

US, EU must put efforts to break trade deadlock: WTO

AFF, Paris

United States and the European Union must each make further efforts to push forward negotiations on agriculture at the World Trade Organization, WTO director general Pascal Lamy told French LCI television here on Friday.

Lamy said that the United States "must move on the budgetary support which it provides for its farmers, and they will do so," Lamy said.

The European Union had "carried out its reform" already and "it has some room for manoeuvre to negotiate".

Lamy, a Frenchman and a former EU trade commissioner, said: "Each has to make efforts."

Referring to deadlock at WTO talks in Geneva in the Doha Round of trade liberalisation, essentially over agriculture, he said that such efforts by the United States and EU "will do much to reduce tension among developing countries which want to see trade opened up" and "things will go rather better".

Lamy said: "It is not the United States which is pushing Europe in one direction or another, but all developing countries which are pushing the United States and Europe to open their markets a little and to cease subsidising exports, for example."

He continued: "It is clear that if the Europeans subsidise exports of sugar and of sugar beet, and compete with



PHOTO: MILLENNIUM INFORMATION

Mahmud Hossain, chief executive officer of Millennium Information Solution Ltd, and Abbas Uddin Ahmed, managing director of City Bank Ltd, shake hands after signing an agreement in Dhaka on Thursday. Under the deal, Millennium through its banking software 'Ababil' will manage all the operations of online Islamic banking of the bank.



PHOTO: AKTEL

AKTEL has recently signed two separate in building coverage solution agreements with Eastern Plaza and Planners Tower, two shopping malls in the capital. Vijay Watson, chief operating officer of AKTEL, and Mushfiqur Rahman Khan, president of Eastern Plaza and Planners Tower Shop Owners Association, signed the deal on behalf of their respective organisations. Under the deal, AKTEL customers will be able to get improved network services in these shopping malls.

cane sugar, or if the Americans subsidise cotton and so compete with African countries, it is not fair."

Asked about the causes of the deadlock over agriculture, Lamy said that agricultural produce accounted for less than 10 percent of international trade but that 70 percent of poor people in the world lived in rural regions.

Support for agriculture is at the heart of the Doha Round of trade-opening negotiations. Talks being held in Geneva are intended to prepare for a ministerial conference of the WTO in Hong Kong in December.

There is broad understanding that progress has to be made soon to avert failure at the Hong Kong meeting.

France, in particular, regards agriculture, and support for it under the EU Common Agriculture Policy, as a matter of vital interest.

This week French ministers have signalled several times that they are concerned the European Commission is set to make undue concessions in the talks in Geneva, and on Thursday French Prime Minister Dominique de Villepin said that any further proposals by the EU would be premature.

Millennium to offer software for City Bank' Islamic banking operations

Millennium Information Solution Ltd through its banking software 'Ababil' will manage all the operations of online Islamic banking of the City Bank Ltd.

An agreement to this effect was signed between the two companies on Thursday, says a press release.

Mahmud Hossain, chief executive officer of Millennium, Abbas Uddin Ahmed, managing director of the bank, and other senior officials from both the sides were present at the agreement signing ceremony.



PHOTO: BENGAL PLASTIC

The fourth industrial unit of Bengal Plastic Industries Ltd was opened recently at Domna Kashimpur in Gazipur. Morshaed Alam, chairman, Jashim Uddin and Humayun Kabir Bablu, directors of Bengal Group, were present at the inauguration.



PHOTO: BASIS

Syed Faruque Ahmed, convenor of Basis Softexpo 2005, and Zia Manzur, sales manager of Intel Em Ltd, shake hands after signing a memorandum of understanding (MoU) recently in Dhaka. Under the MoU, Intel has become co-sponsor of the show, which is scheduled for November 27 to December 1, 2005.

Activity in Japan's services sector up

REUTERS, Tokyo

Activity is Japan's service industries picked up more than expected in August, signalling that consumer spending remained a strong driver of economic growth thanks to higher incomes and better employment conditions.

The tertiary index, a gauge of activity in the services sector, rose 1.7 percent from the previous month, the Ministry of Economy, Trade and Industry (METI) said Friday. The index, at 107.5, was the highest on record.

Analysts had expected a rise of 0.9 percent, according to the median forecast in a Reuters poll last week. In July, the index fell 0.7 percent.

"Had it not been for resilient domestic consumption, the economy could have suffered a severe setback when output fell," said Takumi Tsunoda, an economist at Shinkin Central Bank Research Institute, referring to weak industrial production earlier this year.

"But a recovery in wages is underpinning consumer spending," he said.

Bank of Japan Deputy Governor Toshiro Muto said on Friday oil prices were a major risk for the economy, but reiterated the central bank's view that the economy would continue to show a moderate but steady recovery.

He also repeated year-on-year changes in the core consumer price index, which excludes fresh food, would be flat or slightly positive from around the end of the year.

IMF sees global rates rising, urges caution

REUTERS, Barcelona

Global interest rates are set to rise and investors must take that into account when making business decisions, IMF Managing Director Rodrigo Rato said Thursday.

Rato said long and short term rates worldwide were very low and there was a danger of cheap credit making for risky decisions.

"We have to be aware that some of these matters could be leading to inefficient, or in some cases dangerous, decisions. There is a search for profitability which could have very expensive consequences in the banking and financial systems," he told a seminar in Barcelona.

Recently however, short-term rates were rising slowly, and an increase in long-term rates was also starting to be seen.

While euro zone interest rates have remained at 2.0 percent for more than two years, the US Federal Reserve has gradually raised its short-term interest rate target to 3.75 percent.

"It is to be expected that rates rise," Rato said, adding that inflationary tensions were moderate.

"Everyone has to be aware that it is to be expected that this should happen and therefore decisions have to be taken very seriously," he said.

He said as rates rise, the way investors assess risk would return to within historical averages, which was not the case now.

Weekly Currency Roundup

Oct 16-Oct 20, 2005

Local FX Market
Demand for US dollar remained steady in the market throughout the week.

Money Market
In the Treasury bill auction held on Sunday, bid for BDT 12,873.00 million was accepted compared with total of BDT 10,837.00 million in the previous week's bid. Weighted average yield was almost unchanged.

Call money rate was stable throughout the week. The rate was range-bound at 5.50 to 6.50 percent in the week.

International FX Market
The dollar slid to a week's low versus euro on Monday as rising risk aversion, tame US inflation data and a hefty drop in industrial production left investors seeking more clues on the pace of interest rate hikes. Falling equities, a jump in bond yields driven by rising inflationary expectations, troubles at New York-based commodities and futures brokerage Refco and the build up of a new storm in the Caribbean weighed on market sentiment. The New York Fed's October report at 1230 GMT on statewide manufacturing was expected to show a slight pick-up in growth, with economists forecasting a reading of 18.50 compared with 16.97 in September.

The dollar registered gains during the middle of the week, hitting a two-year high versus the yen and a three-month peak against the euro after another top Federal Reserve official signaled interest rates would rise further. Fed Vice Chairman Roger Ferguson said late on Tuesday that the energy price surge following hurricanes Katrina and Rita had worsened the inflation outlook but the economic outlook remained solid. The dollar was also up more than half a percent against the Swiss franc to a three-month high and a third of a percent versus the British pound. Also helping to put investors at ease about the massive US deficits. US Treasury figures showed foreigners bought a net \$91.3 billion of US securities in August, showing the country is having little trouble for now funding its current account gap. Voracious Japanese demand for higher-yielding foreign bonds had also swamped the yen, overshadowing widespread confidence Japan's economy is set for sustained growth that has sparked big overseas buying of Tokyo shares.

The dollar stabilised on Thursday near this week's two-year high against the yen and three-month peak versus euro hit on expectations for higher US interest rates, but its momentum was slackening after this month's rally.

- Standard Chartered Bank

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