

WTO chief calls for ceasefire after trade talks failure

AFP, Paris

WTO chief Pascal Lamy urged the trade body's 149 members Friday to avoid attacks that would make it hard to resume talks on removing trade barriers in order to fight global poverty.

Four days after he suspended five years of Doha Round negotiations owing to a failure by six major trading powers to compromise on tariffs and subsidies, Lamy asked World Trade Organisation members not to withdraw their offers.

"I would ask you not to take from the table those offers they have made and to cease the vitriolic attacks that render a return to the negotiating table more difficult," Lamy said in an op-ed piece published by the International Herald Tribune.

Lamy's letter was addressed to a generic "trade minister".

Officials from the European Union and the United States blamed each other for the break-

down in talks that were intended to boost trade to the benefit of poorer countries.

Washington argued that the EU had not reduced its import tariffs enough to warrant deeper cuts in US farm subsidies.

In his letter, Lamy said: "Powerful tariff-cutting formulas that were on the verge of agreement would have opened global markets as never before."

'US RACES AGAINST CLOCK AFTER TALKS COLLAPSE'
Another report from Rio De Janeiro adds: US Trade Representative Susan Schwab, in Rio de Janeiro to discuss with Brazil the collapse of World Trade Organization talks, appeared skeptical Friday that international negotiations could resume in the next few months.

The United States is in a "race against the clock" because the White House's congressional mandate to negotiate expires July 1, 2007, Schwab told reporters on

the eve of a meeting Saturday with Foreign Minister Celso Amorim.

Any trade agreement must be submitted to the US Congress 90 days before the expiration of the trade promotion authority, she noted.

Once the authority expires, the US Congress will regain the right to amend trade agreements, leaving any Doha agreement hostage to US vested interests. "If we do not have a Doha agreement in place by the end of 2006 it is virtually impossible for us to use the trade promotion authority," she said, referring to the Doha Round of trade talks that collapsed this week.

"We have already run out of time," Schwab warned.

She said she planned to discuss an extension of the trade promotion authority with US Senator Charles Grassley, the chairman of the Senate Finance Committee.

It would take at least "several

months" before WTO chief Pascal Lamy could call a new ministerial meeting, she said.

"There is absolutely no reason to bring back the countries together until there is some basis for an agreement," the US trade representative said.

"If we do not get a breakthrough by March (or) April, it is hard to imagine we can get a breakthrough in any less than a year or two," she said.

Schwab said she would discuss with Amorim, whose country is a powerful player among developing countries, "what was the cause of the breakdown" of WTO talks and "how far apart each position are."

"Neither Mr. Amorim nor I can solve the Doha Round," she said. But "between the two of us we have the capacity to consider the potential points of convergence."

Amorim has joined the European Union, India and others in pinning the most blame on

the United States for Monday's collapse of the Doha talks.

Schwab said the US government was "prepared to show flexibility in cuts" in farm subsidies, but "only if we see more market access on the table."

The US official said she would continue contacting her peers from key countries to try to revive the Doha Round.

"It may be that we won't be able to find convergence but if that is the case it will not be because we didn't try," Schwab said.

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President George W. Bush said Thursday the United States remained committed to a balanced WTO pact that opens up foreign markets in return for cuts to US farm subsidies.

WTO needs US leadership: IMF

AFP, Washington

The International Monetary Fund called Friday on the US government not to undermine the WTO by pursuing a patchwork of bilateral trade pacts.

In a review of the US economy, IMF directors said US leadership remains "key" to unblocking and concluding the World Trade Organisation's troubled "Doha Round" of talks.

"At the same time, most directors cautioned that care would be needed to resist domestic protectionist sentiment and to ensure that bilateral trade initiatives complement rather than substitute multilateral approaches," the review said.

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But at the same time, US trade officials say they will continue to pursue more limited free-trade agreements. The United States is now in FTA talks with Malaysia and South Korea, which are among its top 10 trading partners.

GM global sales fall

REUTERS, Detroit

General Motors Corp.'s global sales were more than 7 percent lower in the second quarter than last year, as growth in emerging markets such as China only partly offset sharp losses in the U.S. market, the automaker said on Friday.

GM said global sales fell 7.6 percent, to 2.4 million vehicles in the second quarter, as sales in its U.S. home market fell 17 percent from a year earlier.

Global sales were nearly 9 percent higher than the first quarter.

On Friday, GM provided more details on its global sales figures, reflected in its second-quarter earnings released on Wednesday. GM had posted a larger operating profit than Wall Street expected, sending its shares up to 10-month high.

GM shares on Friday edged up 41 cents, or 1.3 percent, to \$32.53, below the high of \$33.05 on Wednesday. The stock has risen 65 percent this year as investors have reacted to GM's cost-cutting efforts.

The automaker, which lost \$10.6 billion in 2005 and is in the midst of a wide restructuring, has been losing U.S. market share to rivals such as Toyota Motor Corp. The Japanese automaker is expected to overtake GM as the world's largest automaker by sales volume within a year.



PHOTO: SNM SECURITIES
Syed Manzur Elahi, chairman of Bangladesh Association of Banks, inaugurates the activities of online share trading in Narayanganj on Thursday. SNM Securities Ltd, a corporate member of Dhaka Stock Exchange, launched the online share trading system.

US House approves minimum wage rise

AP, Washington

Republicans muscled the first minimum wage increase in a decade through the House early Saturday after pairing it with a cut in inheritance taxes on multimillion-dollar estates.

Combining the two issues provoked protests from Democrats and was sure to cause problems in the Senate, where the minimum wage initiative was likely to die at the hands of Democrats opposed to the costly estate tax cuts. The Senate is expected to take up the legislation next week.

Still, GOP leaders saw combining the wage and tax issues as their best chance for getting permanent cuts to the estate tax, a top GOP priority fueled by intense lobbying by farmers, small business owners and super-wealthy families such as the Waltons, heirs to the Wal-Mart fortune.

"This is the best shot we've got; we're going to take it," said House Majority Leader John Boehner, R-Ohio. The unusual packaging also soothed conservatives angry about raising the minimum wage over opposition by GOP business allies.

The House passed the bill 230-180 before leaving for a five-week recess.

Senate Minority Leader Harry Reid, D-Nev., vowed Democrats would kill the hybrid bill, along with its 10-year, \$300 billion-plus cost.

"The Senate has rejected fiscally irresponsible estate tax giveaways before and will reject them again," Reid said. "Blackmailing That left Democrats fuming."

working families will not change that outcome."

Republicans countered that Democrats opposed the bill to keep the issue alive for the November elections.

But Republicans also reveled in putting moderate Democrats in the uncomfortable position of voting against both the minimum wage increase and the estate tax cut and an accompanying bipartisan package of popular tax breaks, including a research and development credit for businesses and deductions for college tuition and state sales taxes.

The GOP package would increase the wage from \$5.15 to \$7.25 per hour, phased in over the next three years.

Under current law, the estate tax is phased out completely by 2010, but jumps back to 55 percent on estates larger than \$1 million in 2011.

The bill passed Saturday would exempt \$5 million of an individual's estate, and \$10 million of a couple's, from estate taxes by 2015. Estates worth up to \$25 million would be taxed at capital gains rates, currently 15 percent and scheduled to rise to 20 percent. Tax rates on the remainder of larger estates would fall to 30 percent by 2015.

The maneuver was aimed at defusing the minimum wage increase as a campaign issue for Democrats while using the popularity of the increase to achieve the Republican Party's longtime goal of permanently cutting estate taxes.

Wal-Mart quits Germany, focuses on China

AP, Germany

Wal-Mart Stores Inc. is ending its loss-generating business in Germany just two months after leaving South Korea in what analysts welcomed as a move to focus resources on expanding in more profitable international markets like China and Latin America.

Wal-Mart said Friday it plans to sell its 85 stores in Germany to rival Metro AG, ending a nearly decade-long effort by the world's largest retailer to crack the market in Europe's biggest economy.

Terms were not disclosed, but the Bentonville, Ark.-based retailer said it expects to incur a loss before taxes of about \$1 billion related to the deal in its second quarter.

The total cost of the German experiment is not known because Wal-Mart does not report individual financial results for each of its international markets. Wal-Mart has said over the years that its German operations were not profitable.

"They've been losing money there for years," said Robert Buchanan, head of retail analysis at A.G. Edwards & Sons.

Wal-Mart entered the German market in 1997 with the acquisition of the Wertkauf and Interspar supermarket chains. But Wal-Mart's German stores, which

employ 11,000 people, have struggled to break into the local market.

Sy Schlueter, chief executive of investment house Copernicus in Hamburg, said Wal-Mart had trouble winning over German consumers, who tend to be very price-focused and would rather drive to a different store if they know they can buy something cheaper. National discounters such as Lidl GmbH and Aldi Einkauf GmbH put the heat on Wal-Mart's sales, he said, by offering the same products at competitive prices.

Further, Schlueter said consumers rejected some of Wal-Mart's signature features, like stores outside of town centers, employees required to smile and heartily greet customers, or baggers at checkouts.

Patricia Edwards, a portfolio manager and retail analyst at Wentworth, Hauser & Violich in Seattle, which manages \$8.2 billion in assets and holds 51,000 Wal-Mart shares, said Wal-Mart can use the money it was spending in Germany to fund expansion elsewhere.

"At some point it feels really good to stop beating your head against the concrete. That's a good thing, because it means that they're being much more logical about their growth and taking into consideration shareholder returns," Edwards said.



PHOTO: G3
Link3 Technologies Ltd recently signed an agreement with mobile phone operator GrameenPhone (GP) Ltd for nationwide fibre optic connectivity. The deal will help Link3 provide high-speed data connectivity solutions in the major cities of the country. Frank Fodstad, deputy managing director of GP, and Sk Raihan Ahmed, Link3 chairman, signed the deal on behalf of their companies while other senior officials from both the sides were present.



PHOTO: UCB
The half-yearly branch managers' conference-2006 of Dhaka division of United Commercial Bank (UCB) Ltd was held on Tuesday in the capital. Hamidul Huq, managing director of the bank, Niaz Habib and AKM Kamal Uddin, deputy managing directors, among others, were present at the meeting.