

# US Congress, Bush clinch trade standards deal

AFP, Washington

The US Congress and the White House agreed a bipartisan trade deal Thursday that sets social and environmental standards for free-trade agreements.

Democratic House of Representatives Speaker Nancy Pelosi announced the pact flanked by key members of President George W. Bush's Republican administration, including Treasury Secretary Henry Paulson and US Trade Representative Susan Schwab.

President George W. Bush said the deal "provides a clear path for advancing our proposed free trade agreements with Peru, Colombia, Panama, and South Korea."

"Expanding opportunities for the sale of American goods and services is crucial to continued growth and job creation here in America," Bush said.

"While these agreements will move forward independently, my administration is committed to working with members of Congress and with the governments of our free-trade agreement partners to secure the approval of

each agreement," he said.

The deal would require pending free-trade agreements with Colombia, Panama, Peru and South Korea to include five core International Labor Organization standards incorporated in the 1998 ILO Declaration: the right to organize; the right to bargain collectively; prohibitions on forced labor; protections against child labor; and freedom from employment discrimination.

It also requires the United States and all the four pending free-trade partners to adopt laws to implement the obligations in seven multilateral environmental agreements to which they are parties.

Those pacts include the Convention on International Trade in Endangered Species (CITES) and the Montreal Protocol on Ozone Depleting Substances.

The pact sets standards on intellectual property, port security and the environment, including a demand that Peru fight illegal logging.

Pelosi said the deal was a "historic occasion," and reflected the will of the US people, as anger at the flight of jobs overseas to low-cost, developing economies was a factor in the Democratic takeover of Congress last November.

Democrats have pushed for trade deals to address environmental and social issues like protection of workers' right to organize and a ban on child labor.

"Today marks a new day in trade policy so that we can raise living standards in the US and abroad, expand markets, spur economic growth and uphold strong labor and environmental standards," Pelosi said.

"Free trade must be fair trade. For that reason, the inclusion of basic, internationally recognized labor and environmental standards in our trade agreements have been long-standing Democratic priority," she said.

Senate Finance Committee Chairman Senator Max Baucus said the deal was a "landmark" in US trade history.

"This is the first time that trade agreements will include enforce-

able, international, recognized core environmental and labor provisions," Baucus said.

The agreement "gives us a chance to make our trade pacts better deals for US workers, by preventing our trading partners from using substandard labor and environmental practices to unfairly cheapen prices for their goods and services."

"It is our hope that this deal can pave the way for a solid majority of members to vote in favor of renewing trade promotion authority and passage of bilateral agreements with Peru, Colombia, Panama, and Korea," said Tom Donohue, president and chief executive of the US Chamber of Commerce.

Frank Vargo, vice president of international economic affairs at the National Association of Manufacturers, cautiously welcomed the agreement.

"We are encouraged by the progress announced today, but reserve comment on the final package until we have had an opportunity to examine the details," he said.



PHOTO: THE CITY BANK

**Dilwar H Choudhury, managing director of The City Bank Ltd, and Md Aminul Hassan, managing director (in-charge) of mobile phone operator Teletalk Bangladesh Ltd, exchange documents after signing a bill collection agreement recently in Dhaka. Under the deal, the bank through its branches across the country will collect phone bills from the post-paid subscribers of Teletalk.**



PHOTO: FIRST SECURITY BANK

**First Security Bank Ltd has been awarded with credit rating of BBB1 in the long term and ST-3 in the short term by Credit Rating Agency of Bangladesh (CRAB) Ltd. Managing Director of CRAB Masihur Rahman handed over the credit rating report to Managing Director of the bank AAM Zakaria at a function in Dhaka recently.**

## US starts campaign for more foreign investment

AFP, Washington

The US government launched an initiative Thursday to show America welcomes foreign investment despite recent flaps about takeovers of US companies.

The effort announced by President George W. Bush and Treasury Secretary Henry Paulson comes amid a dropoff in global investment in the United States in recent years and a perception of barriers to foreign firms, officials said.

"As both the world's largest investor and the world's largest recipient of investment, the United States has a key stake in promoting an open investment regime," Bush said in a statement.

"My administration is committed to ensuring that the United States continues to be the most attractive place in the world to invest."

Paulson on Thursday was

attending a forum on the importance of an open economy and international investment at George Washington University in the US capital, and on Friday was to travel to St. Louis, Missouri to tour the facilities of two foreign-affiliated companies operating there.

The campaign came a year after a move by Dubai's DP World sparked a furor by acquiring US port operator PO, but then sold the US operations in the face of massive criticism in Congress and elsewhere.

Paulson said the administration was concerned because of a drop in foreign investment in the US since a peak in 2000.

"And as I've traveled around the world, there are some that in the wake of the Dubai Ports confusion and publicity are questioning whether we'll really welcome investment, whether we're erecting barriers," Paulson said in an interview with CNBC television.



PHOTO: GRAMEENPHONE

**Kutubuddin Ahmed, chairman of Envoy Group, a business house, and Bidyut Kumar Basu, head of Regions (Commercial Division) of Grameenphone Ltd, pose for photographs at a corporate agreement signing ceremony recently. As per the deal, the mobile phone operator will provide complete communication facilities under its 'Business Solutions' package for Envoy Group.**

## ROK to build 5m autos in '07

AFP, Seoul

South Korea's auto production at home and overseas will surpass five million this year for the first time, Prime Minister Han Duck-Soo predicted Friday.

"The year 2007 will serve as a turning point for South Korea's carmakers," Han told a meeting of government and car industry officials in southern Seoul.

"In 2007 auto production within South Korea will reach four million, while that outside the country will amount to one million," Yonhap news agency quoted him as saying.

Hyundai Motor and Kia Motors, the nation's two largest automakers, operate factories in the United States, Eastern Europe, China and other Asian nations.

# Dollar edges up in sluggish Asian trade

AFP, Singapore

The dollar edged upward Friday in sluggish Asian trade as the market looked ahead to US data after the US and European central banks left their monetary policies unchanged, dealers said.

The dollar inched upward to 119.91 yen in Tokyo afternoon trade from 119.90 yen in New York late Thursday.

The euro slightly declined to 1.3480 dollars from 1.3483 dollars and to 161.61 yen after 161.68 yen.

On Thursday, the European Central Bank (ECB) kept interest rates steady at 3.75 percent as expected and signalled a near certain June interest rate hike of 25 basis points.

The ECB decision came a day after the US Federal Reserve made no change in interest rates while maintaining a guardedly positive outlook on the world's biggest economy.

"The euro is facing moderate selling pressure as dealers are adjusting their long (buy) positions in the euro after the ECB meeting ended as expected," said Hironobu Hagi, deputy general manager at Shinsei Bank's capital markets division.

"But a continued fall in the euro is unlikely as there is no particular reason to back up the dollar at this moment," Hagi said. "Now, players are trying to find trading leads to set a direction going forward."

## Weekly Currency Roundup

May 06-May 10, 2007

### Local FX Market

The demand for US dollar was stable in the week. There was ample liquidity in the market, and the dollar fell slightly against the Bangladeshi taka this week.

### Money Market

Overnight money market was stable. The call money rate was range bound throughout the week and most of the deals ranged between 6.75 and 7.50 percent.

In the Treasury bill auction held on Sunday, bid for BDT 8000.00 was accepted compared to BDT 9,700.00 last week. Weighted average yield declined slightly for 28D T-bills.

### International FX Market

The US dollar was under pressure throughout the week, although it receded from the record lows hit against the euro and the sterling. Strategists said that signs of slower US growth at a time when other major economies, including Eurozone and Britain, continue to show signs of expansion, is not boding a good sign for the dollar. The US Fed is expected to cut its interest rates later this year because of the economic slowdown, whereas both the European Central Bank and the Bank of England are expected to raise their interest rates.

### US dollar

The US non farm payroll in April grew at their slowest pace since more than 2 years, which suggested that an economic slowdown has finally caught up with the labor market. Investors are expecting that a slowing economy will eventually lead to lower US interest rates. The Federal Reserve left interest rates unchanged as expected. However, the Fed's main worry was inflation despite recent signs of economic weakness.

### Sterling

The recent inflation data in the UK has created expectation that the Bank of England will raise interest rates by 25 basis points to 5.5 percent, taking UK borrowing costs to the highest in the Group of Seven nations. The sterling has receded from its record highs hit in April and has slipped back below the \$2 barrier.

### Euro

The euro slipped backed against the dollar after its record high of \$1.3680 hit on April. The ECB is expected to hold rates at 3.75 percent in its policy meeting, but is expected to signal a hike for next month. The euro receded back from the record high above 163.60 yen hit last week.

-Standard Chartered Bank

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