

Robust US, China outlook to help Japan growth: OECD

AFP, Tokyo

OECD Secretary General Donald Johnston on Friday said the Japanese economy should benefit from expected robust growth in the United States and China, Japan's key export markets.

Growth in the US economy, the world's largest, appeared to be "quite robust" while China, Japan's largest trading partner, was forecast to maintain growth of around 8.0-9.0 percent through to 2010, he told reporters.

"As far as the Japanese economy is concerned, consumer confidence seems to be returning to provide growth," he said, adding:

"No one is predicting strong growth in Japan but certainly growth."

"I do believe that going forward the United States economy looks quite robust, and that's good news for all of us," Johnston said.

"The Chinese economy, which is very important to Japan's exports, appears also to be growing at a rate of eight to nine percent ... and people are saying that at least until 2010," Johnston said.

"It should be good news to Japan but also good news to the world," he said.

The Organisation for Economic Co-operation and Development

(OECD) has forecast Japanese economic growth of around 1.5 percent for 2005 and 2006.

Official data showed that Japan's gross domestic product (GDP) grew 2.7 percent in inflation adjusted terms in 2004 after rising 1.4 percent in 2003.

Japan slipped into a mild recession in the middle of last year but crawled out in the last quarter of 2004, with GDP growing 0.1 percent from the three months to September, or an annualized 0.5 percent.

Johnston was in Japan to visit the World Exposition in the western province of Aichi and to meet government leaders.

British PM hits back over EU service reform

REUTERS, London

British Prime Minister Tony Blair predicted Thursday that the essence of a disputed bill to open up Europe's services sector would be approved, despite staunch opposition from French President Jacques Chirac.

European Union leaders agreed on Wednesday to send back to the drawing board a draft deregulation law in a tactical retreat to save a knife-edge French referendum of the EU constitution.

Chirac, who argues the law would bring unbridled competition into the services sector from low-cost east European countries, declared he had all but buried the bill.

But Blair said the services directive was alive and well.

"There will be some amendments but they shouldn't touch on the essential of the directive," Blair told parliament, saying the bill would go through its normal legislative process.

Toshiba, its subsidiary must pay \$84m in suit

AP, San Jose, California, USA

Electronics maker Toshiba Corp. and a subsidiary were ordered to pay Lexar Media Inc. \$84 million in punitive damages Thursday for sharing trade secrets with another rival maker of flash memory chips used in digital cameras, music players and other devices.

The decision came a day after the same Santa Clara County jury awarded Lexar \$381.4 million for theft of trade secrets and violating its fiduciary duty. The total award now stands at \$465.4 million—less than half the \$1 billion sought by Lexar.

"This verdict sends a clear message that protects all the other companies that don't have the will or means to take on a giant like Toshiba for their fraudulent or abusive business practices," said Eric Whitaker, Lexar's general counsel. "This is a huge victory not just for Lexar, but for innovative companies everywhere."



PHOTO: TM INTERNATIONAL

Vijendran Watson, chief operating officer of AKTEL, and Zakaria Ahmad, managing director of Jalalabad Telecom Ltd, shake hands after signing an interconnectivity deal between the two organisations on Thursday in Dhaka.



PHOTO: RAHIMAFROOZ

Parvez Saiful Islam, general manager (Marketing) of Rahimafrooz Distribution Ltd, hands over the first prize (Dhaka-Bangkok-Dhaka return air ticket) of 'Dunlop Dhamaka Consumer Promotion 2004' to Aminur Rahim, a customer from Dhaka, at a function recently. Rahimafrooz organised the promotional campaign for the customers of Dunlop tyres.

ROK to sign FTA with Singapore

REUTERS, Seoul

South Korea will sign a free trade pact with Singapore next month that will cut tariffs on growing trade between the rival Asian manufacturers of high-end electronics, the finance ministry said Friday.

It will be the second such deal for South Korea following one sealed in April last year with Chile, despite protests then by farmers and labour unions who feared it would ruin their livelihoods.

A deal with Singapore, however, has not been as controversial as the city-state has only a tiny agricultural sector.

South Korea has said it hoped the deal would help speed up free trade talks with Japan, along with the Association of South East Asian Nations (AEAN) and the European

Free Trade Association (EFTA) that groups Norway, Iceland, Switzerland and tiny Liechtenstein.

Trade-reliant Singapore, the first Southeast Asian nation to sign a free-trade pact with the United States, has led its neighbours in tearing down trade barriers.

Bilateral trade between Singapore and South Korea has doubled in a decade to \$11.6 billion in 2003, but the pact only covers a fraction of this, removing barriers on 75 percent of Singapore's \$1.8 billion of "domestic exports."

These are goods manufactured purely in Singapore, rather than "re-exports" which form the bulk of trade and include items shipped from one country, such as India, to Singapore's port before being "trans-shipped" to another region such as South Korea.

IMF examines EU deal to relax budget rules

AFP, Washington

The International Monetary Fund said Thursday it was looking into a deal clinched by European Union leaders to relax the bloc's enfeebled fiscal rules.

IMF spokesman Thomas Dawson said that "of course we are naturally examining the implications of the changes."

At summit talks on Tuesday, EU leaders endorsed reforms to the 1997 Stability and Growth Pact, which enshrines the rules underpinning Europe's single currency.

Eurozone heavyweights France and Germany fought hardest to push the changes through, having struggled for years to meet its

headline limit on budget deficits.

The European Central Bank, the guardian of the euro, expressed "serious concern" about the planned reforms, fearful they will encourage fiscal profligacy.

Dawson said the IMF would look in detail at the changes when it conducts a periodic review of the 12-nation eurozone's economy this spring.

"Our view remains that Europe's problems are preeminently structural and need to be addressed through reforms laid out within the context of fiscal frameworks focused on (budgetary) consolidation," he said.

"Consolidation is going to be an important theme."

Weekly Currency Roundup

Mar 19-Mar 24, 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 2,464.00 million was accepted, compared with BDT 1,306.00 million in the previous week's bid. Weighted average yield of 28-D t-bill increased to 4.97 percent from 4.59 percent.

International FX Market

The dollar hit a two-week high against the euro on Monday, gaining ground on talk that the US Federal Reserve might signal a quicker pace of interest rate rises at its meeting later this week. Markets expected the Fed to raise the fed funds rate a quarter of a point to 2.75 percent on Tuesday, but the wording of the statement that would be released following the policy meeting would be the key. Some analysts expected the Fed to signal it would be more aggressive with monetary policy in coming months by no longer describing the likely pace of future rate increases as "measured". Euro lost 0.8 percent against the US dollar. The greenback also rose 0.4 percent against the yen.

The dollar hit a one-month high against the euro during the middle of the week, extending gains after the US Federal Reserve signaled it may accelerate the pace of interest rate rises to counter inflation. The US central bank raised the cost of borrowing for the seventh month in a row to 2.75 percent on Tuesday and said that "pressure on inflation have picked up" and the risks to growth and price stability would only remain balanced with appropriate policy action. The dollar also hit a new five-week high against the Swiss franc.

The dollar hit six-week high against the yen on Thursday after a surprisingly hefty rise in US consumer inflation gave traders reason to think the Federal Reserve may lift interest rates more aggressively. Dealers said data showing core US consumer prices rising at the fastest year-on-year pace since 2002, coupled with the Fed's warning on inflation earlier in the week, boosted the risk of bigger rate rises down the road. The dollar powered higher after a report on Wednesday showed the US Consumer Price Index for February rose 0.40 percent, above forecasts. Dollar also rose against both euro and sterling.

- Standard Chartered Bank



PHOTO: STANDARD BANK

Kazi Akramuddin Ahmed, chairman of Standard Bank Ltd, presides over a board meeting of the bank held in Dhaka on Wednesday. A 20 percent stock dividend was announced at the meeting attended by SEVP SA Farooqui, Managing Director Mosharrif Hossain and directors of the bank.



PHOTO: ARISTOPHARMA

Officials of Aristopharma Ltd pose for photographs at the certificate awarding ceremony of ISO 9001:2000 Certificate for Quality Management System at a function in Dhaka on Wednesday. Orion Registrar Inc, USA, one of the world certification bodies, awarded the certificate.

STOCK