China slashes tax breaks on exports

AFP, *Beijing*

China is to slash tax incentives for thousands of exports ranging from toys to cement, but analysts said Wednesday the move could hit consumers rather than puncture the ballooning trade surplus.

From July 1, China will remove or cut rebates for more than 2,800 items to curb the excessive growth in exports, ease frictions with its trading partners and slow energy-intensive industries, the finance ministry said Tuesday.

Analysts believe China's trade surplus could pass 320 billion dollars by the end of the year if current growth is continued, 10 times the level of 2004, adding to tensions with the United States and the European Union.

Stephen Green, chief economist at Standard Chartered bank based in Shanghai, said the move was a genuine attempt by the Chinese to tame its exports, but it was unclear whether it would dent the bulging surplus.

"Our initial calculations show the total amount of trade they have rescinded is much less than five percent of total trade," he said.

"But this is not just window dressing. They are serious about trying to bring down the surplus. In an ideal world they would like to (do more), but these industries are job creating, so they have to walk this fine line.

"(The move on) aluminium products is huge. Leather is a big export industry, plastic and rubber are also being brought down. These are all significant."

One tranche of 553 products classified as "highly energy-consuming and resource-intensive" will have their tax rebate removed, the ministry statement said. They include cement, fertiliser, and non-ferrous metals.

A further 2,268 products which China thinks can easily trigger trade frictions -- such as toys, clothes, steel products and motorcycles -- have had their rebates lowered.

Li Yushi, deputy director with the commerce ministry's Chinese Academy of International Trade and Economic Cooperation, said a more serious overhaul would be needed to reduce the overall surplus and the move could hit some consumers.

"Trade surplus is a long-term, structural problem. It is impractical to expect to solve the problem in a short period," Li told AFP.

"It's hard to predict the impact on prices as the companies would have to negotiate with their buyers respectively, but it's certainly a reason for raising prices given the higher costs."

Li said exporters of consumer products such as textile and toys, where the profit margin is relatively thin, would face the strongest pressure to increase prices.

Huang Yiping, a Hong Kong-based Citigroup economist, said that heavy industries, where global competition was not as strong, would be more likely to pass on the costs to the buyer.

"I think the resource-intensive exporters are more likely to increase their prices," he said.

Nevertheless, Li said the lower and abolished rebates would have some positive impacts for China.

"The move is aimed to urge companies to improve their technologies... and provoke fewer trade disputes, which is good for export growth in the long term," Li said.

The total trade surplus in the first five months jumped 83.2 percent from a year earlier to 85.72 billion dollars, according to the government data released earlier this month.

Both the United States and the EU have introduced tariffs and other measures to try and reduce their trading imbalance with China. US officials also accuse China of keeping the yuan artificially low to make exports unfairly cheap.

The latest move follows the imposition or raising of export tariffs on 142 types of goods -- including some steel products -- which was introduced on June 1.

PHOTO: GRAMEENPHONE

Liaquat Ali, member (Administration) of Uttara Club Ltd, and Yasir Azman, head of Dhaka Region of Grameenphone Ltd, among others, pose for photographs at a corporate agreement signing ceremony recently. As per the deal, Uttara Club will get complete communication facilities under the mobile phone operator's 'Business Solutions' package.

You Tube goes international

AFP, *Paris*

The popular video-sharing website YouTube has announced the launch here of international services in nine countries, in a fresh step by parent company Google to deepen its presence in Europe.

Localised versions are now available in Britain, Brazil, France, Ireland, Italy, Japan, the Netherlands, Poland and Spain, YouTube co-founder Steve Chen told a press conference Tuesday.

A German version should become operational soon as well, and site offerings are to be extended to other countries.

"YouTube will now be more accessible and interesting to a worldwide audience, and we look forward to rolling out in other countries in the months to come," Chad Hurley, YouTube's other co-founder, said in a statement.

YouTube, acquired by the US search engine Google in October last year, said it had signed partnership agreements with such international content providers as the BBC, the French all news channel France 24 and the French public-service television company France Televisions, as well as the Spanish channels Antena 3 and Cuatro TV.

Manila's foreign reserves to hit $26.6b

AFP, *Manila*

Philippine foreign reserves for 2007 are forecast to be 26.6 billion dollars with an increased surplus due partly to higher remittances from Filipinos abroad, the central bank said Wednesday.

In a statement the bank said the balance of payments for the year is expected show a surplus for the year of between 2.4 billion to 2.9 billion dollars.

The central bank had previously projected foreign reserves would climb to 26 billion dollars by the end of the year from 23 billion at the end of last year.The bank upgraded its forecast on the back of last month's reserves reaching a record 25.8 billion dollars, the bank said.

The surplus for the first five months of the year was 2.4 billion dollars which was over 30 percent more than the surplus of 1.8 billion recorded in the corresponding period last year.

PHOTO: NCC BANK

Md Nurul Amin, managing director of National Credit and Commerce (NCC) Bank Ltd, and SN Kairy, director (Finance) of Brac, a leading non-government organisation, exchange documents after signing a term loan agreement recently. The bank is providing the term loan facility for Brac's microcredit programme.

PHOTO: PUBALI BANK

Chairman of Pubali Bank Ltd Hafiz Ahmed Majumder inaugurates the relocated Panthapath branch of the bank in Dhaka yesterday. Directors, managing director and other senior officials are also seen.

CURRENCY

Following is Wednesday's (June 20, 2007) forex trading statement by **Standard Chartered Bank**

Major currency exchange rates

	BC Sell	TT Buy
US dollar	69.35	68.35
Euro	94.70	90.31
Pound	139.16	134.25
Australian dollar	60.10	56.47
Japanese yen	0.58	0.55
Swiss franc	56.87	53.85
Swedish kroner	10.48	9.36
Canadian dollar	66.50	63.63
Hong Kong dollar	8.89	8.72
Singapore dollar	46.23	44.41
UAE dirham	19.04	18.46
Saudi riyal	18.64	18.08
Danish kroner	13.10	11.81
Kuwaiti dinar	237.35	235.55

*All currencies are quoted against BDT

* Rates may vary based on nature of transaction

Exchange rate of some currencies

	Per USD	BDT per Currency
Indian rupee	40.58	1.70
Pak rupee	60.60	1.14
Lankan rupee	110.93	0.62
Thai baht	34.59	1.99
Malaysian ringgit	3.43	20.09

USD forward rate against BDT

	Buy	Sell
1 M	68.45	69.46
2 M	68.57	69.67
3 M	68.72	69.89
6 M	69.16	70.60

* The forward rates are indicative only and fixed dated.

Local Market FX:

Local inter-bank FX market was active on Wednesday. The demand for USD was stable and the USD eased a little against the Bangladeshi Taka. The volume of cross currency transactions remained steady.

Money Market

Money market was active on Wednesday. Call money rate was stable and most of the deals ranged between 6.50 and 6.60 percent.

SHIPPING

Chittagong port

Berthing position and performance of vessels as on 20/6/2007.

Berth no.	Name of vessels	Cargo	L. Port call	Local agent	Dt of arrival	Leaving	Import disch.
J/2	Banglar Mookh	GI(Log)	Yang	PML	16/6	26/6	1138
J/3	Kiani Satu	GI	Koah	Barwil	14/6	--	719
J/5	Bi Ro Bong	Rice(P)	Kaki	HSA	12/6	20/6	249
J/6	Banga Borti	Cont	P. Kel	Baridhi	18/6	22/6	251
J/7	Ju Yong Guan	GI	Chin	Cosco	10/6	21/6	2803
J/8	Hun Jiang (Liner)	GI	Ping	Cosco	12/6	24/6	1412
J/9	Dongphong	GI(Hrc/Pa)	Sing	Jf	16/6	22/6	681
J/10	Xpress Manaslu	Cont	Col	Seacon	16/6	20/6	--

Vessels due at outer anchorage

Name of vessels	Date of arrival	L. Port call	Local agent	Type of cargo	Loading ports
Banga Bonik	20/6	Col	Baridhi	Cont	CBO
Mol Karina	20/6	P.Kel	Seacon	Cont	Sing
Arya Payam	20/6	Braz	USL	R. Sugar	--
Pearl River	20/6	Cana	Rainbow	Wheat	--
Asian Star-1	20/6	Kohsi	Saraf	C. Clink	--
Scan Bulker	21/6	Aust	Mutual	GI(Pulse)	--
Yongxing	21/6	Col	PSSL	Cont	Col
Dongtai Peral	21/6	P.Kel	CT	Cont	Sing
Kota Ratna	22/6	Sing	Pil(Bd)	Cont	Sing
Eagle Pride	22/6	Ptp	QCSL	Cont	Sing
Yong Jiang(Liner)	22/6	Para	Cosco	GI	--
Pac Palawan	23/6	Sing	CEL	Cont	Sing
Xpress Makalu	23/6	--	Seacon	Cont	Col
Csav California	25/6	--	PSSL	Cont	Col
Wisdom	24/6	--	APL	Cont	Sing

Tanker due

Pro Victor	20/6	--	PSL	W/Ld Naptha	DOJ/7
Tabtim	21/6	Indo	Jnship	CPO	RM/3
Al Badiyah	21/6	Kuwa	MSTPL	HSD	--

Vessels at Kutubdia

Name of vessels	Cargo	Last Port call	Local agent	Date of arrival

Vessels at outer anchorage

Vessels ready:

Eagle Progress	Cont	P. Kel	Everbest	17/6
Ja Vesta	Cont	P. Kel	Vega	18/6
Tay Son-4	Gi	Sing	All Seas	19/6
Khadijah	Cpo	Pada	MTCL	20/6
Banga Borat	Cont	Sing	Bdship	20/6
Apl Lilac	Cont	Sing	APL	20/6

Vessels not ready:

Lion Trader	R. Sugar	Bang	Litmond	12/6
Ioannisk	Wheat	Sing	Mutual	18/6

Vessels awaiting employment / instruction:

Tank Oil	L. Oil	--	ECSL	R/A (11/6)
Banglar Kallol	Ballast	Ind	BSC	13/6
Titan-7	--	--	PML	R/A (15/6)
Banglar Moni	--	--	BSC	R/A (16/6)
Banglar Robi	C. Clink	--	BSC	R/A (17/6)
Asrar-A-Mostafa	--	--	Cla	R/A (19/6)

Vessels not entering:

Portland Castle	R. Sugar	Rich	USL	31/5
Glory Falcon	C. Clink	Lumut	Litmond	5/6
Ks Harmony	C. Clink	P. Dick	ASLL	9/6
Santa Suria	C. Clink	Krabi	ASLL	11/6
Energy Falcon	C. Clink	Kohsi	Litmond	12/6
Sarim	C. Clink	Krabi	Litmond	13/6
Boga Sary Empat	C. Clink	Krabi	Jaycee	15/6
Orchid Sky	R. Sugar	S. Afri	Rainbow	15/6

The above are the shipping position and performance of vessels at Chittagong port as per berthing sheet of CPA supplied by **Family,** Dhaka.

STOCK