

US Democrats offer new bill targeting China trade

AFP, Washington

Opposition Democrats in the House of Representatives introduced a bill Thursday aiming to cut the massive trade deficit with China by targeting what they called unfair trade practices.

"The unrelenting, sky-high trade deficits with China reflect a failure by the Bush administration to adopt trade policies that promote the interests of US workers, businesses and farmers," said Representative Charles Rangel, one of the sponsors.

"We can't keep whistling into the wind and ignoring these deficits. They are undermining our economy and causing hard-working Americans to lose jobs."

Although introduction of a bill does not guarantee passage, the move highlighted the growing discontent in Congress over China, which has been accused of manipulating its currency to help exports and squelching competition through use of state-controlled companies.

The bill would allow US workers and businesses to challenge Chinese subsidies to manufactured and agricultural exports, and make clear that "currency manipulation" is an unfair trade practice.

The bill would also revive the "Super 301" provisions of US law to direct the administration to identify barriers to US exports and an other unfair practices, including failure to protect intellectual property rights.

The action comes as the US

trade deficit with China reached 15.8 billion dollars in May, the highest this year and third-highest on record.

Rangel said President George W. Bush has failed to get a level playing field with the Chinese.

"Time is up, and the Bush administration's China trade policy has flunked every test," he said.

"The growth in China's economy is one of the most important and predictable developments of the 21st century and yet the Bush administration is like a deer caught in the headlights," he said.

"Since the president has no viable policy for dealing with trade with China, Congress must step in on behalf of America's working families and small businesses."

Transcom Electronics, Eastern Bank sign deal

Employees of Eastern Bank Ltd will be able to buy Philips, Whirlpool, Changhong and Transtec brand electronics products from Transcom Electronics Ltd under a special easy purchase scheme.

A corporate agreement titled 'EzeeBuy' to this effect was signed between Transcom Electronics and the bank Tuesday in Dhaka, says a press release.

Habibur Rahman Mollah, general manager (Finance and Accounts) of Transcom Electronics, and Md Iftekhar Hussain, senior vice president and head of HR of Eastern Bank, signed the deal on behalf of their companies.

Shahriar A Chowdhury, GM of HR and Administration, Yeamin Sharif Chowdhury, marketing manager of Transcom, and Sami Karim, senior vice president and head of Credit Administration of Eastern Bank, among others, were present at the signing ceremony.



PHOTO: TRANSCOM ELECTRONICS

Habibur Rahman Mollah, general manager (Finance and Accounts) of Transcom Electronics Ltd, and Md Iftekhar Hussain, senior vice president and head of HR of Eastern Bank Ltd, shake hands after signing an agreement Tuesday in Dhaka. As per the deal, employees of the bank will be able to buy Philips, Whirlpool, Changhong and Transtec brand electronics products from Transcom Electronics under a special easy purchase scheme.



PHOTO: JANATA BANK

SM Aminur Rahman, managing director of Janata Bank, speaks at the inauguration of a 'Managing Core Risks in Banking (Executive) Course' in Dhaka recently. Md Ashraf Ali, deputy managing director of the bank, among others, was present at the function.

India govt wants Airbus order re-examined

AFP, New Delhi

India's government wants a planned 2.2 billion dollar deal for the purchase of 43 passenger aircraft with European plane maker Airbus for state-run domestic carrier Indian Airlines re-examined, the aviation minister said Friday.

The Indian Airlines board has already cleared the acquisition of 20 Airbus A-319s, 19 A-321s and four A-320s but the finance ministry is not satisfied the price is the best possible and has blocked the deal.

Civil Aviation Minister Praful Patel now wants a committee of experts to be appointed by India's prime minister to re-examine the issue.

"I will write to Prime Minister Manmohan Singh after he comes back from the United States and then he may appoint a committee," Patel told AFP.

The minister said the effort is to ensure "absolute transparency" in the negotiation of prices.

Singh is slated to visit the United States from July 18 to 20.

Asia's forex reserves up \$132b in first 6 months of 2005

REUTERS, Singapore

Asian holdings of foreign exchange reserves rose \$132 billion in the first six months of 2005 to total \$2.58 trillion, led by a steep climb in China's holdings, central bank figures showed.

China's reserves alone grew \$101 billion in the first six months as speculation of a yuan revaluation and a mounting trade surplus led to inflows of foreign money into the country.

China's trade surplus was \$39.65 billion in the first half of 2005, compared with a deficit of \$6.8 billion a year earlier.

China said on Thursday its reserves had risen \$20 billion in June.

Excluding China, total reserves in the rest of Asia fell in May and June. Many of the regional central banks had intervened to sell dollars in those two months as a strengthening US economy pushed up the US dollar.

The euro also fell nearly 6 percent against the dollar in May and June, pressured by the euro zone's economic woes and political uncertainty. With an estimated 20 percent share of world reserves, the euro's fall would have caused revaluation losses for reserve-holders.

China denies yuan revaluation in August

AFP, Beijing

China's central bank Friday denied it was planning to announce a revaluation of its currency after the Bush administration reportedly told key senators that it expects such a move in August.

"There is no timetable," central bank spokesman Bai Li said, reiterating China's standard position on any change in its currency regime.

The Financial Times Friday said the US government had told Senators Charles Schumer and Lindsey Graham, co-sponsors of a bill that would impose a 27.5 per-

cent tariff on imports of Chinese goods in the absence of any forex change, that it expected a move next month.

The senators agreed to delay a vote on the bill after being assured Beijing would revalue the yuan in discussions with Treasury Secretary John Snow and Federal Reserve chairman Alan Greenspan, the newspaper said citing people close to the matter.

"Senator Graham and I believe that the administration is convinced that China will begin a revaluation process this summer, forced by our bill's success in the Senate," Schumer was quoted as saying.



PHOTO: G3

Zhang Shengxing Richard, chief representative of Huawei Technologies Ltd, a Chinese manufacturer of telecommunications equipment, and Nasir Bin Baharom, managing director of AKTEL, exchange documents after signing an agreement Tuesday in Dhaka. Under the deal, Huawei Technologies has become a corporate client of the mobile phone operator. Other senior officials from both the sides were also present at the signing ceremony.



PHOTO: JANATA INSURANCE

Abdul Gaffar Chowdhury, chairman of Janata Insurance Company Ltd, speaks at the 19th annual general meeting (AGM) of the company in Dhaka Monday. Rubel Aziz, vice chairman, Md Jainul Abedin, managing director, and directors of the company, among others, were present at the AGM.

Weekly Currency Roundup

July 09-July 14, 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 9,792.00 million was accepted, compared with BDT 8,182.00 million in the previous week's bid. Weighted average yield of T-bills was slightly higher than previous week.

Call money rate was flat this week. Call money rate ranged between 4.00-5.00 throughout the week.

International FX Market

The dollar eased from a recent 14-month high against the euro and 19-month peaks versus sterling on Monday after disappointing US jobs data last week tempered the US currency's rally. The euro gained some ground after Luxembourg approved the European Union constitution by a solid majority in a referendum over the weekend, while sterling benefited as the markets saw a limited economic impact from last week's bombings in London. The dollar was down a third of a per cent against the euro. Against the British pound it was also down 0.3 percent.

The dollar recovered from Tuesday's four-week low against the euro on Wednesday as selling ahead of US trade ebbed but analysts said the US currency remained vulnerable to any increased trade deficit. The US figures, due at 1230 GMT, were expected to show the trade deficit rising to \$57 billion in May, near a record, from \$56.96 billion in April, according to a Reuters poll. So far this year, the dollar has shaken off concerns about structural weakness in the US economy, such as the current account deficit and gained 10 percent versus the euro as investors have sought to benefit from rising US interest rates. Sterling fell to a 3-1/2 month low against the euro and 0.8 percent against the dollar after weak labour market data.

The dollar hold firm on Thursday, before US retail sales and inflation data that could offer more support for the US currency a day after a boost from a surprising improvement in US trade and budget deficits. The trade deficit shrank to \$55.35 billion in May, beating forecasts for a slight widening and helping ease worries about the country's dependency on foreign capital to cover the gap. The deficit had hit a record \$60.0 billion in February. At the same time, White House cut its budget deficit forecast for fiscal 2005 by almost \$100 billion to \$333 billion, as stronger economic growth had boosted incoming tax receipts. US retail sales are forecast to rise 1.0 percent in June compared with a 0.5 percent decline in May.

The data was due at 1230 GMT along with inflation data that could also bolster the case for more US interest rate rise.

- Standard Chartered Bank

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