

## ROK, US to resume FTA talks next month

AFP, Seoul

South Korea and the United States will resume a third round of talks on forging a free trade accord in Seattle next month, officials said Friday.

Negotiations on a free-trade agreement (FTA) will take place from September 6-9 in the US West coast city, the Ministry of Foreign Affairs and Trade said.

The second round of talks between the United States and South Korea ended in a stalemate last month after US negotiators boycotted discussions in protest at South Korea's new medical policy.

The boycott came after South Korea vowed to push ahead its new policy on drug-pricing which reimburses patients when they buy medicines listed by the government.

South Korean officials said the new system was aimed at offering good medicine at low prices, while US negotiators insisted it would end up discriminating against foreign products.

The United States wants South Korea to scrap its new medical system or revise it through negotiations. They will have preliminary discussion over the pharmaceutical issue on August 21 in Singapore.

Negotiations have been divided into 18 sessions to come up with separate outlines of accord but South Korea has been reluctant to reduce trade barriers on its auto, agriculture and pharmaceutical markets.

South Korea has maintained a tough stance over rice. The United States has refused to treat goods produced in an industrial complex in North Korea's border city of Kaesong as South Korean-made products.

The complex is a sensitive issue, as US officials believe it helps North Korea earn hard currency which is then used to build up its nuclear and missile programs.

## Nepal to launch CDMA mobile phone service

XINHUA, Kathmandu

Nepal Telecom (NT) will launch pre-paid mobile phones based on Code Division Multiple Access (CDMA) technology soon, an official at NT said here Thursday.

"We will start accepting applications from the interested client to subscribe to the pre-paid mobile phone from next Sunday," Som Nath Bhattarai, manager of the Kathmandu Regional Directorate of NT, a state-owned entity, told reporters.

The service on CDMA technology, which has limited mobility, initially will function in the central Bagmati zone that covers the capital Kathmandu valley and its surrounding areas, Bhattarai revealed.

NT introduced the new system as the NT faced unmanageable flows of clients in different parts of the country to get traditional pre-paid mobile phones based on Global System of Mobile Communication (GSM) technology.

"The good news of this technology is that subscribers will be able to make calls at cheaper price than that of GSM technology," Bhattarai said.

NT had introduced phones based on CDMA technology on Feb 5 earlier this year, which was being used to distribute fixed phone lines so far, he added.

## Office bearers of construction industry assoc



President Vice president

Syed Mosharrar Hossain and Nazrul Islam have been elected president and vice president of Bangladesh Association of Construction Industry for the term 2006-08.

The association at its 11th annual general meeting held recently in Dhaka announced the 12-member executive committee for the term, says a press release.

Mosharrar Hossain is the managing director of The Concrete Builders Ltd while Nazrul Islam is a director of Associated Builders Corporation Ltd.

# RMG's market share in US falling despite its export growth

## Bangladesh faces sharp competition from China, Mexico, India

JASIM UDDIN KHAN

Market share of Bangladesh's textile products in the US is on the decline, although the products, mainly readymade garments, are posting positive growths both in terms of volume and value in the market.

The market share dipped to 2.99 per cent in May in 2006 from 3.55 per cent in 2005 and 3.9 per cent in 2004. Bangladesh's market share was 4.6 per cent in 2001, according to the latest trade data of US Office of Textiles and Apparel (Otexa).

Industry sources said Bangladesh's market share is falling mainly due to sharp competition

from China, Mexico and India following the quota phaseout.

In 2005, the market share of China stood at 24 per cent, Mexico 7.5 per cent, India 5.5 percent and Pakistan 3.5 per cent, industry sources added.

Although Bangladesh's market share falls, US overall textile and apparel products import is increasing sharply.

Bangladesh's textile products attained 19.43 per cent export growth in the US in 2005-06 fiscal year. The textiles export earning was US\$ 2.45 billion in 2005 and \$2.06 billion in 2004.

According to the Otexa, the US textiles and apparel import rose to \$

89.20 billion in 2005 from \$83.31 billion in 2004. The US textiles import from Bangladesh rose to 1313.67 million square metres equivalent in 2005 from 1108.54 million square metres equivalent in 2004.

US imported 50.83 billion square metres equivalent textile and apparel products in 2005, which was 46.93 billion square metres equivalent in 2004.

Meanwhile, Bangladeshi textile analysts apprehend the US may include Bangladesh's three-fifth textile items on the sensitive list of 3 per cent products under WTO's Hong Kong ministerial decision.



PHOTO: MERCANTILE BANK  
M Nurul Islam, additional managing director of Mercantile Bank Ltd, and Hedayet Hossain, director of Rupali Exchange (Europe) Ltd, UK, exchange documents after signing a remittance agreement recently. Under the deal, Bangladeshi expatriates will be able to send their money home quickly and easily through the branches of the bank. Shah Md Nurul Alam, managing director and CEO of the bank, among other senior officials from both the sides, is seen.

# US senators in Beijing take soft line on yuan

REUTERS, Beijing

A US Senate bill that would impose steep tariffs on Chinese goods unless Beijing significantly raises the value of the yuan has little chance of becoming law, a visiting senator said on Friday.

Sen. Arlen Specter said the legislation proposed by Sens. Charles Schumer and Lindsey Graham was "not exactly a front-runner Congressional proposal."

"It was never about to be passed," the Pennsylvania Republican told reporters.

Schumer, a New York Democrat, and Graham, a South Carolina Republican, said on July 27 they would demand a vote on their legislation unless Beijing responded positively by September 30.

Specter is one of a group of senators who have been in China this week for talks with Chinese lawmakers on a range of bilateral issues.

Ted Stevens, Republican of Alaska, said the senators had been very pleased with the openness with which the Chinese had discussed the yuan.

"I do think that they're making progress and I at least am one to urge that we use caution in trying to put up roadblocks," Stevens said.

Mark Dayton, a Minnesota Democrat, said China's accumulation of foreign exchange reserves served the United States by helping to finance its deficit spending.

China's reserves are a world record \$941 billion.

"They are managing their own economic affairs in their own self-interest, as they should and as they must," Dayton said.

# Bank of Japan open to rate rise this year

AFP, Tokyo

The Bank of Japan chief has said he was open to another interest rate hike this year, one month after the central bank ended its unorthodox five-year policy of virtually free credit.

The nine-member policy board voted unanimously to keep its benchmark interest rate at 0.25 percent, as widely expected by analysts who doubted the bank would tighten credit quickly.

"I can't deny the possibility of raising the key rate again this year, but at the same time, I don't have any intention of suggesting another rate hike," Bank of Japan governor Toshihiko Fukui told a news conference.

"I do not have any prejudice on another rate hike this year. That is an idea commonly shared among board members," he said. "Whether interest rates will be raised or not depends on the trend in prices and economy."

At last month's meeting, the board agreed to lift interest rates a notch, ending an unusual zero-interest policy launched in 2001 to stimulate the economy and defeat Japan's long scourge of deflation. There has been intense specu-

lation when the Bank of Japan will next lift rates. Hawks believe the move should come this year amid signs the economy is overheating, but many analysts believed it will not happen until 2007.

Fukui reiterated that he predicts that "the condition of loose financial environment will be maintained with extremely low interest rates."

He said Japan's economic growth "is continuing in a balanced manner," pointing to growth figures out Friday that showed a sixth straight quarter of expansion in the three months to June, albeit at a slower pace.

Last month's decision to raise interest rates a notch had caused some jitters in the government which is concerned about preserving Japan's recovery.

Kaoru Yosano, the minister for economic and fiscal policy, said Friday before the rate announcement that he doubted the Bank of Japan would move quickly to tighten credit.

"I do not think that an additional rate hike is near," Yosano told reporters.

But Fukui said that in the month since ending the zero-interest

policy, "the financial markets have been stable, on the whole."

Fukui said the core factors in deciding interest rates in the future "will be how to read Japan's potential growth rate and how to read the inflation rate, combined with other various factors" including the US economy, crude oil prices and geopolitical risks.

"It's not good to target a fixed figure in advance, as interest rates should be decided by a dynamic market mechanism," Fukui said.

Despite the Bank of Japan's decision last month, the government has been careful not to declare an official end to deflation which afflicted the Japanese economy since 1998.

Deflation, or falling prices, hurts the economy by discouraging consumers and companies from spending now, as they can expect better prices in the future.

The consumer price index, a key gauge for Japan's monetary policy, rose 0.6 percent in June from a year earlier, the eighth straight monthly rise.

In July, the Cabinet Office for the first time since 1998 omitted a reference to deflation as a problem in its monthly economic report.

## Citigroup Corporate and Investment Banking wins awards

Citigroup Corporate and Investment Banking (CIB) has been recognised by Euromoney magazine as the Best Emerging Markets Bank and the Best Global Cash Management Bank in the annual Awards for Excellence. The bank also received several regional and in-country awards, according to a press release.

Robert Druskin, CEO and president, Citigroup Corporate and Investment Banking, said "We are pleased that Euromoney has recognised our efforts and awarded us first place in 29 categories."

In awarding the Best Emerging Markets Bank Award, Euromoney said: "Citigroup has one of the best investment banking operations in the emerging markets. Its debt business is among the very best and its M&A franchise is not far behind."

On the Best Global Cash Management Award, Euromoney said, "It is hard to argue with Citigroup's numbers and its commitment to establishing a global platform."

"These rankings are additional evidence that our global reach, comprehensive portfolio of solutions, innovative technology and superior service quality are recognised and appreciated in the marketplace," said Mamun Rashid, Citigroup country officer, Bangladesh.

## India's industrial production grows by robust 9.6pc

AFP, New Delhi

India's industrial production grew by a robust 9.6 percent in June, according to official data Friday, but analysts said massive flooding could affect output in coming months.

Industrial production in Asia's fourth largest economy was driven by manufacturing which expanded by 10.5 percent in June from the same month a year earlier. Manufacturing accounts for three-quarters of industrial production.

Consumer durables production grew by 19.5 percent.

"I see these numbers as positive. We are seeing increased supply and efficiencies coming through," said R. Balakrishnan, director at investment advisory firm Parallax Consulting Services.

But economists warned that widespread flooding in western and southern India as a result of the annual monsoon rains could hit future output.

The floodwaters have begun to recede in many areas but hundreds of people have died, crops have been damaged and businesses have been affected.

"It (the flooding) could have caused some serious damage to output, some exports could get hit," said Balakrishnan.

Separately, India's inflation rate fell to 4.61 percent from 4.67 percent a week earlier, according to India's closely watched wholesale price index. This compares with 4.16 percent a year ago.

The week-on-week fall came after the central Reserve Bank of India hiked its trend-setting reverse repo rate by a quarter point late last month to 6.0 percent, the highest level in four years, in a bid to restrain inflation.

## India to release \$22.8m budgetary support to Nepal soon

XINHUA, Kathmandu

The government of India is going to release 1.6 billion Nepali rupees (22.8 million US dollars) as budgetary support to the Nepali government as a grant assistance in a next few days, Indian Ambassador to Nepal Shiv Shanker Mukherjee told reporters Friday.

As India has already begun implementing the 15 billion rupees (214.8 million dollars) economic assistance package as per the announcement made during the recent visit of Nepal's prime minister Girija Prasad Koirala to India, the budgetary support is the first that India has provided to any country, Mukherjee said.

Mukherjee reiterated that India extends its hand of support to Nepal at a time when Nepal prepares to embark on the path of economic rehabilitation, recovery and long-term growth.

"Even in difficult times, India remains committed to Nepal's economic development," Mukherjee said.

# China accuses India of erecting trade barriers at Silk Road pass

PTI, Beijing

China has accused India of erecting unilateral and restrictive trade barriers at the strategic Nathu-La border trade market which was opened last month with much fanfare after a 44-year hiatus.

"India has unilaterally imposed restrictions on trade through Nathu-La," vice chairman of the Tibet Autonomous Region, Hao Peng said in Lhasa, Tibet's capital Thursday.

Hao told a group of visiting Indian journalists hosted by the Chinese government that the border trade through Silk Road is running at a "low level" and was "not ideal."

Hao complained that a mere 15

Chinese items have been permitted to enter the Indian market from the Chinese side. At the same time, the Indian government has allowed the export of only 29 items from India to China.

When China opened a trade mart at Renginggang, some 16-km from the Nathu La Pass, India opened the Changgu mart in neighbouring Sikkim. However, while Indian business people can stay at China's Renginggang mart, Chinese traders cannot spend the night at the Indian mart, Hao noted.

"Trade at the Renginggang mart is currently less than 100,000 yuan (USD 12,500) per week, far less than we had expected," Hao was quoted as saying by Xinhua news

agency. China does not impose any restrictions on cross-border trade except for illegal items, and hostels have been built to accommodate Indian traders, he said.

"I hope the Indian government will adopt a more egalitarian approach to cross-border trade with China," he said.

China and India reopened border trade through the Nathu La Pass on July six, 44 years after a border conflict closed down the ancient "Silk Road."

The border trade route was reopened as India and China have designated 2006 as the year of Sino-Indian friendship.

# Trade facilitation top of Asean economic agenda: KL

AFP, Kuala Lumpur

Trade facilitation between Southeast Asian nations to lower the cost of doing business in the region will top the agenda at this month's meeting of Asian economic ministers, Malaysia said Thursday.

Malaysian Trade Minister Rafidah Aziz said trade facilitation initiatives are critical in the process of creating a regional single market among Association of Southeast Asian Nations (Asean) member states.

Malaysia will host the week-long Asean economic ministers' meeting which begins August 21. Rafidah told the official Bernama news agency that Asean

needs to develop measures to further cut the cost of doing business in the region amid growing competition from China and India.

She added that Malaysia will also emphasise the need for private sector participation to help in the shift towards Asean economic integration.

"Their role is critical as they are the ones who will eventually benefit from these integration initiatives," Rafidah said.

Rafidah said the focus of the economic ministers' meeting will be on achieving a truly free market through the Asean Free Trade Area (AFTA).

AFTA was established in January 1992 to eliminate trade barriers among Asean states and

to fuse the regions' economies -- with a market of some half a billion people -- into a single production base.

The ministers will also discuss issues related to the Common Effective Preferential Tariff (CEPT) scheme, involving the transfer of products that are still not integrated into the scheme by some member countries, Bernama said.

The list of products includes sugar, rice and petrochemicals. Under the CEPT, levies on a wide range of products traded within the region has to be reduced to no more than 5.0 percent.

Rafidah said the ministers will discuss measures to fast track the realisation of the Asean Economic Community from 2020 to 2015.

## Vietnam mulls ending fuel subsidy by 2008

AFP, Hanoi

Vietnam is mulling ending state control on fuel trade by cutting subsidies by the end of 2008, officials and reports said on Friday after another price increase was announced in the communist nation.

The decision would be a significant shift towards a market-oriented economy and a major reform in the state-dominated oil and gas sector in Vietnam. "This is a plan to be considered by relevant ministries," Hoang Dinh Cuong, department of market policy at the Ministry of Trade, told AFP. "The government has not made any decision about it yet."

Hanoi has raised this week petrol prices by nine percent in response to soaring world oil prices and reduced subsidies, for the second time in the year.

State-set petroleum retail prices now range from 11,600 to 12,000 dong (0.72-0.75 dollars) per litre. Diesel prices also

increased by 700 dong, to 8,600 dong (0.53 dollars) per litre.

"We must follow rules of the market and accept the new price as part of global economic integration," Deputy Finance Minister Tran Van Ta was quoted as saying in the English daily Vietnam News Friday.

The price of petroleum has increased several times in recent years, but state subsidies have ensured the cost for domestic petrol remained lower than the ruling world price.

Vietnam News said Friday the subsidy had cost the state budget 6,800 billion dong (425 million dollars) so far this year.

Vietnam is hoping to join the World Trade Organisation by the end of this year.

"International integration is looming and the price of petrol will match the world price. Consumers and enterprises must accept this," Market and Price Research Institute deputy director, Ngo Tri Long, said in the Vietnam News.



PHOTO: MUTUAL TRUST BANK  
Mosharrar Hossain, managing director of Mutual Trust Bank Ltd, and AV Rao, general manager of Trust Exchange Co WLL, Qatar, sign a remittance agreement recently in Doha. Under the deal, Bangladeshi expatriates in Qatar will be able to send their money home quickly and easily through the branches of the bank. Senior officials from both the companies are also seen.

## Automakers to Invest in hybrid project

REUTERS, Traverse City, Michigan

A research alliance consisting of General Motors Corp, BMW AG and DaimlerChrysler AG plans to invest over \$1 billion in the development of a new hybrid transmission and related systems that backers say will leapfrog the market-leading technology now offered by Toyota Motor Corp.

The three automakers have about 500 engineers who have been working for the past 18 months on the joint development of the next-generation hybrid engine technology, which combines a battery-powered electric motor with a conventional gasoline combustion engine, company representatives said on Friday on the sidelines of an industry trade meeting.

The so-called dual-mode hybrid technology that has been under development by the consortium includes an onboard fuel-optimization computer that determines when and at what speeds the two motors will be used for power and how the on-board battery will be recharged.

Development of the transmission -- the core of the project -- is expected to cost about \$300 million for the partners, said Andreas Truckenbrodt, executive director of DaimlerChrysler's hybrid programs. The remainder of the investment represents the cost of integrating the new hybrid system with other vehicle components, he said.

"What's often forgotten about the hybrid technology is that you have to put it into the car," Truckenbrodt told reporters.

The hybrid engine will be made available in two rear-wheel drive configurations or a front-wheel drive system, said representatives of the joint development project based in the Detroit suburb of Troy, Michigan.

Depending on the requirements of the market and the automaker, the system can be adjusted to provide either improved value or high performance, they said.

"We believe that our two-mode hybrid is the best of the hybrid systems," Truckenbrodt said. "I think all three of us can say it's truly amazing what you can get out of if you bring wild, dedicated engineers together."

DaimlerChrysler plans to use the new hybrid system in its 2008 Dodge Durango sport utility vehicle.