

G8 finance ministers look to strike debt relief deal

AFP, London

Top finance officials of the Group of Eight industrialized nations kicked off a meeting here Friday to try to clinch agreement on unprecedented debt relief for the world's poorest countries.

Britain, hosting the talks and next month's G8 summit in its role as chairman of the group this year, was trying to settle differences over how many countries should be entitled to 100 percent multilateral debt relief.

It was also trying to find common ground on how to write off the debt, with the United States reluctant to back European proposals for selling or revaluing gold reserves and introducing fuel taxes for airlines.

"There is a will to come to an agreement," British Chancellor of

the Exchequer Gordon Brown said.

Brown was speaking to BBC radio on Friday as he prepared to meet other finance chiefs and central bankers of the world's richest powers -- Britain, Canada, France, Germany, Italy, Japan, the United States and Russia.

The finance meeting would attempt to lighten the crippling debt burden under which many impoverished countries are buckling, building enough momentum for a debt relief deal for next month's G8 summit in Gleneagles, Scotland.

When they met earlier this week in Washington, British Prime Minister Tony Blair and US President George W. Bush said they were close to completing their proposal for cancelling 100 percent of debt for the world's poorest coun-

tries.

According to the New York Times on Friday, Britain and the United States have agreed on a system to relieve 18 of the world's poorest nations, mostly in Africa, of combined debt worth 16.7 billion dollars (13.66 billion euros).

But German government sources said Thursday that a "definitive agreement" among all G8 members would not be reached this weekend.

Earlier this year, Brown launched the so-called "Marshall Plan" for Africa aimed at wiping out multilateral debt for the poorest nations and at doubling annual development aid to 100 billion dollars by 2015.

Unlike the US-British plan, France, Germany and Japan were expected to back debt relief for just

five countries, the German source said.

On the subject of how to finance debt relief, Brown said "the American proposal has to be funded like the French, German and Japanese proposal."

"What we've been discussing over the last few days in telephone calls and meetings, is how we can fund the loss of their debt interest payments by the international institutions."

France and Germany have put forward a proposal to tax commercial aviation fuel to raise funds for development in Africa.

And under the Brown-inspired proposal, the IMF could sell a portion of its massive gold reserves to cancel the debt owed.



PHOTO: BANGLALINK

Lars P Reichelt, chief executive officer of Banglalink, and Ataul Haq, managing director of IFIC Bank Ltd, are seen at an agreement signing ceremony held recently in Dhaka. Under the deal, Banglalink subscribers will be able to pay their bills in any of the branches of the bank.

EU trade chief urges China to seize textile export opportunity

AFP, Shanghai

EU trade chief Peter Mandelson held "frank" talks Friday with Chinese Commerce Minister Bo Xilai, urging China to seize the opportunity to prevent limits being slapped on its soaring textile exports.

China has until the end of Friday to agree to slow growth in exports to the European Union of T-shirts and flax yarn to 7.5 percent a year or face temporary caps on the products.

"We have a limited opportunity," Mandelson told reporters before the talks got underway. "There is no question of this being dragged on over many days."

"I hope to achieve an agreement with the Chinese government on what we are going to do about the textiles explosion which has affected Europe and so many developing countries."

"We will have a negotiation and I hope an agreement but if we don't have an agreement, then we'll have to take other measures."

The EU has requested formal talks at the World Trade Organisation (WTO) with China on the issue, citing a huge jump in exports of Chinese T-shirts and flax yarn following the end of a global textile quota system on January 1.

Under the rules on China's WTO accession in 2001, a request for

talks enables Beijing's trading partners to place a temporary cap on textile imports if China does not first take its own voluntary measures within 15 days.

Washington has already set limits on seven types of Chinese textile shipments. That dispute has also been fueled by concerns in the US that China's currency is undervalued, giving it an unfair advantage on the global market.

Bo and Mandelson broke for dinner after four hours of what Bo said were "frank" negotiations.

"We're still in the process of talking. I feel the two sides are both very frank. We are carrying out technical talks," he said.

On Thursday Bo said how the dispute pans out will become a yardstick for how developed countries enforce free trade.

China argues that attempts by developed countries to impose limits on textiles are discriminatory and protectionist, undercutting the very principles they are promoting.

In a statement on the ministry of commerce website Friday, Bo appeared to be giving little ground, vowing to fight for the rights of China's textile industry.

"It is our job to serve the industry amid the textile trade dispute ... we will make our greatest efforts to defend the rights of our textile industry," he said after meeting industry leaders in Shanghai.

America, Asia lead in wealth rankings

AFP, New York

An additional 600,000 millionaires were created around the world in 2004, with North America and Asia leading the wealth stakes, according to a report released Thursday.

But the 2005 World Wealth Report by Merrill Lynch and Cappemini warned that it would become more difficult to join the millionaires club in coming years as economy becomes more difficult.

There are now an estimated 8.3 million people who can claim to have one million dollars, on top of the value of their main residence, according to the report, which estimated the net worth of the world's wealthy at 30.2 trillion dollars, an 8.2 percent rise on 2003.

North America has about 2.7 million people worth at least one million dollars -- high-net-worth individuals (HNWI) -- 10 percent more than the last report and overtaking Europe, which has 2.6 million.

The Asia-Pacific region has 2.3 million, up more than 8.0 percent, and Asia's growth rate was twice as fast as Europe's.

Only Britain and Spain bucked the trend of sluggish growth in Europe. Britain saw its number of millionaires grow by 8.9 percent and Spain 8.7 percent.

"The two main drivers of personal wealth creation -- economic growth and market capitalization -- worked together to generate the strongest growth in high-net-worth wealth that we've seen in more than three years," said James Gorman, an executive vice president of Merrill Lynch.

Weekly Currency Roundup

June 4-9, 2005

Local FX Market

US dollar was mostly steady against Bangladeshi taka. Demand for US dollar remained high.

Money Market

In the Treasury bill auction held on Sunday, bid for BDT 1,842.00 million was accepted, compared with BDT 2,255.00 million in the previous week's bid. Weighted average yield of t-bills remained almost unchanged.

Call money rate ranged between 8 and 15 percent till the middle of the week. Call rates eased slightly at the end of the week, when most of the deals ranged between 5 and 12 percent.

International FX Market

In the beginning of the week, dollar fell against euro and yen on back of gloomy US jobs data. However, euro was also under pressure amid concerns over political and economic future of the European Union. Apart from the fact that France and Netherlands rejected the EU constitution in referendums last week, the Euro Zone is also facing the prospect of lower interest rates. European Central Bank chief economist commented policy strategy does not rule out an interest rate cut.

In the middle of the week, euro gained against both dollar and yen after positive comments from Euro Zone policymakers. Earlier the market became wary that euro might not get enough political support after two founding members of the bloc rejected the European constitution. Meanwhile, dollar was also under pressure after Federal Reserve Chairman Alan Greenspan failed to offer any support to the greenback. Comment from Dallas Fed president last week that central bank may be near the end of its tightening cycle also contributed to dollar's fall.

By the end of the week, dollar hit a nine-month high against the euro amid expectation of higher US interest rates. Federal Reserve Chairman Alan Greenspan is expected to share his outlook for growth and interest rates in the US economy in his congressional testimony. Rising US interest rates have drive the dollar up more than 10 percent against the euro and nearly 5 percent versus the yen this year.

- Standard Chartered Bank



PHOTO: BMCCI

Malaysian Foreign Minister Syed Hamid Bin Syed Jaafar Albar and his Bangladeshi counterpart M Morshed Khan pose for photographs with the office bearers of Bangladesh-Malaysia Chamber of Commerce & Industry (BMCCI) at a reception hosted by BMCCI in honour of the Malaysian foreign minister Tuesday in Dhaka.



PHOTO: DHAKA BANK

Dhaka Bank organised an executive development programme on 'Corporate Governance and Risk Management in Banks' recently in Dhaka. Deputy Managing Director of the bank Khandker Fazle Rashid inaugurated the programme, which was also attended by former governor of Bangladesh Bank Dr Mohammed Farashuddin.

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