

## Saifur leaves for London to attend 'Asia 2015' confce

UNB, Dhaka

Finance and Planning Minister M Saifur Rahman yesterday left Dhaka for London to attend a conference.

The minister will address the two-day conference titled "Asia 2015: Promoting Growth, Ending Poverty" that begins Monday in London.

The finance minister is expected to return on March 9, said an official handout.

## US exaggerates IPR violations Say Chinese experts

ANN/ CHINA DAILY

The US government should not exaggerate the intellectual property rights (IPR) issue in trade relations with China, Chinese trade researchers said on Friday (March 3).

The remarks came at the time that James Mendenhall, general counsel of the Office of the US Trade Representative, threatened to file a complaint with the World Trade Organisation (WTO) if China could not "dramatically reduce" IPR violations.

"If we were to conclude that the dispute settlement is the best solution in dealing with China, we will not shy away from that," he said during a visit to Beijing.

The United States complained that its trade deficit against China largely resulted from piracy and counterfeiting in China, saying the deficit had increased to US\$202 billion last year.

China has been intensifying its fight against piracy, which has harmed not only foreign but also domestic companies, said Zhao Yumin, an analyst from the Ministry of Commerce's trade and economic cooperation institute.

"Central and local governments at various levels have recognised the importance of IPR protection," she said. "But it takes time for China, a developing country, to develop a mature IPR protection system."

IPR protection tops the agenda of the ministry as it plans to establish offices across the country to accept complaints of piracy.

In fact, Zhao said, the US exaggeration of IPR issues came from its fear of China's surging exports, particularly exports of middle- and high-end high-tech products.

Mendenhall said that in his three-day visit to Beijing, he exchanged information with Chinese officials over IPR protection and other trade issues, such as China's regulation of imported foreign car parts.

A rule took effect in China last year requiring higher, full-vehicle tariff rates on imported car parts or components. It increased some carmakers' production costs in China.

## Vietnam closer to WTO as talks end with Australia

AFP, Hanoi

Vietnam has come one step closer to admission to the World Trade Organisation (WTO) after concluding accession talks with a major partner, Australia, an official said Friday.

Vietnamese Deputy Trade Minister Luong Van Tu and his Australian counterpart, David Spencer, signed an agreement on Thursday in Hanoi, said a Vietnamese official at the Ministry of Trade involved in the negotiations.

"The agreement is very significant," he said, adding: "Vietnam has now only four (trade) partners left to talk to (on WTO accession)."

The communist nation still needs deals with the United States, Mexico, Dominica and Honduras before being able to join the international trade body.

According to the English language daily Vietnam News, Vietnam and Australia went through 11 rounds of talks since 2002 and agreed especially on commercial and economic cooperation, protection and investment, double taxation, aviation and tourism.

Bilateral trade reached 3.3 billion dollars last year, the newspaper said.

Analysts say the hardest part now for Vietnam is to convince Washington to sign a deal.

## BIMSTEC FTA

# Dhaka may provide 522 products with free access

JASIM UDDIN KHAN

Dhaka is likely to provide 522 products of three least developed countries (LDCs) of Bimstec with duty-free access between June 2006 and June 2009. The country may also provide the same products of three other developing countries of the seven-nation bloc with duty-free access from June 2011.

Finance and Planning Minister M Saifur Rahman at a recent high-level meeting approved the list of 522 products for the facility, sources said. The products now enjoy 10 percent tariff line.

Bangladesh will put forward the duty-free offer at the next working group meeting of Bimstec FTA talks scheduled for March 10-12 in New Delhi.

The Delhi meeting will also

discuss rules of origin criteria and some other outstanding issues.

The 12th meeting of the Trade Negotiation Committee of Bimstec will be held in Colombo in the first week of April to narrow all differences.

The 11th round of Trade Negotiation Committee (TNC) meeting of Bay of Bengal Initiative for Multi-Sectoral Technical Economic Cooperation was held in Bangkok on February 6-11.

Rules of origin, negative list, dispute settlement mechanism and safeguard measures are four major components of the FTA accord on trade in goods. Members only have reached consensus on only dispute settlement mechanism, a government official said.

According to the framework agreement of the Bimstec Free

Trade Area, trade liberalisation will begin on July 1 this year.

Bangladesh, India, Myanmar, Sri Lanka and Thailand established Bimstec in 1997 to promote trade and investment, technology, energy cooperation, transport and communications, tourism and agriculture within the region.

Nepal and Bhutan joined the regional forum later and the member countries signed the Bimstec framework agreement in 2004. Three separate agreements -- agreement on trade in goods, agreement on trade in services and agreement on investment -- will be signed in phases, reads the framework agreement.

The negotiations on services and investment will begin after the introduction of the agreement on goods.



PHOTO: AB BANK

Kaiser A Chowdhury, president and managing director of Arab Bangladesh (AB) Bank Ltd, and Shah A Sarwar, managing director of Industrial Promotion and Development Company (IPDC), a private sector development finance institution, exchange documents after signing an agreement recently in Dhaka. Under the deal, the bank will extend credit facility of Tk 200 million to the IPDC. Other senior officials from both the sides are also seen.

# Indo-Bangla joint working group meet on trade deferred for two months

UNB, Dhaka

An important meeting of the Bangladesh-India joint working group on trade has been deferred for at least two months, apparently leaving on the backburner some issues vital for expansion of bilateral economic cooperation.

The meeting is now likely to take place in New Delhi by the end of April.

"The meeting would be held on April 27-28," a senior commerce ministry official told the news agency the tentative schedule of the joint secretary-level fourth meeting of the Group.

Its third meeting in Dhaka on August 1-2 last year had decided to hold the fourth meeting in February for sorting out a large number of pending issues.

The official said the meeting would review progress of bilateral trade-supportive measures agreed upon at the third meeting.

Broad-based issues the group had decided to push forward to boost bilateral trade were non-tariff barriers, modern banking facilities, particularly in the northeastern states of India, and accreditation of testing laboratories from both sides

and infrastructure development of land customs stations.

"The progress may not have taken place as per expectation, but there's always a movement," said the official, adding that different sub-groups held their respective meetings and would report to the fourth meeting of the joint working group.

Officials said the meetings of joint sub-groups on banking and customs have already discussed the problems in their interim meetings while Indian technical committees on testing visited three laboratories in Bangladesh.

Another technical team on textiles would also visit Bangladesh soon to examine testing facilities of textile products in Bangladesh under Safta (South Asian Free Trade Area) technical assistance programme, they said.

Meanwhile, the commerce ministry reviewed last month the progress of Bangladesh-India trade relations with stakeholders, comprising private sector. The decisions of the meeting would be taken up at the fourth meeting of the group.

The private sector has been requested to identify through intensive study the problems they face in exporting products to India.

The meeting also decided to remind Indian side of the need for developing infrastructure on their side of the land-customs stations so that the export-import consignments can be handled smoothly.

Bangladesh would also apprise India of the imperative to modernise its banking system in northeastern states to facilitate trade transactions.

The meeting also decided to seek duty-free market access for more Bangladeshi products to the Indian market, officials said.

They said Bangladesh's export to India increased significantly, to US\$ 144 million during the last fiscal year (2004-05) from only US\$ 89 million in 2003-04, due to duty-free access of some items.

However, official figures show Bangladesh's imports from India also rose significantly to account for US\$ 2 billion in 2004-05 from US\$ 1.6 billion in 2003-04.

As a result, the trade deficit Bangladesh suffered with the neighbour increased to US\$ 1.8 billion in 2004-05 from US\$ 1.5 billion in the previous fiscal.

## Emirates awarded for in-flight entertainment

Emirates once again gained prestigious industry recognition at the '2006 Skytrax Awards for Airline Excellence', taking top honours in the category for 'Inflight Entertainment Excellence'.

Last year Emirates was adjudged the best in this category at the 'Skytrax World Airline Awards' based on over a million votes, says a press release.

Emirates award-winning entertainment system offers over 500 channels of entertainment, video and audio on demand, over 40 games and live news headlines, and is available to travellers in every class. Customers also have access to email and SMS messaging and satellite telephones.

## No objections to Iranian gas pipeline to Pakistan, India Bush says

AFP, Islamabad

US President George W. Bush said Saturday he had no objections to an Iranian linked pipeline to supply natural gas to India and Pakistan.

However, he indicated that the United States was unlikely to agree a civilian nuclear deal with Pakistan like it had with India.

"Our beef with Iran is not the pipeline, our beef with Iran is in fact they want to develop a nuclear weapon and I believe a nuclear weapon in the hands of the Iranians will be very dangerous for all of us," Bush told a joint news conference with Pakistani President Pervez Musharraf.

Bush said Musharraf raised the need for Pakistan to get a natural gas supply from the region to fuel its growing economy.

"He explained to me the natural gas situation here in this country. We understand the need to get natural gas in the region, that's fine," Bush said.

The United States had previously said it was "absolutely opposed" to the natural gas pipeline project linking Iran with Pakistan and India, even though it was seen as feasible by many experts.

Iran, which Washington accuses of trying to build a nuclear bomb and being a state sponsor of terror, is reportedly nearing an accord with the two neighbours for the 2,600-kilometre (1,600-mile) pipeline costing more than seven billion dollars.

Bush also suggested that a US-Indian civilian nuclear deal, which he sealed with Indian Prime Minister Manmohan Singh before his trip to Islamabad, was unlikely to be replicated for Pakistan.

Musharraf had raised the possibility of the United States forging a similar deal with Pakistan during their talks.

"We discussed the civilian nuclear programme and I explained to him that Pakistan and India are different countries with different needs and different histories," Bush said.

"So as we proceed forward, our strategies will take into effect those well known differences," he said.

Bush and Prime Minister Singh agreed Thursday that New Delhi would place its civilian atomic reactors under global scrutiny for the first time in more than three decades in return for nuclear technology-driven energy required to power India's rapidly growing economy.

## Taiwan's China Airlines net profit falls 88pc

AFP, Taipei

China Airlines (CAL), Taiwan's leading carrier, said Friday its net profit in 2005 fell 88 percent from a year earlier due to surging fuel costs.

CAL posted a 500 million Taiwan dollar (15.43 million US) net profit last year, compared with 4.18 billion in 2004, the company said.

Pretax profit in 2005 was down to 700 million dollars from 4.00 billion dollars in the previous year, while sales rose to 108.69 billion dollars from 96.18 billion dollars.

The earnings fall was largely due to higher fuel costs amid a spike in crude oil prices, a company official said.

The official said its cargo operations registered a loading factor of over 70 percent in January and 60 percent in February.

Its current loading factor stands at over 90 percent.

# Revised draft coal policy to hinder increased investment

## Says Barclays Capital

STAR BUSINESS REPORT

Barclays Capital, the investment banking division of Barclays Group, has said the provisions of 'coal export' and 'mandatory power stations' in the revised draft coal policy will hinder increased investment in Bangladesh's coal industry.

"These clauses as currently drafted represent risks to the stated aim of attracting foreign investment and could potentially deter investment in the nascent coal industry," the Barclays said.

In a recent letter to the Infrastructure Investment Facilitation Centre (IIFC), Managing Director of the mining arm of the bank J Gerard Holden said the 'two areas' posed 'significant risk to the attraction of foreign direct investment (FDI)'.

The IIFC, a public sector consulting agency, drafted the country's first ever coal policy.

Clarity surrounding the responsibility of both public and private sectors in developing the mining industry including the capacity to implement and manage these responsibilities is important to woo large-scale investment required by

the sector, Barclays said.

The investment bank welcomed the change in provisions regarding 'ownership of assets' and 'production sharing contract' terming these amendments highly positive and saying these will help achieve the stated goal of attracting FDI.

Barclays also reviewed the variable royalty system on coal sales as proposed in the draft policy that has already raised debate among the energy experts.

Termining the variable component of the royalty calculation 'awkward and cumbersome', Barclays Capital said the royalty structure as currently proposed would "act as a deterrent to mining companies considering investment in Bangladesh".

"The impacts of sales timings, contractual agreements and delivery schedule in conjunction with movements in coal prices will render the royalty calculation complex to calculate by mining companies and by extension difficult to audit and monitor by the Bangladesh department charged with collecting it," the Barclays letter says.

The calculation of the 'base price' used in the variable calculation will

be required to be periodically reviewed in light of the prevailing coal price environment, it added.

The UK bank said the currently proposed 'base price' of US\$25/tonne is at the bottom of the historical price cycle and is far below the prevailing international levels.

Using the current royalty formula and spot coal prices, the total royalty payable per tonne of export coal would be some 16 percent of total revenue generated, the bank said.

"The sliding scale nature of the royalty payment - whereby higher royalties are paid at higher coal prices - may further impact on the actual amount of coal extracted in Bangladesh", it said.

Barclays proposed that the variable component of the royalty stream be dropped in favour of retaining the more transparent and simpler fixed royalty system.

# Bush urges India to lift cap on FDI

PALLAB BHATTACHARYA, New Delhi

US President George W. Bush on Friday urged India to open up its economy by lifting the cap on foreign direct investment and providing American farm and industrial products as well as services with market access.

In a keynote speech wrapping up his three-day visit to India, Bush also said the US should not resort to protectionist measures as a response to India's growing economy.

He also announced an investment of \$130 million to boost Indian agriculture and biotechnology.

"India needs to continue to lift its caps on foreign investment, to make its rules and regulations more transparent and to continue to lower its tariffs," Bush said in an address from the ramps of a 16th century Fort in ruins here.

Pointing to the opposition in the US to outsourcing, which has shifted many jobs and services offshore to low-cost countries like India, Bush refused to bow to calls for protectionist measures to wall off the American economy to foreign goods and services and said the US would retrain workers for new careers and create new jobs.

"The US will not give into the protectionists and lose these opportunities. It will trade with confidence," he said and made a strong pitch for liberalising world trade.

"Free and fair trade is good for India and good for America and it is good for the world," he said adding that the US would make ambitious proposals at the WTO talks on agriculture, manufacturing and services.

The Doha round provides the biggest chance to create prosperity for the millions of people across the world and the US and India would

lead the way, he said.

The Doha round negotiations, launched in the capital of Qatar in 2001, were originally meant to be completed by the end of 2004. But the talks got bogged down as rich and poor nations entered a face off over trade concessions.

Earlier on Friday, Indian Finance Minister Palaniappan Chidambaram invited US investors and technology providers to enter

## Air Asia offers to take up Malaysia Airlines assets

AFP, Kuala Lumpur

Budget carrier AirAsia has offered to take on staff and aircraft from ailing Malaysia Airlines if it wins approval to ply most of the national airline's domestic network, a report said Saturday.

AirAsia chief executive Tony Fernandes said he had submitted the offer to the government, which could see the carrier recruit up to 800 Malaysia Airlines (MAS) staff, and buy or lease between four and nine of its current B737s.

"These are among the proposals that we have put forward to help the government cap losses in MAS domestic operations," he was quoted as saying in the New Straits Times.

"The market for aircraft is very buoyant right now. There is so much demand for the 737-400. This could generate a lot of cash for (Malaysia Airlines), which is good for their turnaround plan," he added.

Loss-making Malaysia Airlines this week announced a three-year rescue plan to return the carrier to profitability, which includes proposals for a revamp of its domestic network.

India, saying Asia's third largest economy was at a point at which it can sustain eight percent growth.

He, however, acknowledged foreign investment limits in certain key sectors like insurance and financial services but promised to hike the caps.

The India-US CEOs Forum proposed a five billion dollar infrastructure fund to help set up large special economic zones and power aggressive reforms in India's power sector.

The Forum identified poor infrastructure and bureaucratic delays as constraint on greater US investment in India and made a strong pitch for more liberalisation of retail and financial sectors in this country.

"I think there is lack of excitement about investing here because of factors like poor energy supply, roads, airports, ports, core infrastructure and bureaucracy which makes it harder to get approvals and permits. The legal process is slow and cumbersome and it takes a long time to settle disputes," said J P Morgan Chase and Co Chairman William Harrison who, along with Tata Group Chairman Ratan Tata, heads the Forum.

Tata expressed optimism about a rapid expansion of economic cooperation between businesses from the two countries and hinted at entry into newer sectors in the US including hospitality, software and automobile.

Harrison said Indian government should further liberalise financial sector as American companies are bullish on growth in India. "India should reduce restrictions on foreign investment, especially in banking, insurance and retail."

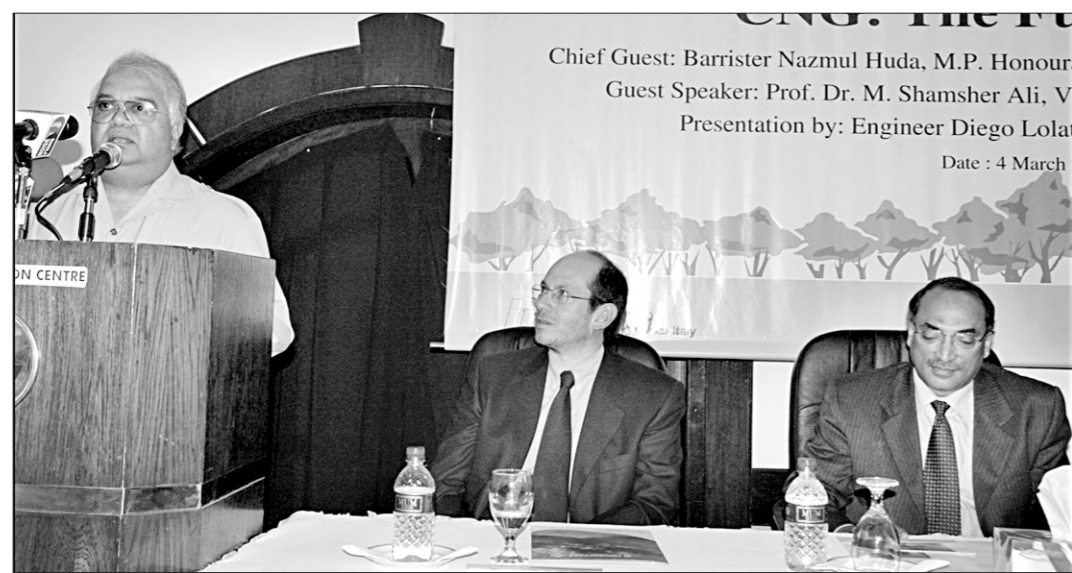


PHOTO: STAR

Communications Minister Nazmul Huda speaks at a seminar on 'CNG: The Future Fuel' organised by Rahimafrooz CNG, a concern of Rahimafrooz Bangladesh Ltd, in Dhaka yesterday.