

China wants faster free trade talks with SE Asia

REUTERS, Beijing

China hopes its attendance at a Southeast Asian summit early next month will help speed up talks on a free trade zone and show that it is serious about economic and political integration with the region.

China would become the first non-member of the Association of South East Asian Nations to join its trade and security Treaty of Amity and Cooperation, Fu Ying, director general of the Chinese Foreign

Ministry's department for Asian affairs, said on Friday.

Chinese Premier Wen Jiabao visits Bali, Indonesia, from October 6-8 for the Asean meeting.

"We hope that the negotiation process will be sped up, but the target set for the free trade zone remains the same, that is 2010," Fu told reporters.

"We have only seven years to complete all the negotiations, so we have to work very hard to be able to catch that date."

China is keen to promote political and economic links with its southern neighbours but a simmering dispute with several Asean members over ownership of a group of islands in the South China Sea has raised concern over its territorial ambitions.

Many countries in Southeast Asia are also wary that China's growing economic power may be sucking investment away and fear improvements in its military in recent years could be used to assert

authority in the South China Sea.

Japan and India are also vying for political and commercial influence in the region where the United States also has strong links.

China had already agreed with Thailand an "early harvest" deal of tariff cuts on fruit and other agricultural products that would go into effect on October 1, Fu said.

A similar deal would be signed during the so-called "10+1" meeting of the Asean states -- Brunei, Cambodia, Indonesia, Laos,

Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam -- plus China, and hopefully go into effect on January 1, she said.

Fu said China was joining the amity treaty as a sign it was committed to further integration with Southeast Asia.

Wen would also suggest the region set up a disease and epidemic monitoring system in the wake of this year's outbreak of Sars, Fu said.



PHOTO: AB BANK

Faisal M Khan, acting chairman of Arab Bangladesh Bank Limited, presides over the bank's annual general meeting yesterday in Dhaka. Among others, Abu Haniff Khan, president and managing director of the bank, is seen in the picture.

US poverty ranks swelled by 1.7 million in 2002

AFP, Washington

The ranks of the US poor grew by 1.7 million in 2002 and overall household income fell, the Census Bureau said Friday in a report sparking a heated debate over the current economic policies.

The report showed the US poverty rate increased to 12.1 per cent from 11.7 per cent a year earlier; median household income meanwhile declined 1.1 per cent from 2001 to 42,409 dollars.

The number of poor people as defined by the government increased to 34.6 million from 32.9 million, the annual census survey found.

It was the second straight year of rising poverty and declining income as the US economy emerged from a recession which began in March 2001 and ended eight months later.

The report was seized on by critics of President George W. Bush as evidence of a failed economic policy that centered around massive tax cuts.

"Poverty has risen and incomes have fallen each year of the Bush administration," said Democratic presidential candidate Howard Dean.

"While sending millions in tax cuts to people like (former Enron chairman) Ken Lay, he has utterly failed the American people, who are worse off now than they were two years ago."

The White House said the increase in poverty is a result of a sluggish economy, but that things are moving in the right direction.

"These numbers do reflect the economic slowdown that we've been through," White House spokesman Scott McClellan said, while affirming that unemployment usually lags behind other sectors of the economy during a recovery.

US, EU to begin first 'open skies' talks

AFP, Washington

US and EU negotiators are due to open their first talks on liberalising commercial air traffic next week in Washington, sources said Friday.

The talks slated for Wednesday and Thursday between the world's two largest markets could lead to an "open skies" policy between the continents.

However, observers stressed there are hurdles to be cleared before this could occur.

"The initial round will take place on October 1 and 2 in Washington" next week, according to a spokesman for the US Department of Transportation.

The EU will be negotiating on behalf of its 15 member states. The meeting was announced during the last Euro-American summit in June.

"This is a historic event. For the first time, the EU is negotiating an agreement with the United States on aviation," said an EU official here.

A potential US-EU open skies accord would liberalise transatlantic passenger and cargo air services between the two continents, allowing US carriers unlimited flight access into EU airports and EU member airlines unlimited access to US airports.

Washington had negotiated bilateral agreements on commercial air services, so-called open skies accords, with 11 of the 15 EU member states.

The EU states had previously denied the European Commission authority to negotiate such treaties with Washington.

However, the Commission gained the right to negotiate on behalf of its 15 member states following a ruling by the European Court of Justice in November.

The Europeans' 50 member delegation includes airline executives and will be led by Michel Ayrat, director for aviation at the European Commission's Directorate for Transportation.



PHOTO: IDLC

Md Taheruddin, managing director of Mercantile Bank Limited, and Anis A Khan, CEO & managing director of Industrial Development Leasing Company (IDLC) of Bangladesh Limited, exchange documents after signing a term loan agreement in Dhaka on Wednesday.

Vietnam seeks to set 2004 US textile quotas by Oct

REUTERS, Hanoi

Vietnam aims to finish assigning 2004 quotas for textile and garment exporters to the United States by next month, Vietnam's Trade Minister Truong Dinh Tuyen said on Friday.

"We will try to complete textile quota allocations by October for 2004," he told a meeting of the American Chamber of Commerce following a trip to the United States aimed at promoting trade ties.

The products are Vietnam's second biggest export earner after crude oil, providing turnover of \$2.92 billion in the first nine months of this year.

The former war foes inked a bilateral pact on textiles and garments earlier this year that caps

exports of the products to America at \$1.7 billion in 2003 and increases by between two and seven per cent depending on products, annually through 2004.

In the first implementation of the agreement, a number of US retailers including JC Penney said they did not get enough shipments of garments because quota allocations did not always go to factories with orders.

Tuyen acknowledged the teething problems with the agreements and said the government had determined "that new allocations will establish better and long-term relationships."

For 2004, Vietnam's textile industry has proposed that factories with a track record of fulfilling orders be given the lion's share of the quotas of 75 per cent.

Previously, some factories that had never shipped any orders were allotted quotas, and some were also given to smaller enterprises.

The pact runs through end-2004, but will be automatically rolled over each year until Vietnam joins the World Trade Organisation.

Textiles and garments formed the biggest share of Vietnam's key export items to America last year, at 38 per cent.

Overall exports from Vietnam to the United States are forecast to reach a record \$3.4 billion in 2003 from \$2.42 billion in 2002, Vietnam's Trade Ministry said.

Business between the two countries has picked up significantly since the signing of a bilateral trade pact that went into effect in December 2001.

Putin pledges to make Russia major oil supplier to US

AFP, New York

Russian President Vladimir Putin Friday pledged to develop the transport infrastructure that would enable Russia to become a major oil exporter to the United States.

At a meeting with senior business executives at the New York Stock Exchange, the Russian leader said that his country's booming oil output could supply 10 per cent of US crude imports within five to seven years.

"According to some estimates, Russian oil supplies within the next five to seven years could account for more than 10 per cent of US oil imports."

"We are thinking about this and how to develop the transport infrastructure to resolve this, and I believe it is a perfectly achievable aim," he said.

Putin, who then headed to Camp David for a summit with his US counterpart, George W. Bush, said both countries stood to gain immense benefits from their energy partnership.

"Russia gets access to a wider market and investment, and your energy market will become more stable and predictable. In today's not very stable world, to have stable energy supplies for the economy means a lot," he said.

Russia, already the world's second-largest supplier of crude after Saudi Arabia, is hoping to attract US investors to its oil industry that would help it regain some of the market share it lost with the collapse of the Soviet Union.

The United States, the world's largest importer, wants to build up its purchases of Russian crude, currently insignificant, in order to diversify its sources of supply and reduce its dependence on the volatile Middle East.

This strategic consideration has acquired greater importance following the September 11, 2001 terrorist attacks.

For the moment, Russia lacks the means of shipping its exports to the United States and has none of the infrastructure needed to load supertankers.

However, several projects are under consideration, including the construction of a deepwater terminal at the port Murmansk, in Russia's far north, that would facilitate the delivery of Russian crude to the US market.

Ethiopian, South African airlines sign code-sharing agreement

AFP, Addis Ababa

Ethiopian Airlines and South African Airways have signed a code-sharing agreement aimed at enhancing traffic on the Addis Ababa-Johannesburg route, Ethiopian airlines said Saturday.

"The current three-weekly flight of Ethiopian Airlines (EAL) on the Addis Ababa-Johannesburg route would be operated under the code-share agreement," EAL said in a statement sent to AFP.

"EAL will be the operating carrier and South African Airways (SAA) the participating carrier," the statement said.

The new agreement, signed in Addis Ababa, will open up new business opportunities outside southern and eastern Africa, it added.

Code-sharing alliances allow airlines to book customers onto destinations on each other's routes, helping them to extend their networks.

Ethiopian Airlines stands to benefit in terms of traffic feed and greater visibility in the southern African market, while SAA will be able to maintain its presence in the market, even though it ceased operating in the sector recently, the statement said.

Drug industry helps factory output grow 10.3pc

ANN/ The Straits Times

Singapore's factory output leapt a surprise 10.3 per cent last month compared to the same period last year but it is too early to hope that the economy has kick-started with a roar.

The big boost, breaking four consecutive months of decline, came almost entirely from the volatile biomedical sector, with drug production providing the rush.

One economist even reckoned anti-impotence pill Viagra had a big role in improved manufacturing performance.

GK Goh economist Song Seng Wun said increased pharmaceutical output was likely to have been caused by American drug giant Pfizer starting up a plant here to make the main ingredient of the top-selling pill.

That aside, things aren't nearly so rosy, said economists.

IDEAglobal's Nizam Idris said: "Strip out the biomedical sector and output actually shrank by 5.5 per cent."

Economists were confident the economy was on the mend, but said the recovery was likely to be muted despite the numbers released yesterday by the Economic Development Board.

Indeed, Deputy Prime Minister Lee Hsien Loong yesterday said Singapore was maintaining its official gross domestic product growth forecast.

"I think things are picking up, but for Singapore we have not revised our forecast. It's still nought to 1 per cent," he said.

Still, August's upbeat figures bring some cheer after a second quarter in which Sars led to the

worst quarterly economic performance ever.

Biomedical companies' production zoomed up 68.5 per cent, boosted by pharmaceuticals which saw a 78.4 per cent jump.

The all-important electronics sector, which accounts for about a third of Singapore's factory output, registered its second month of expansion after four months of contraction. It grew 1.9 per cent after rising 0.6 per cent in July.

Although semiconductor and disk drive production output rose 19.3 per cent and 30.8 per cent respectively, this was dragged down by other segments of the sector.

UOB economist Low Ping Yee said: "Continued improvement in the electronics sector, led by semiconductors, is more or less in line with expectations. The recovery trend remains intact."



PHOTO: UNITREND

Kek Chin Ann, general manager of Bangladesh Edible Oil Limited and director from Kuok Oils and Grains, Singapore, poses for a photograph along with the participants of the company's general distributor conference held in Dhaka recently.