

## EU warns of action over Chinese textiles surge

AFP, Brussels

The EU commission warned Friday it could take "appropriate" measures to limit the impact of a surge in Chinese textile imports after quotas were lifted on January 1.

European Union trade commissioner Peter Mandelson said industry leaders had voiced concern, adding that the EU executive's mission in Beijing will discuss the issue with Chinese authorities next week.

"I am monitoring the statistics closely, and I am in direct and active contact with the Chinese authorities. I will take appropriate action at the appropriate time," he said in a statement.

On Thursday, textile industry leaders asked the European Commission for safeguard measures to halt a flood of Chinese clothing products following the expiration of international textile trade quotas at the beginning of the year.

"I have received representations from the European textiles industry and I'm also conscious of the poten-

tial damage to the industry in developing countries," Mandelson said.

The European textile industry has been bracing for a flood of low-cost textiles products since the beginning of the year when an international textile quota system expired.

However, European Commission spokeswoman Claude Veron-Reville said that for the time being the EU's executive arm did not have credible data from member states on Chinese textile imports since January 1.

## China pledges steps if textile exports burst

REUTERS, Beijing

China's textile industry has pledged to take action if exports to the United States grow too quickly, hoping to defuse American concerns that an expected flood of Chinese products will swamp the US industry.

"If exports grow too quickly, the industry will discuss measures to resolve this," said Wang Shenyang, head of the China Chamber of Commerce for Import and Export of Textiles.

The comments were posted yesterday on the chamber's Website which said Wang had delivered that message to Michael Hutchinson, director of the Office of Textiles and Apparel under the US Commerce Department, on Wednesday.

Textiles have emerged as a thorny trade issue between the US and China, with the US industry bracing for an expected surge in imports from China following the end of an international agreement that restricted textile trade.

The Bush administration had wanted to impose "safeguard" tariffs on clothing imports from China based on the threat of a surge, but was blocked by a federal judge from doing so -- in part because of the effects such curbs would have on retailers, who have welcomed the end of restrictions.

US trade data out on Friday is expected to show a huge jump in textile and clothing shipments from China.

China's apparel exports to the US in January rose 80.2 percent over a year earlier to \$989 million while textile exports rose 43.4 percent to \$540 million, according to a report in the Asian Wall Street Journal yesterday.

An official with the chamber declined to confirm the figures. Chinese customs figures for January showed that textile raw material and product exports to the US totalled \$1.2 billion in January. The data did not give a percentage rise.

Wang's remarks were the latest attempt by Beijing to soothe tensions over the issue.

In December, China's Commerce Ministry said it would impose tariffs on some textile exports and require domestic firms to report their expansion plans.



PHOTO: UCBL

Niaz Habib, deputy managing director of United Commercial Bank Ltd, speaks at the inaugural session of a three-day 'Basic IT Training for the Executives' organised by the bank's training institute on Thursday in Dhaka. Other senior officials of the bank are also seen in the picture.



PHOTO: NATIONAL TUBES

Managing Director of National Tubes Ltd Qazi Md Abul Quaseem and Managing Director & CEO of Central Depository Bangladesh Ltd MH Samad sign an agreement recently in Dhaka to dematerialise the shares of National Tubes traded on the stock exchange. Other senior officials from both the sides were also present at the function.



PHOTO: BENGAL GROUP

Chairman of Bengal Group of Industries Morshed Alam speaks at the inauguration of Bengal Foams, a concern of the group, recently in Dhaka. Directors of Bengal Group (from right) Humayun Kabir Bablu, Md Jashimuddin and Shamsul Alam Sumon are also seen in the picture.



PHOTO: MEDICOM LABORATORIES

Md Nurul Huda, managing director of Medicom Laboratories, a manufacturer of pharmaceutical products, along with Nabil Huda, director (Marketing), and Gholam Shahariar Kabir, assistant marketing manager, is seen at the company's Annual Marketing and Sales Conference-2004 held on Thursday in Dhaka.

## Greenspan worried on budget, not trade gap

REUTERS, New York

Federal Reserve Chairman Alan Greenspan said on Thursday he was not "overly" concerned about the record U.S. trade gap and heavy consumer debt loads, but the nation's budget outlook gave him pause.

"The resolution of our current account deficit and household debt burdens does not strike me as overly worrisome, but that is certainly not the case for our fiscal deficit," Greenspan told the Council on Foreign Relations in New York.

"Our fiscal prospects are, in my judgment, a significant obstacle to long-term stability because the budget deficit is not readily subject to correction by market forces that stabilize other imbalances," he said.

The Fed chief said rapid globalization may have allowed the United States to carry large trade and budget gaps so far without economic harm.

"Has something fundamental happened to the U.S. economy that enables us to disregard all the time-tested criteria for assessing when economic imbalances become worrisome?" Greenspan asked rhetorically. "Regrettably, the answer is no; the free lunch has still to be invented."

"We do however, seem to be undergoing what is likely, in the end, to be a one-time shift in the degree of globalization and innovation that has temporarily altered the specific calibrations of those criteria," he said.

Foreign investors are effectively funding record shortfalls in the U.S. budget and current account, the broadest measure of the nation's trade, and some economists fear an abrupt reversal in investor confidence could hit the American economy hard.

When exchange rate swings are taken into account, Greenspan said, global investors so far have only modestly shifted away from dollar assets. He did repeat, however, that foreign investors may at some point decide they are holding too many dollar-denominated assets.

He also reiterated that if the dollar were to drop further, foreign exporters could decide to no longer absorb the impact by accepting smaller profits. In that case, he said U.S. import prices would rise and the trade gap would narrow.

Greenspan credited increasingly open global trade with lowering inflation and stabilizing economies, and said it could rebalance global trade without a crisis.

## Weekly Currency Roundup

Mar 05-Mar 10, 2005

### Local FX Market

US dollar was mostly steady against Bangladeshi taka in the week.

### Money Market

In the Treasury bill auction held on Sunday, bid for BDT 1,119.00 million was accepted, compared with BDT 4,054.00 million in the previous week's bid. Weighted average yields was slightly up from the previous level.

Call money rate moved in wide range in this week. Most of the deals were settled between 8.00 and 12.00 percent in the beginning of the week. The rate increased to 15.00-25.00 percent during the middle of the week. On the last day the rate moved in wider range of 8.00-20.00 percent.

### International FX Market

The dollar traded in narrow ranges on Monday after falling on Friday when US jobs data was not strong enough to signal an accelerating pace of interest rates rises in the US. The closely watched jobs figures showed healthy gains in non-farm payrolls but were accompanied by a rising jobless rates and analysts said they indicated economic factors in the US were not strong enough to offset the structural issues affecting the dollar. No major economic data was scheduled in Europe or the US on Monday. Instead, ECB President Jean Claude Trichet was due to hold a news conference at 1100 GMT following a bi-monthly meeting at the Bank of Settlements in Switzerland.

The dollar hit a two-month low against the euro during the middle of the week as investors positioned themselves for more dollar losses ahead of US trade data due later in the week. The dollar weakened further on Wednesday against most major currencies after a steep fall on Tuesday. The market has started to refocus on the massive US current account deficit -- one of the driving forces behind dollar's three-year decline ahead of Friday's US trade data.

The dollar fell nearly half-a-percent to two-month lows against the euro on Thursday after comments from Japan's Prime Minister raised speculation about Asian Central Bank diversification away from US currency. Junichiro Koizumi said in response to questions in parliament that generally speaking, diversity in foreign exchange reserves was necessary, although the Japanese Finance Ministry later said it had no plans to shift in funds out of the dollar. Euro rose to its highest since January 4. Its third day of gains and two cents below record highs set in December. Euro also hit 2005 highs against the yen.

- Standard Chartered Bank

## STOCK