 4.0 percent.

After hitting 7.0 growth in 2002, the economy weakened to 3.1 the next year and had remained sluggish.

The IMF said experience from other countries that have gone through similar booms and busts suggested that consumption could revive as financial consolidation advanced into its third year.

"Moreover, high capacity utilization ratios and strong manufacturing profitability should ultimately prompt a recovery in facility investment, offsetting a slowdown in construction," the report said.

But the IMF cautioned of both "upside and downside risks."

On the upside, it said, the recovery in domestic demand could be much more vigorous than projected, especially as Korean recoveries have often been swift and sharp.

On the downside, the projected recovery could be undermined if growth in the developed countries falters or there is a significant downturn in the volatile electronics sector, it said.

Pakistan plans to import 1m tonnes refined sugar

REUTERS, Karachi

Pakistan plans to import 1 million tonnes of white sugar to cover supply shortages and check rising domestic prices, a government official said Friday.

"We will be in the world market sometime next week to buy a million tonnes of (refined) sugar," a senior Finance Ministry official, who declined to be identified, said.

"All the imports will be handled by the TCP (state-run Trading Corporation of Pakistan) and all shipments will be duty free."

The official said the decision was taken at a meeting chaired by Prime Minister Shaukat Aziz on Thursday and the imports would be on top of plans announced last month to import 250,000 tonnes of raw sugar.

Local Interbank FX Trading

Local interbank FX market was subdued on Saturday during hartal. Dollar remained almost unchanged against the Bangladeshi taka on this trade.

Local Money Market

Money market was active. Call money rate continued to rise due to increased demand and ranged between 16.00 and 17.00 percent compared with 14.00-15.00 percent previously.

International Market

The dollar rallied against most currencies on Friday after Federal Reserve Chairman Alan Greenspan

Philippines hopes for credit upgrade

AFP, Manila

The Philippines is hoping for an upgrade in its international credit rating after making progress in controlling its budget deficit and in passing crucial economic reforms, Finance Secretary Cesar Purisima said Saturday.

"What we need to do is better communicate our policies" to make the international lending community and the public more aware of the economic situation, Purisima said in a television interview.

"Our deficit has gone down for the third straight year. We are down to 3.5 percent of GDP (gross domestic product). In fact, in 2004 our national government deficit was 11 billion pesos (200 million dollars) less" than the official targets, Purisima said.

The budget deficit in 2004 hit 186.1 billion pesos, well below an official ceiling of 197.8 billion pesos. For 2003, the Philippines had a 199.9 billion-peso budget deficit, just under the target of 202 billion pesos.

Purisima said the government had set a deficit level of 2.5 percent of GDP as one of its crucial macro-economic targets.



Chairman of Investment Corporation of Bangladesh (ICB) Md Hasinur Rahman attends the branch opening function of ICB Securities Trading Company Ltd (ISTCL), a subsidiary of ICB, in Barisal on Wednesday. The inaugural function of the new branch with online trading facilities was also attended by other senior officials of ICB and ISTCL.

ReadyCash Raffle Draw Winners

The latest ReadyCash Raffle draw took place at ReadyCash Bangladesh office at Dhanmondi on Saturday, says a press release.

Prizes	Name of Winners	Card No
China Junction Chinese Free Lunch for Two	Tapan Kumar Day	5047980000056126
Florence Food Free Gift Box	Md Anwar Hossain	5047980000056114
Pallabi Computers Free Internet Browsing	TM Rafiqul Islam	5047980000056108
Pabna Cloth Store Free Gift Box	Md Zahid Islam	5047980000056096

Winners can collect their prizes from the executive, Promotion of ReadyCash within 30 days of this news circulation by producing their ReadyCash card transaction vouchers. ReadyCash encourages its cardholders to read The Daily Star and the Daily Prothom Alo on every Sunday or call our Customer Service at: 8123850, 8130497, 8125294-7.