

# Star BUSINESS

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## Rapid globalisation risks deepening poverty: UN

AFP, Nairobi

The unchecked growth of the global economy and its devastating effect on the world's finite natural resources could lead to crippling poverty and cross-border spats over scarce raw materials, the United Nations warned Thursday.

UN Environment Programme (UNEP) chief Achim Steiner said big business and policymakers needed to get green-friendly as they chart out future international trade opportunities and economic growth.

Governments and corporations should be addressing, "how, in a world driven by economic growth and opportunity, we can ensure that environmental sustainability does not become a victim of economic momentum," Steiner told a press conference in Nairobi.

Rampant globalisation and an increased demand for the natural resources, often at a damaging but invisible cost to the environment, may in fact aggravate the crippling effects of poverty rather than relieve them, UNEP said in a statement.

"The pace at which finite natural

resources are being lost could mean that the engine of globalisation may stutter and eventually run out of fuel, triggering potential tensions between nations and aggravating, rather than alleviating, poverty," it said.

Steiner's remarks on globalisation's contribution to environmental damage, which in many cases leads to global warming, come on the eve of the release of an eagerly awaited scientific report on climate change.

The UN International Panel on Climate Change (IPCC), an independent body composed of the world's top climate scientists, will release its first scientific assessment of climate change since 2001 in Paris Friday.

The report, a draft of which was seen by AFP, found a 90 percent probability that man-made greenhouse gases were responsible for the increase in the Earth's surface temperature over the last half century and that extreme and violent weather will be the norm by 2100.

Environmentalists believe the findings will finally put an end to

debate over whether human behaviour has contributed to climate change and pave the way forward for concrete action by governments and businesses alike to stem further environmental damage.

"This report closes the doors to those who were able to detract from the issue and puts an end to the notion of uncertainty and doubt about man's role in climate change," Steiner told AFP.

Steiner's comments come ahead of next week's four-day gathering of 95 environment ministers from around the world at UNEP headquarters in Nairobi, where the environmental damages of globalisation and a reduction of mercury emissions are key issues on the table.

World Trade Organisation director general Pascal Lamy is also scheduled to attend the summit.

"There is no longer one-way traffic in respect to trade and the environment... both sides have a tremendous amount to gain," Steiner said.

### China banks regain green light for financial leasing business

AFP, Beijing

China will allow commercial banks to again carry out financial leasing, a business they were required to withdraw from in 1997, state media reported Friday, citing the industry regulator.

Both local and foreign banks will be permitted to set up financial leasing companies from March 1, the China Daily said, citing the China Banking Regulatory Commission.

Eligible investors should conform with various requirements, including a capital adequacy ratio of no less than eight percent, according to rules posted on the commission's website.

The rule also reduced the minimum registered capital for a financial leasing company from 500 million yuan to 100 million yuan.

The industry, which currently consists of 12 finance leasing companies, will see big changes, with commercial banks likely to dominate the sector, analysts told the paper.

### Swiss watch exports hit record in '06

AFP, Geneva

Swiss watch exports grew by over 10 percent to a record 13.7 billion Swiss francs (11.0 billion dollars, 8.5 billion euros) in 2006, driven by luxury brands, the Swiss watchmaking federation (FH) said on Thursday.

"This remarkable result brings down the curtain on a very solid performance in 2006 during which the trend showed no reverses whatsoever," the federation said in a statement.



### Weekly Currency Roundup

January 28-February 01, 2007

#### Local FX Market

US dollar eased in the last week on back of comfortable supply.

#### Money Market

Overnight money market was steady throughout the week. The call money rate remained unchanged throughout the week and ranged between 6.25 and 6.75 per cent.

#### International FX Market

The dollar scaled a four-year high against the yen at the beginning of the week on Monday, supported by solid US economic data that helped persuade investors that the Federal Reserve may not cut interest rates this year. Stronger than expected December US durable goods orders and new home sales released on Friday were the latest in a series of robust figures that have convinced investors the world's biggest economy can avoid a hard landing and may not need a growth-boosting rate cut from the current 5.25 per cent. In contrast, Japanese inflation data came in below expectations last week and Monday's retail sales numbers for December showed a fall year-on-year, suggesting the Bank of Japan may find it difficult to justify a rate hike at its February meeting. The dollar was up a quarter of a percent on the day against the yen, having earlier hit a 4-year peak. The euro also gained 0.2 per cent on the day against the yen, moving towards last week's record peak above 158.60 yen. The euro also rose against the Swiss franc, another low yielder, around 30 ticks off last week's 8-year high. The euro was steady against the dollar at on a quiet day for euro zone and US economic releases.

During the middle of the week, the yen bounced against the dollar and rose versus the euro as jitters grew that the Group of Seven financial chiefs might raise concerns over the Japanese currency's recent weakness. Such worries escalated after the German finance minister, who will chair the G7 talks, said on Tuesday Europe's concerns about yen weakness would be raised at the meeting next week. Investors were reluctant to build sizeable positions ahead of the Federal Reserve's policy decision and a statement due later on Wednesday. The Fed was set to hold rates on hold at 5.25 per cent but the statement might reflect recent strong US data. The dollar was down 0.2 per cent against the yen. The euro was down 0.3 per cent against the yen, pulling further away from the record high hit last week. The euro was down 0.15 per cent against the dollar. The euro hit 8-year high against another low-yielding currency, the Swiss franc.

The dollar was back on the back foot on Thursday after the Federal Reserve said inflation pressures were likely to moderate, suggesting the US central bank would not raise interest rates in the coming months. Dollar sentiment also softened on growing wariness ahead of next week's meeting of financial officials from the Group of Seven industrialized nations in Germany. The Japanese currency was supported against the dollar and euro as market players hedged against the risk of the G7 saying something about the yen's broad weakness, especially as European officials have said the issue would be discussed at the Feb 9-10 meeting.

- Standard Chartered Bank

### Malaysia may halt US trade talks over Iran criticism

AFP, Kuala Lumpur

Malaysia said Friday it was ready to suspend free-trade talks with the United States after criticism over an energy deal with Iran, and warned it would not be "held hostage" to political demands.

The trade ministry condemned US lawmaker Tom Lantos' call for a halt in the trade negotiations over a 16 billion dollar deal signed in January between the state-owned National Iranian Oil Company and Malaysia's SKS Group.

"Malaysia reiterates that the FTA negotiations cannot be held hostage to any political demand, and cannot be conducted under such threats," it said of the free-trade agreement (FTA) talks.

"Malaysia is also ready to suspend negotiations if the situation warrants it," it said ahead of a crucial

fifth round of negotiations which will likely determine whether a deal is reached before a March deadline.

"It is now up to the US Administration to make its official position known, in order for Malaysia to decide on the future of the negotiations."

Next week's talks between the US and Malaysia, a predominantly Muslim nation, are seen as a last chance to establish a deal before President George W. Bush's powers to strike free trade deals expire in June.

Both sides have already expressed fears that they will fail to meet the deadline, with talks bogged down in sensitive areas including the services sector, investment and government procurement.

### STOCK



The Annual Conference-2007 of Branch Managers of United Commercial Bank (UCB) Ltd was held on Sunday in Dhaka. Chairman of the bank Hajee Yunus Ahmed, directors, managing director and other senior officials were present at the conference.

PHOTO: UCB