

Check China trade abuses, urge US senators

REUTERS, Washington

China's trade practices came under renewed fire from US senators Thursday amid accusations it is illegally subsidising corn exports and may use a proposed US-Central America trade agreement to benefit its textile industry.

With feelings running high in Congress about a potentially close vote on the US-Central American Free Trade Agreement or CAFTA, several senior lawmakers said greater attention should be paid to abuses of existing trade frameworks.

Iowa Sen. Tom Harkin urged the Bush administration to investigate if

China is using tax incentives to export corn to countries that traditionally bought grain from US farmers.

"America's corn producers are getting hammered by Chinese policies that appear to violate trade obligations," Harkin said in a statement. "Our government must take action to make sure America's farmers can compete for international business."

Harkin is the ranking Democrat on the Senate Agriculture Committee.

The Chinese government imposes value-added tax on all products that move through com-

mercial channels in the country. But products destined for export receive a VAT refund, providing financial benefit to those who sell products for export rather than for domestic consumption, Harkin pointed out in letters to US Trade Representative Robert Portman and Agriculture Secretary Mike Johanns.

"Some market analysts believe that China's VAT refund for exported products is in fact far in excess of any VAT actually paid. In addition there are reliable reports that provincial governments in some of China's corn surplus areas are also providing export incentives to traders," he wrote.

China was forecast to export about 6 million tonnes of corn in the 2004/05 marketing year that ends in August.

Harkin said rising skepticism about new trade agreements stemmed from the fact that promised gains from past trade agreements had too often not been realised.

A Republican, Sen Lindsey Graham of South Carolina, separately warned that future trade agreement would be much tougher to pass if the Bush administration did not tackle problems arising from earlier ones.

African cotton traders demand end to West's farm subsidies

AFP, Cotonou

African cotton growers demanded an end to US and European crop subsidies on Thursday, alleging that unfair trade was condemning the families of millions of hard-working farmers to lives of crippling poverty.

"An African cotton grower works by hand to support his family while those from rich countries not only have mechanised farms, but subsidies," said Seydou Ouedraogo, head of Burkina Faso's National Union of Cotton Growers.

Speaking at a meeting of more than 100 African cotton growers and traders in Benin's port city of Cotonou, Ouedraogo compared the competition between US and African growers to a race between a car and a one-legged man.

Delegates to the meeting were unanimous in their demand that the industrialised world -- and in particular the United States -- stop featherbedding their wealthy farmers at the expense of the African poor.

According to their own figures, the growers said that sub-Saharan Africa counts two million cotton farmers and a further 20 million

people dependent on the unsteady and rapidly shrinking profits from the trade.

Several west African countries depend on what was one seen as "white gold" for between 40 and 60 percent of their foreign income, they said.

Meanwhile, according to aid agency Oxfam-Quebec, the United States showers its own relatively prosperous cotton farms with 3.2 billion dollars (2.5 billion euros) per year in subsidy and 1.6 billion dollars in export credits.

This in turn depresses world prices and directly undermines Africa's attempts to earn a living from this vital cash crop.

"It's obvious that the end of these subsidies would help us, because the effect would be an immediate jump in prices," said Beninois agro-economist Jean Adagbegnon, who took part in the meeting.

"In effect, thanks to these subsidies, farmers from developed countries are encouraged to produce more and more despite falling prices," he explained.



PHOTO: A POSITIVE ADVERTISING M Ehsanul Haque, chief executive officer and managing director of Brac Bank Ltd, Mohammed Sohail, chief executive of Transaction Processing Systems (TPS) Pakistan Pvt Ltd, and Anup Roy, MD of International Acumen Ltd, sign a tripartite agreement on behalf of their companies recently. Under the deal, TPS Pakistan Pvt Ltd and International Acumen will provide Brac Bank with ATM, POS and other electronic banking facilities.



PHOTO: FIRST SECURITY BANK First Security Bank Limited organised a seminar on managing core risks in banking in Dhaka on Monday. Officials of the bank and Rahman Rahman Huq, a chartered accountant company, are seen in the picture.

Lankan tea prices fall

REUTERS, Colombo

Prices of Sri Lanka teas fell at the latest auction as the poor quality on offer failed to interest buyers, brokers said.

Prices of high grown teas like Broken Orange Pekoes (BOPs) from high-altitude regions such as Nuwara Eliya fell by 15.00 to 20.00 rupees per kg at the auction held on Tuesday and Wednesday.

China's trade surplus balloons to \$21.18b through April

AFP, Beijing

China enjoyed a trade surplus of 21.18 billion dollars for the first four months of the year based on trade valued at 414.92 billion dollars, state press reported Friday.

Exports during the first four months of the year were up 34 percent over the same period last year, hitting 218.05 billion dollars during the period, China Central Television said citing customs statistics.



PHOTO: ARAB BANGLADESH BANK RQM Forkan, senior executive vice president of Arab Bangladesh (AB) Bank Ltd, and Shoeb Ahmed Masud, marketing director of Business Automation Ltd, shake hands after signing an agreement on Wednesday. Under the deal, Business Automation will implement phone banking and SMS facilities for the customers of AB Bank.



PHOTO: THE CITY BANK Deputy Managing Director of The City Bank Limited AHM Nazmul Quadir and Managing Director of Teletalk Bangladesh Limited exchange documents after signing an agreement on behalf of their organisations for bill connection and pre-paid card sales in Dhaka on Monday. Other officials of the both companies are also seen.

Oil prices fall on stronger dollar

AFP, Singapore

Oil prices fell further in Asian trade Friday following a rise in the US dollar and as US crude inventories climbed to a three-year high, dealers said.

At 3:35 pm (0730 GMT), New York's main contract, light sweet crude for delivery in June was down 10 cents at 48.44 dollars a barrel from its close of 48.54 dollars in New York overnight.

The contract fell nearly two dollars Thursday after robust US retail sales figures pushed the US dollar to a six-month high against the euro, prompting a more positive outlook for the world's largest economy.

"Crude futures, which are denominated in US dollars, often move inversely to the dollar," said Victor Shum, an analyst at US energy consultancy Purvin and Gertz in Singapore.

Shum said official weekly US crude inventory data released Wednesday -- which showed stockpiles at their highest weekly level since March 31, 2002 -- also played a part in pushing prices down.

The US Department of Energy (DoE) on Wednesday said crude oil inventories for the week ending May 6 had increased 2.7 million barrels to 329.7 million, beating market forecasts of an increase of 1.5 million.

Weekly Currency Roundup

May 07-May 12, 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 882.00 million was accepted, compared with BDT 3,712.00 million in the previous week's bid. Weighted average yield of 28-D T-bill increased to 6.53 percent from 6.49, while weighted-average yield of 2-year bill remained at 7.2 percent. Call money rate was on flat through out the week. Most of the deals in the over night market were settled between 10 and 20 percent.

International FX Market
The dollar hit a three-week high against the euro and sterling on Monday, drawing support from last week's surprisingly strong US jobs data that calmed some concerns about US economy. Sterling lost ground broadly after data showed British manufacturing fell at its fastest pace in nearly three years in March, suggesting there was almost no chance that the Bank of England would hike interest rates later on Monday.

The yen jumped against the dollar and euro during the middle of the week after a Chinese newspaper report said China would widen its currency band next week, but later trimmed gains after the Chinese central bank said there was no change in policy. The dollar was on the back foot as the market braced for US trade data later in the day that was expected to show another record deficit. The data is due at 1230 GMT. The US deficit has been a major factor behind dollar's three-year decline.

The dollar hit a three-month high against the euro on Thursday, extending gains made on a narrower US trade deficit announced in the previous session and as some investors bet on a strong US retail sales report. The dollar also cleared a two-week high against the yen and one-month high against the Swiss franc on news that the deficit had contracted to \$54.99 billion in March, surprising many in the market who had expected it to widen to a record \$61.5 billion. Market is currently looking forward for the US retail sales data which was likely to rise 0.70 percent and would further strengthen the US dollar.

- Standard Chartered Bank

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