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BUSINESS

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Davos wraps up with huddle on WTO talks

AFP, Davos, Switzerland

Ministers from 24 key trading countries and the European Union met on the final day of the Davos forum Saturday in a bid to breathe fresh life into stalled global trade negotiations.

The leaders backed a "quick resumption" of the frozen Doha Round of global trade talks, the Swiss economics ministry said.

"They expressed a strong wish for a quick resumption of full scale activity in Geneva," the ministry, which hosted the meeting with World Trade Organisation chief Pascal Lamy, said in a statement.

"The clear signal for the resumption of full scale negotiations in

Geneva got strong support from political leaders and the business community gathered in Davos," the statement added.

The meeting of the select group of WTO members on the sidelines of the World Economic Forum was aimed at finding a way forward for the five-year-old talks which broke down in acrimony last July.

"We must tell the world that the Doha round is not dead," EU Trade Commissioner Peter Mandelson told journalists in Davos during a break in the meeting with his counterparts in a luxury hotel.

Lamy suspended the negotiations at WTO headquarters in Geneva because of the persistent deadlock between the European Union, the United States and devel-

oping countries over trade tariffs.

Mandelson called on all those involved to show flexibility in the coming months.

In recent days, key countries including India and the United States had played down hopes of an immediate breakthrough in Davos, although they hinted at some progress.

Brazilian President Luiz Inacio Lula da Silva, an influential member of the G20 group of developing countries in the WTO, said during an appearance at the Forum that Brazil was willing to make concessions.

However, he was only ready to persuade the G20 to accept a deal if the EU and United States bridged their gap over farm subsidies and

tariffs first.

"It is necessary that the US and Europe reach an agreement, because otherwise there's no agreement," he said.

In the European Union, the French government in particular has insisted that the EU should not make any new offer to reduce import tariffs on farm products, a key bone of contention with the United States and developing nations.

The round, which aims to break down trade barriers for the benefit of developing countries, is riven with cross-cutting disagreements about farm subsidies, import tariffs and attempts to break down barriers to industrial and services trade.

Wal-Mart not participating in NYC Fashion Week

REUTERS, New York

Wal-Mart Stores Inc, the world's largest retailer, has decided not to participate in New York's upcoming Fashion Week.

"We just elected not to show our collections at that venue," said Wal-Mart spokeswoman Linda Blakley.

New York Fashion Week is a twice-yearly event that gives the fashion industry a chance to view the latest design collections for the upcoming season. The next New York Fashion Week will kick off on February 2.

Wal-Mart has been participating in the event since September 2005, when it held a fashion show in a Times Square studio that could be viewed by pedestrians.

That fashion show, which followed an eight-page advertising spread in Vogue magazine, was staged as Wal-Mart tried to boost sales by luring shoppers to buy trendier clothing or home decor instead of just low-margin groceries.

In September, Wal-Mart returned again to Fashion Week to show off its George ME fashion line by guest designer Mark Eisen, and its own Metro 7 clothing line.

But Wal-Mart has struggled with the fashion forays, posting disappointing same-store sales results as customers shunned trendier items, like skinny-leg pants, and the retailer said it overexpanded its Metro 7 line.

Manila to liberalise forex restrictions

ANN/ DAILY INQUIRER

In sharp contrast to Thailand's recent move to curb capital inflows, the Philippines is set to liberalize existing restrictions on capital outflows as a way to hedge against the strong influx of foreign money while keeping its monetary policy steady for now.

At its regular monthly meeting Thursday, the Monetary Board, the policy-making body of the central bank, maintained its overnight rates for the 15th straight month at 7.50 percent for overnight borrowing and 9.75 percent for overnight lending and kept the tiering system that was revived since November.

Tiering, effectively a monetary easing, is a system wherein the BSP pays a lower rate on overnight funds in excess of certain threshold levels to encourage banks to lend out instead of parking all their funds with the monetary authority.

Since the central bank, Bangko Sentral ng Pilipinas (BSP), introduced the tiering system, some analysts said monetary policy had become too accommodating given possible price pressures from rising liquidity caused by heavy foreign exchange inflows from foreign portfolio investments and remittances from overseas Filipino workers.

But BSP sources said a package of measures to liberalize the capital accounts, focusing on the outflow side, was being prepared and would soon be presented for approval by the Monetary Board.

"We will be responding to capital flows in due time," one BSP source said. "We have to do something about the expected heavy inflows."

The source declined to say what measures were being drawn up, but other officials said the package would include the proposed changes to the overbought position or the amount of dollars that banks are allowed to buy from the spot foreign exchange market.

In a commentary dated Jan. 23, economists from Credit Suisse said monetary policy in the Philippines would "likely remain burdened by the challenge of managing capital inflows, which may prompt the authorities to relieve the pressure by liberalizing capital outflows."

Three possible measures expected by Credit Suisse to be adopted by the BSP as part of this liberalization were:

Simplifying documentary requirements for buying foreign exchange for current account

Citibank to set up holding company in Japan

AFP, Tokyo

US financial giant Citibank NA plans to set up a financial holding company in Japan as early as July, making it the first foreign financial institution to do so, a news report said Saturday.

By establishing a holding company, the group aims to improve control and governance of the group's operations in Japan, including banking, securities, credit cards and consumer finance, the Nikkei financial newspaper said.

The decision comes after Citibank went through a series of run-ins with Japanese authorities.

The local financial watchdog last year ordered the company to improve its conduct following a massive computer glitch here.

In 2004, the Financial Services Agency ordered four Citibank branches to shut down for allegedly amassing illegal profits and misleading customers and inspectors.

Russian output to surpass Soviet record

AFP, Davos

Russia's output will this year surpass for the first time the maximum level achieved in the Soviet Union, 15 years after the collapse of the Communist bloc, Deputy Prime Minister Dmitry Medvedev said Saturday.

"Some say Russia is starting to resemble the Soviet Union," Medvedev told world business and political leaders at the World Economic Forum in the Swiss ski resort of Davos.

"Maybe so," he added. "Maybe in part this is the case, but only in one area: this year we will reach the maximum level of GDP reached in the Soviet era".

Medvedev, the front runner to succeed President Vladimir Putin in 2008 presidential election, also laid out the economic priorities for the Russian government.

They include a reduction of the dependence on the commodities industry, improving infrastructure and nurturing a high-skilled workforce.

He stressed the need to develop high-tech processing of natural resources, the aerospace sector, and boost exports of intellectual services.

The state will invest in "branches of the economy that require most capital investment," Medvedev said, while stressing that this did not mean a "rebirth of the state-controlled economy."



PHOTO: GLOBAL ONLINE

Md Ehsanul Haque, director of Executive Technologies Ltd, and Russell T Ahmed, convener of Corporate Bazaar-2007, an exhibition of corporate houses scheduled for February 10-12, pose for photographs at an agreement signing ceremony recently. Under the deal, Executive Technologies, the distributor of Acer brand IT products in Bangladesh, will take part in the show as an exhibitor. Global Online Services Ltd, a local corporate internet service provider, will organise the fair.



PHOTO: KARMASANGSTHAN BANK

The Branch Managers Conference 2007 of Karmasangsthan Bank was held yesterday in Dhaka. Managing Director of the bank Dewan Mujibur Rahman presided over the meeting while Chairman Md Sirajul Islam and directors, among others, were present.

Microsoft profit down

AP, undated

Microsoft Corp. shares got a bounce after the software maker posted fiscal second-quarter results that beat analysts' forecasts and offered encouraging signs about the fate of the new Windows Vista computer operating system.

Vista's long-delayed launch was largely to blame for Microsoft's 28 percent drop in profits in the last three months of 2006. Earnings fell to \$2.63 billion, or 26 cents per share, from \$3.65 billion, or 34 cents per share, during the same period last year.

Revenue rose to \$12.5 billion, a 6 percent gain from \$11.8 billion in the year-ago quarter. Analysts were expecting just shy of \$12.1 billion.

China's macro-economic cooling steps ineffective

Warns IMF

AFP, Beijing

IMF managing director Rodrigo Rato warned Friday that Beijing's macro-economic measures aimed at cooling China's roaring investment and lending were proving ineffective.

"The use of administrative controls and window guidance for lending in conjunction with some monetary policy measures has not been effective in providing a lasting solution to the problem," Rato told a press briefing.

"Rapid growth of credit and high levels of investment are a risk for the Chinese economy and could materialize to inflation but also ineffective investment," he said.

Rato made his remarks after meeting with Premier Wen Jiabao and central bank chief Zhou Xiaochuan as part of bilateral discussions concerning the reform of the IMF and the state of the Chinese economy.

China's economy soared 10.7 percent last year, the highest level in 11 years and topping 2005's 10.4 percent growth level, the government announced this week.

To better control its economy the IMF said China must rely more extensively on monetary policy but the tight management of its currency is constraining it from doing so.

"If monetary policy has to take a heavy tool in sterilizing large inflows into the economy, the capacity to use monetary policy to do other things diminishes."

Rato also questioned the speed of China's promise to move toward giving the yuan fuller play by placing it in a basket of currencies.

"We all know the formal decision in July 2005 was to move toward a basket and we believe that decision was correct and is even more correct now, that's why the implementation is a key question," he said.

China ended a decade-long peg

to the dollar in favour of a managed float at that time, revaluing the currency with reference to a basket of currencies.

It has repeatedly promised to allow its foreign exchange regime to become more flexible and actually place its currency in a basket.

Rato said the success of China's currency policy should not be judged solely against the dollar but against the currencies of all its trading partners.

The yuan, which has strengthened almost six percent since it was revalued, ended Friday trade at 7.7755 against dollar, down from Thursday's finish at 7.7690.

Toyota's vehicle production rises in '06

AP, Tokyo

Toyota's global production last year surged 10 percent to more than 9 million vehicles, narrowing the gap with General Motors, the world's No. 1 automaker.

Toyota Motor Corp., riding on its reputation for fuel-efficient cars like the Prius hybrid, said Friday that it produced 9.018 million vehicles, including its Japanese subsidiaries that make trucks and smaller models. It was its fifth straight year of growth.

Detroit-based General Motors Corp. and its group automakers produced 9.18 million vehicles worldwide in 2006, about 162,000 vehicles more than its Japanese rival.

That gap has narrowed from about 819,000 vehicles at the end of 2005, when Toyota and its Japanese units made 8.232 million vehicles worldwide and GM's production totaled 9.051 million.

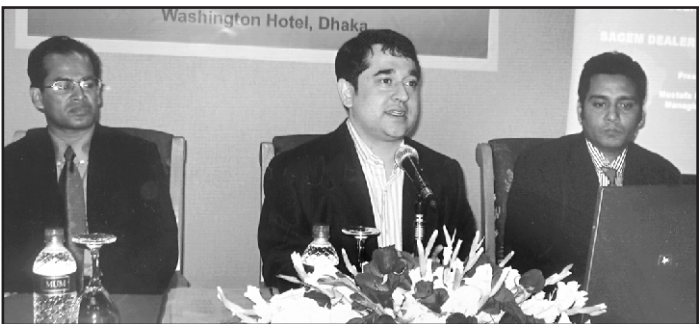


PHOTO: FLORA TELECOM

Flora Telecom Ltd, the distributor of Sagem brand mobile phone sets in Bangladesh, held Sagem Dealer Conference 2007 in Dhaka on Thursday. Mostafa Rafiqul Islam, managing director of Flora Telecom, and Mostafa Jasim Raihan, general manager (finance and accounts), among others, were present at the conference.



PHOTO: ISLAMI BANK BANGLADESH

Mominul Islam Patwary, chairman of executive committee of Islami Bank Bangladesh Ltd, speaks at the inaugural session of a workshop on 'Foreign Trade & Remittance' yesterday in Dhaka. Other senior officials of the bank are also seen.