No WTO deal for Russia at G8 summit

AFP, *Saint Petersburg*

Russian hopes for a WTO accession accord with the United States to crown its G8 summit here were dashed Saturday as negotiators failed to strike a deal, but US President George W. Bush said agreement was nonetheless near.

"We want Russian accession to the WTO and will continue negotiating," Bush said after bilateral talks with Russian President Vladimir Putin, ahead of a full Group of Eight summit later in the day.

He said a deal, which would end Russia's 13-year campaign to join the World Trade Organization, was "almost reached" but added that "there's more work to be done."

Appearing with Bush at a press conference after their meeting, Putin said that although "our personal relations help us work together ... they also don't stop us from defending our national interests in any sphere."

"It's a complex process that lasts years. I can't say that we were not expecting such a complication. We will continue to work, defending our interests and the interests of our growing economy."

Russian chief negotiator Maxim Medvedkov earlier told Interfax news agency that "the protocol will be signed neither today nor within the coming weeks."

But his US counterpart, Trade Representative Susan Schwab, was more optimstic, saying the parties had made "a lot of progress" and that reaching consensus was "a question of weeks."

As part of its accession bid, Russia has already signed bilateral agreements with its other key trading partners and now needs a green light from the United States to join the 149-member Geneva-based WTO, which sets global rules.

Russia is today the only major power operating outside WTO trade regulations, and US officials have said repeatedly they would prefer to have Moscow formally bound by the organization's rules.

For Russia and Putin, agreement on WTO membership here would have constituted a major summit success while serving to confirm Russia's rising stature as a global commercial and economic powerhouse.

Putin earlier this month warned that Russia would no longer feel obliged to respect WTO regulations in principle if it were denied official membership.

Russian press reports Saturday said the main stumbling block was Washington's insistence on an easing in Russian health regulations, which some of its trading partners suspect are applied in order to justify politically motivated embargos.

But the United States has also been pressing for Russian guarantees on the opening of the country's financial sector to foreign participants and for a reduction in agricultural subsidies.

Prospects for a deal appeared to brighten earlier in the week when Russian Finance Minister Alexei Kudrin said negotiators had cleared a key obstacle, with Washington dropping a demand that Russia allow foreign banks to open their own branches - rather than legally-registered Russian subsidiaries - on its territory.

In exchange Russia would lower barriers to foreign participation in the insurance sector.

Bush on Saturday also hinted at domestic, political hurdles that need to be overcome in the United States before an agreement can be signed with Moscow.

"We want the agreement to be reached to be accepted by the United States Congress," the president said.

At present Bush enjoys "fast track" trade negotiating authority, which means that Congress can either approve or reject - but not amend - trade deals negotiated by the White House. But his fast track mandate is scheduled to end in the middle of 2007.

For Russia to enjoy normal trade relations with the United States, Bush will have to win Congressional backing for the abrogation of the Jackson-Vanik amendment, which could prove to be complicated.

The amendment, approved in 1974 in response to actions by certain countries that denied Jews the right to emigrate to Israel, imposes limitations on US commercial relations with Russia.

PHOTO: RANGS ELECTRONICS

Rangs Electronics Ltd conducted its second raffle draw on customer satisfaction survey recently in Dhaka. J Ekram Hussain, deputy managing director of the company, and other senior officials were present on the occasion.

PHOTO: QA KONSORTIUM

CSD Superstore in Dhaka Cantonment recently opened its 'Fresh Department' to offer fresh fish, meat and vegetables to its customers. Yasser Rizvi, deputy managing director of soft drink brand Virgin, and Harun Ur Rashid Chowdhury, managing director of CSD Ltd, among others, were present at the opening ceremony.

Brunei sultan for economic diversification

AFP, *Bandar Seri Begawan*

Brunei's Sultan Hassanal Bolkiah used his birthday speech Saturday to call for economic diversification and better planning to ensure continued prosperity in the tiny oil-rich nation.

More than 2,000 foreign and local guests gathered at a 1,700-room palace for the speech by the sultan, once rated as the world's richest man.

"Among the most important things is to ensure that the sources of oil and gas can continue to be enjoyed by the people," the sultan said.

"Along with that, economic diversification is also important for strengthening the country's survival, including an increase in foreign investment and a more eco-friendly policy."

The sultan, one of the world's longest-reigning monarchs who is also prime minister, defence minister, finance minister and head of Islam, spoke without a microphone in front of a golden canopy where his two wives sat.

Hassanal last year married Malaysian television news presenter Azrinaz Mazhar Hakim, 26. She bore him a son, his 11th child, last month.

In the 13-minute speech akin to a state of the nation address, Hassanal said: "It is not appropriate for us to remain complacent, because we are accustomed to importing everything including fruits and vegetables ... We must strive to improve and stem the perception that our current resources are adequate."

The sultan's comments reemphasized a call he made in last year's address when he said Brunei was facing intense competition from its neighbours. He vowed then to take steps to strengthen the financial system and develop an environment conducive to business.

Brunei, which occupies a sliver of Borneo island, is Southeast Asia's third-largest oil producer. It is also the world's fourth-largest producer of liquefied natural gas.

"We must plan further and that includes acquiring productive and professional human resources," said the sultan.

"We should prepare ourselves with the appropriate skills if we are to compete with others in all aspects," he said.

Last year the oil and gas sector accounted for 93 percent of Brunei's total exports.

Official figures say the country had a population of about 341,000 in 2002, and the mineral wealth has brought the citizens one of the highest per capita incomes in Asia.

There is no personal income tax, and education and healthcare are free. Houses, cars and even pilgrimages to Mecca are subsidized.

PHOTO: BATA SHOE COMPANY

JD Hearns, managing director of Bata Shoe Company (Bangladesh) Ltd, and MA Quader, marketing manager, pose for photographs with the participants in a professional development course titled 'Storemanco-2006' organised by the company for its store managers on Tuesday in Dhaka.

PHOTO: KDS GROUP

Shameem Iqbal, managing director of KDS Accessories, poses for photographs with the officials of KDS Group at a training programme titled 'Specialized Human Resources Management Training', which was organised recently for the officials of KDS Garments, Steel and Accessories. Philip Bourne, trainer from Tack International, UK, was also present.

China defends trade surplus

ANN, *Beijing*

A key commerce official has defended China's rising trade surplus as remaining at an "acceptable level," while revealing that the growth of foreign investment in the country is slowing down.

Ministry of Commerce spokesman Chong Quan said on Friday that the country's trade surplus now accounts for 7.7 per cent of its total foreign trade volume, "much lower than the internationally recognized danger level of 10 per cent."

China's trade surplus in the first half of 2006 was US$61.5 billion, reflecting a sharp increase of 54.9 per cent from a year ago, when its imports and exports totalled US$795.7 billion.

China's growing trade surplus is a natural result of international industrial restructuring, despite the country's efforts to keep a balance between imports and exports, the spokesman said.

"During the course of the industrial restructuring, China not only took over the role as a world manufacturing centre, but also took over trade surpluses from some countries," he said.

Chong said China's trade surplus resulted from multinationals moving their investment to China from other Asian countries, producing numerous products here and exporting them with a "Made-in-China" label.

His remarks were echoed by Zhai Zhihong, an official with the National Statistics Bureau (NSB), who said the country's trade imbalance was largely the result of foreign-invested processing operations.

According to NSB figures, nearly 90 per cent of the country's trade surplus came from processing trade since 2000 and over 70 per cent of the surplus was from foreign-invested firms.

$1b silicon wafer plant to be built in Singapore

ANN/ THE STRAITS TIMES

Two global technology giants have given a further boost to Singapore's semiconductor industry, pumping in US$1 billion to build a new plant to make cutting-edge silicon wafers used in popular electronics products.

South Korea's Samsung and Germany's Siltronic, a unit of chemical giant Wacker-Chemie, yesterday announced plans to jointly build a wafer plant here that will employ 800 workers when production goes into full swing in 2010.

This joint venture is one of the largest investments pumped into Singapore's vital electronics sector to date and also marks one of Singapore's first forays into making 300mm silicon wafers-- the hottest segment of the industry.

Silicon wafers are ultra-thin slivers of pure silicon used by wafer fabs to etch fine circuits onto the surface. The Singapore plant's 300mm technology will employ larger silicon wafers that substantially boost cost-cutting and productivity as more circuits can be squeezed into each wafer.

These circuits eventually finish up in electronics products like MP3 players and cellphones.

Singapore already makes 200mm silicon wafers at Siltronic's existing plant in Tampines. Just last week, it received another vote of confidence from French silicon semiconductor giant Soitec, which will set up a 350 million euro (US$442.84 million) 300mm plant in Pasir Ris employing 500 people by 2009.

Washington seeks new oil routes

AFP, *New York*

Energy security appeared set to overshadow this weekend's G8 summit in St. Petersburg, as Russia exerts greater control over supplies and the US cheers the inauguration of a Caspian oil pipeline that skirts Russian soil, analysts said Friday.

Russian President Vladimir Putin has chosen energy security as the key theme for the Group of Eight, but US President George W. Bush's strong backing of the Baku-Tbilisi-Ceyhan (BTC) pipeline is likely to have been noted by the Kremlin.

The giant four-billion-dollar BTC pipeline, which was officially inaugurated on Thursday, will pump oil from the Caspian Sea to Turkey's Mediterranean port of Ceyhan, bypassing Russian territory and hence control.

Bush hailed the pipeline as an "impressive achievement... (that) marks a new era," after the US lobbied hard for its construction.

For the Bush administration, the BTC pipeline marks a victory in its bid to diversify US oil and natural gas supply routes.

This is especially true as its old Cold War adversary already controls many of the key energy supply routes to Europe.

"The US wants to create a situation where there are no bottlenecks," said AG Edwards analyst Bill O'Grady, referring to the Red Sea, the Strait of Hormuz and the Gulf of Mexico.

O'Grady said the US government does not want to be in the situation where its energy market could be "held hostage" if a supply disruption hits one of these energy transit routes.

And as oil prices have soared this week to record highs over 78 dollars amid an upsurge in Middle East unrest, so has the recent political rhetoric over energy supplies.

US Vice President Dick Cheney in early May charged Moscow of using its control over oil and gas routes as "tools of manipulation or blackmail," in reference to Russia cutting-off gas supplies to Ukraine in January.

"It's like a game of chess where each moves a piece," said Oppenheimer analyst Fadel Gheit.

"Russia (has) now definitely lost its military leadership to the US and wants to claim its strategic position as a major supplier," Gheit said.

He noted that Russia is now the world's second-largest oil exporting country after Saudi Arabia and controls almost half of Europe's natural gas supplies.

Oil supplies are critical to the US economy, the world's biggest energy consumer, and the White House does not want potential supply disruptions to derail US growth.

"We have a serious problem: America is addicted to oil, which is often imported from unstable parts of the world," President Bush said in a January speech.

Bush also called for a 75-percent cut in US oil imports from the Middle East by 2025 to wean the country off its addiction.

In 2004, the US imported 58 percent of its oil from overseas, some 28 percent of which was imported from the Middle East.

This is why the Bush administration applauded the BTC pipeline which traverses over 1,774 kilometers (1,109 miles) through Azerbaijan, Georgia and Turkey, and avoids Russia and Iran, said O'Grady who said it was a US aim to "make it go through friendly countries."

While an upsurge in Middle East violence might endanger US oil supplies, it could benefit Russia.

"Any supply disruption in the Middle East could really make Russian oil extremely valuable," Gheit said.

"Therefore those countries which have access to the Russian oil like China and Europe will be in a better position than the US which really relies on imports from the Middle East," he said.

Turkish Prime Minister Recep Tayyip Erdogan called the BTC pipeline, which will pump the so-called black gold, "the Silk Road of the 21st century."

Although the mammoth pipeline is not yet running at full capacity, it is designed to carry up to 50 million tonnes of crude a year, and most of the oil will be shipped to Western markets.