

Protectionism threatens Doha round trade talks

Mandelson says

Protectionism and a lack of trust and openness among negotiators are preventing the completion of the Doha round of world trade talks, EU Trade Commissioner Peter Mandelson said Thursday.

Mandelson called for a "new negotiating dynamic" and said protectionism was rising across the European Union sparked by fears a lowering of trade barriers would lead to job losses.

"There is too much dancing around. People are playing their cards top close to their chest and not identifying or talking about the trade-offs or deals that could be made in different sections of the negotiations," Mandelson said.

"We've got to change that, introduce a new dynamic," added Mandelson, speaking at a Reuters-sponsored event.

He said tackling the problem of protectionism would be more difficult.

World Trade Organisation members have set an informal goal of reaching a new world trade pact by 2007 to lower trade barriers in agriculture, manufactured goods and services. They have failed to meet an original deadline of Jan 1, 2005.

Negotiators meet next month in Geneva and in December in Hong Kong with a view to making enough progress to meet the new deadline.

Mandelson said countries needed to show a greater degree of trust and discuss openly "what the bargains, what the trade-offs can and should be."

Europe had lost its confidence to embrace change and increasing competition, he said. Economic reform had to go hand-in-hand with social policies to counter a wave of protectionism, he added.

Asked how he felt about the prospect of the completion of the Doha round, he said: "Frustrated, impatient and worried but nonetheless optimistic.

The potential gains from a successfully concluded Doha round are so great they are unmissable," he added.

Dragonair shuts office in Thailand's Phuket

AFP, Bangkok

Blaming a steep decline in passenger numbers, Hong Kong airline Dragonair will shut its Phuket office in southern Thailand from July 1, having already suspended flights there, the carrier said Friday.

The decision is a further blow for the island, which is heavily reliant on tourism, as room bookings are down by two-thirds from a year ago.

"As demand for travel to Phuket continues to be low, scheduled services have been suspended indefinitely," Dragonair said in a statement.

"We will continue to serve the island with charter flights in response to market demand."

Dragonair scrapped its Hong Kong-Phuket route immediately after December's tsunami, said the airline's assistant marketing manager in Thailand, Sirin Atthabodeekul.

The average occupancy rate in June for the provinces of Phuket, Phang Nga and Krabi on the Andaman coast was below 20 percent, compared to nearly 60 percent last year, Napasorn Kakai, assistant director at the Tourism Authority of Thailand (TAT) in Phuket, told AFP last week.

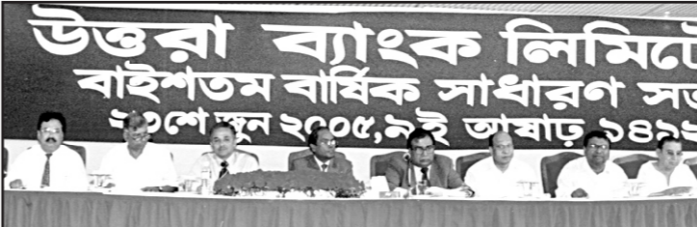


PHOTO: UTTARA BANK

The 22nd annual general meeting (AGM) of Uttara Bank Ltd was held Thursday in Dhaka. Chairman of the Board of Directors of the bank Azharul Islam presided over the AGM, which declared a 50 percent cash dividend for the year 2004.



PHOTO: UCBL

MA Sabur, chairman of United Commercial Bank Ltd, inaugurates the bank's IT and Card divisions at Sara Tower at Motijheel in Dhaka recently. Other senior officials of the bank are also seen in the picture.

Oil prices rise, eye fresh records after hitting \$60

AFP, London

World oil prices rose towards fresh records on Friday after hitting an all-time high of 60 dollars per barrel in New York, propelled by supply fears in the face of massive Chinese and US demand.

New York's main contract, light sweet crude for delivery in August, rose 29 cents to 59.71 dollars a barrel in electronic deals on Friday from its close of 59.42 -- a record closing high.

The contract hit 60 dollars per barrel exactly for the first time during New York trading Thursday, as speculators seized on supply concerns ahead of the northern hemisphere winter to test the key psychological barrier.

The historic high -- breaking Tuesday's record 59.70 dollars -- was touched again in overnight electronic trading.

In London Friday, the price of Brent North Sea crude oil for delivery in August gained 39 cents to 58.35 dollars per barrel. It earlier

reached 58.51 dollars, not far off Monday's high of 58.58 dollars.

Friday's trading would be crucial to determine whether prices can climb above and remain over 60 dollars per barrel, according to Daniel Hynes, a commodities analyst with the ANZ Bank in Melbourne, Australia.

"It will be important to see if it can establish itself above that level. It's a pretty key psychological mark," Hynes said.

"Trading will be especially important in the US leading into the weekend. It will certainly be a key 24 hours."

Prices are hitting record peaks as speculators worry that refineries will struggle to turn enough crude oil into heating fuel to meet fourth-quarter demand, dealers said.

"As long as global oil demand remains strong, in the short-term we can't expect prices to drop significantly," said Victor Shum, a Singapore-based analyst with US energy consultancy firm Purvin and Gertz.

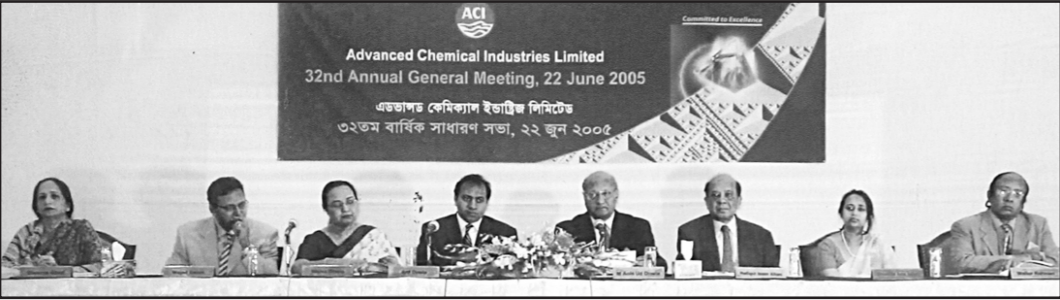


PHOTO: ACI

MANIS Ud DOWLA (5-L), chairman and managing director of ACI Ltd, presides over the company's 32nd annual general meeting (AGM) in Dhaka Wednesday. Sheema Abed Rahman (extreme left), director and company secretary, and other directors of the company were also present at the AGM that approved a 42.5 percent dividend.



PHOTO: HSBC

Officials of the Hongkong and Shanghai Banking Corporation (HSBC) Ltd, Bangladesh, and other local banks pose for photographs at a daylong seminar on international banking matters in Dhaka recently. HSBC Bangladesh, and HSBC Bank USA, NA organised the seminar for local bankers.

US direct investment abroad hits record \$252b in 2004

REUTERS, Paris

US direct investment abroad hit a record \$252 billion in 2004, driven by rising corporate merger and acquisition activity, which picked up more generally last year and continues to do so in 2005, the OECD said Thursday.

Overall trends in investment marked a "return to normal" in the Organisation for Economic Cooperation and Development's 30 mainly wealthy industrialised nations, with a continuation of net outflows.

The information came in a report on investment trends.

US outflows in foreign direct

investment hit \$252 billion versus \$141 billion in 2003 while inward investment rose to \$107 billion from a historically low \$67 billion in 2003, the OECD said.

France and Germany both registered sharp decreases in inward investment which the OECD said in a report were largely due to repayments of inter-company loans that shifted money abroad.

Regarding the surges in inward and outward US investment, the OECD said developments last year partly reflected weakness in the dollar but also a spending spurred by US companies.

Weekly Currency Roundup

June 18-June 23, 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 4,175.00 million was accepted, compared with BDT 1,842.00 million in the previous week's bid. Weighted average yield of t-bills remained almost unchanged.

Call money rate was range-bound this week. Call money rate was ranged between 5.00 and 10.00 percent for most of the week.

International FX Market

The euro fell versus the dollar on Monday after European Union leaders failed at the weekend to agree on a long-term budget, plunging the bloc into deeper crisis. The EU leaders also extended the deadline for ratifying a proposed constitution two weeks after French and Dutch voters rejected it, which triggered a wave of euro selling. JPY was also down by 0.2 percent against dollar.

The euro and sterling fell against the dollar on Wednesday, as European rate cut speculation came back into focus following report from the Bank of England. Sterling dropped half a percent against the dollar and a quarter percent against the euro after minutes of the Bank of England's June meeting showed two Monetary Policy Committee members voted for a rate cut, including the bank's chief economist. The dollar also rose more than half a percentage against yen as speculation of an imminent revaluation of the Chinese yuan cooled after a prominent Chinese banker suggested Beijing was in no rush to revalue its currency. The yen was also hurt by data showing a shrinking Japanese trade surplus.

The euro slipped towards last week's nine-month low against the dollar on Thursday on growing expectations that European interest rates would move further below those in the US. The yen gained after data showing improved confidence in Japan business conditions as the focus shifted to Federal Reserve chief Alan Greenspan and Treasury Secretary John Snow testifying at a Senate hearing on US-China economic relations. This week the euro has come under selling pressure after aggressive rate cut from Sweden's central bank and a dovish Bank of England report raised expectations interest rates in the Europe might be heading down.

- Standard Chartered Bank

STOCK