

China hopeful over textile row as top US trade officials visit

AFP, Beijing

China's Commerce Minister Bo Xilai expressed hope Saturday on meeting his US counterpart Carlos Gutierrez that a conflict over China's surging textile exports can be resolved by negotiation, state television reported.

"We attach great importance to our relations with the United States," CCTV quoted Bo as saying.

He added that he "hoped the differences can be resolved by negotiation."

The state news agency Xinhua said talks between the two officials lasted well over the scheduled hour.

"Sino-US trade witnessed such great progress in the last 26 or 27

years and we two countries should have the capability to properly deal with the textile trade issue and other questions," Xinhua quoted Bo as saying.

"China has become the third largest trade partner of the United States and it's natural for some problems to emerge in such a developing progress."

After a decades-old global quota system was abolished on January 1, China imposed duties of between two and four percent on 148 types of textile goods to limit the impact on its global trading partners.

But they appear to have had little impact. China's textile exports jumped 29 percent overall in the first three months of the year, and pres-

sure has been steadily building on Beijing to do more to stem the flood.

So far, the US has slapped import quotas on seven categories of Chinese textile goods while the EU has sought formal talks with Beijing over exports of flax yarn and T-shirts, bringing it a step closer to imposing limits.

To appease concerns by the EU and the US, China on May 20 said it would further raise export tariffs on 74 categories from June 1, but then made an abrupt turn last Monday, saying the tariff increase would be revoked.

After arriving in Beijing on Thursday, Gutierrez said the US decision to restrict the surge in Chinese textile imports with the

"temporary safeguards" was due to "market disruptions".

Both Bo and Wu have characterized the US limits as protectionist and a severe blow to ongoing World Trade Organization (WTO) trade liberalization negotiations.

The arrival of the top US trade officials signals Washington's concern over the issue with intense domestic pressure in the United States about potential textile job losses sparked by the flood of cheap Chinese imports.

Later Saturday, Gutierrez and US Trade Representative Rob Portman met Chinese Deputy Premier Wu Yi, Xinhua reported. The two US officials were to leave China later Saturday.



PHOTO: IFIC BANK
Ataul Haq, managing director of IFIC Bank Ltd, and Guy Harris, director (Sales Retail Banking) of Misys International Banking Systems Ltd (UK), sign a deal on real-time online banking software in Dhaka Wednesday.

Japan must spend less or face deficit spiral

A govt panel says

REUTERS, Tokyo

Japan needs drastic cuts to social security and public works spending to avoid pushing its economy into a vicious spiral of rising deficits and interest rates, a government panel said in a draft of a report due next week.

The draft, obtained on Friday and due to be submitted to the government early next week, said social security costs would surge in the early 2010s as the post-war, baby-boom generation becomes eligible for pensions.

As the savings rate declines, there may no longer be enough domestic funds to finance the country's massive fiscal debt, it said.

"Some say our country could end up with a current account deficit, and we would have so-called 'twin deficits' a fiscal deficit and a current account deficit," it said, adding that such a situation could raise the risk premium on long-term yields.

A rise in long-term yields could lead to an even bigger current account deficit and raise the risk premium even higher, creating a vicious cycle, it said.

"We have no option but to embark on fiscal reforms and steer our country away from such a destructive spiral," it said.

Japan has the largest public debt burden of any industrialised

nation, at some 160 percent of gross domestic product, the result of years of government spending to try and jump start the economy.

Servicing the debt is taking an ever bigger portion of the annual state budget while government revenues have fallen as a slow economy reduces tax income.

The draft said the rise in government spending on social security should not exceed the rate of economic growth, a change that should be adopted from the next fiscal year.

The government must seek more contributions from the older generation and lessen the burden on the younger, working generation, it said.

Nearly one in five Japanese is aged 65 or older and the figure will rise to one in four over the next decade, according to government data.

"In compiling the budget for fiscal 2006/07, the government needs to consider a comprehensive reform of the social security system, as well as various medical care-related policies," the draft said.

Such suggestions will meet resistance from policymakers who say the government is trying to fix its problems at the expense of the sick and the elderly, but the Finance Ministry has been pushing for such change.

CURRENCY

Following is Saturday's (June 4, 2005) forex trading statement by Standard Chartered Bank

| Sell | Buy | Currency | TT Clean | OD Sight Doc | OD Transfer |
|----------|----------|----------|----------|--------------|-------------|
| TT/OD | BC | USD | 63.3150 | 63.2939 | 63.2517 |
| 64.3200 | 64.3500 | EUR | 76.4655 | 76.4400 | 76.3891 |
| 79.7375 | 79.7747 | GBP | 113.8847 | 113.8467 | 113.7708 |
| 117.7506 | 117.8055 | AUD | 46.8911 | 46.8755 | 46.8442 |
| 49.6936 | 49.7168 | JPY | 0.5825 | 0.5823 | 0.5819 |
| 0.6045 | 0.6048 | CHF | 50.0751 | 50.0584 | 50.0251 |
| 51.7708 | 51.7949 | SEK | 7.9975 | 7.9949 | 7.9896 |
| 8.5854 | 8.5894 | CAD | 50.2859 | 50.2692 | 50.2356 |
| 51.9926 | 52.0168 | HKD | 8.1250 | 8.1223 | 8.1169 |
| 8.2746 | 8.2784 | SGD | 37.7617 | 37.7491 | 37.7239 |
| 38.9181 | 38.9363 | AFD | 17.0992 | 17.0935 | 17.0821 |
| 17.6548 | 17.6630 | SAR | 16.7496 | 16.7440 | 16.7328 |
| 17.2880 | 17.2961 | DKK | 10.0002 | 9.9968 | 9.9902 |
| 11.0224 | 11.0275 | KWD | 216.0225 | 216.0225 | 216.0225 |
| 216.7166 | 216.8201 | | | | |

Exchange rates of some currencies against US dollar

| Indian rupee | Pak rupee | Lenkan rupee | Thai baht | Nor kroner | NZ dollar | Malaysian ringgit |
|--------------|-----------|--------------|-----------|------------|-----------|-------------------|
| 43.595 | 59.65 | 99.945 | 40.730 | 6.4593 | 0.7525 | 3.80 |

Local Interbank FX Trading

Local interbank FX market was subdued on Saturday as international market was closed. Dollar ended almost unchanged against Bangladeshi taka.

Local Money Market

Money market was active on Saturday. Call money rate was almost unchanged and most of the deals ranged between

10.00 and 20.00 percent.

International Market

International market was closed on Saturday due to weekend. The dollar firm against the euro on Friday as investors continued to reward higher US interest rates and relatively positive growth prospects over Europe's political instability and economic situation. Dollar also rose against Swiss franc, while remained mostly flat against sterling.

This memorandum is issued by Standard Chartered Bank and is based on or derived from information generally available to the public from sources believed to be reliable. While all reasonable care has been taken in its preparation no responsibility or liability is accepted for errors of fact or any opinion expressed herein.

ReadyCash Raffle Draw Winners

The latest ReadyCash Raffle draw was held at ReadyCash Bangladesh office at Dhanmondi in Dhaka on Saturday, says a press release.

| Prizes | Name of Winners | Card No |
|---|----------------------|------------------|
| Sentra Travels and Tours free Dhaka Sharmin Akter | | 5047980010022632 |
| Cox's Bazar Dhaka Biman Ticket | | |
| System Information Technology free computer learning Course | Mobashar Hossain | 5047980000003240 |
| Drin.net free 100 hours browsing | G. Nassrin Chowdhury | 5047980000018373 |
| You and Eye free Eye Test and Glass | Ehsan Uddin Ahmed | 5047980000027917 |
| Florence Food Free gift box | Mrs Shamsia Rahman | 5047980010031821 |
| Florence Food Free gift box | Md Mokhtesur Rahman | 5047980000038336 |
| Florence Food Free gift box | Md Ilias Hossain | 5047980000052056 |
| Florence Food Free gift box | Md Omar Sharif Chy | 5047981000019437 |

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.



PHOTO: AKTEL
Md Nasir Bin Baharom, managing director of AKTEL, and Mohammad Shajahan, managing director of Shah Fatullah Textile Mills Ltd, exchange documents after signing an agreement on behalf of their organisations in Dhaka Thursday. Under the deal, the textile mill has become a corporate client of AKTEL.

StanChart to buy stake in Vietnam's no 2 private bank

AFP, Hanoi

Vietnam's second largest private bank, the Asia Commercial Bank, said Friday it would sell up to 10 percent of its shares to the British-based emerging markets banking giant Standard Chartered Bank.

The Asia Commercial Bank (ACB) decided that Standard Chartered, listed in London and Hong Kong, was the most appropriate one to sell shares to, said an ACB official refusing to be named.

"We believe with its rich experience in international banking, Standard Chartered Bank will give us much support in retail banking development," said the official, adding the deal was yet to be finalized.

ACB's registered capital at present is 600 billion dong (nearly 38 million dollars). It aims to raise the amount to 880 billion dong by the end of 2005, the official said.

Last year, the Bank achieved a gross profit of about 17.6 million dollars, up by 47 percent from the previous year.



PHOTO: EASTERN BANK
Mashrur Arefin, head of Consumer Banking of Eastern Bank Ltd (EBL), and the owners of 11 leading restaurants of Dhaka recently sign memoranda of understanding (MoU) on behalf of their sides. Under the MoU, EBL customers will be able to enjoy 10 to 20 percent discount on their food bills at these restaurants by showing their Visa Electron Debit Card.

STOCK