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E-mail: business@thedailystar.net

US for Chinese economic reforms

AFP, Washington

A high-ranking US delegation to China next month will seek economic reforms from Beijing, a US government official said Friday.

The official, who requested anonymity, said Bernanke, Federal Reserve chairman, had agreed to accompany the group led by Treasury Secretary Henry Paulson on their China trip, expected in mid-December.

The trip comes as US President George W. Bush's administration feels intense pressure from Congress and American business leaders to push China over its trade and currency practices.

US businesses often claim they are shut out of China, that their products are regularly pirated by Chinese firms and that Beijing keeps its currency, the yuan, undervalued to boost exports.

Paulson has taken a lead in trying to open a dialogue with Beijing about such US concerns, as well as urging China to accelerate

reforms to rebalance its rapid growth.

A Treasury official could not be reached for comment, while the Federal Reserve declined to comment.

During a visit to China in late September, the Paulson inaugurated a high-level economic dialogue with Chinese leaders in a bid to map out a long-term future for the countries' bilateral economic relationship.

He succeeded in meeting Chinese President Hu Jintao at the Great Hall of the People during that trip. Hu has never met a US economic official for anything other than a courtesy call.

However, some Washington-based trade analysts have remained skeptical about whether Paulson will be able to achieve anything other than political window dressing.

It is unclear who the delegation will meet with in China, but the US official said it would likely see a large number of Chinese officials.

Although it is unusual for a

Federal Reserve chairman to accompany and participate in overseas meetings with a US government mission, as the Fed is meant to be independent from the administration, similar sessions have occurred in the past.

Former Fed chairman Alan Greenspan participated in an economic meeting in China last year with former Treasury secretary John Snow.

Bernanke's participation in the trip will, however, lend more gravitas and weight to the US delegation.

The US central bank chief has urged China in congressional hearings to relax its currency system both for its own good and for that of the world economy.

The December meetings will take place as US manufacturers ramp up calls for China to revalue its currency. They claim an artificially weak yuan benefits Chinese exporters at the expense of American exporters.

The US trade deficit with China jumped to another record high in September, with the gap at 23 billion

dollars, after striking 22 billion dollars in August, according to US figures.

Imports from China rose 3.3 percent to a record 27.6 billion dollars.

The New York Times reported Thursday that the US delegation will also include US Trade Representative Susan Schwab, Energy Secretary Samuel Bodman, Commerce Secretary Carlos Gutierrez, Health and Human Services Secretary Michael Leavitt and Environmental Protection Agency chief Stephen Johnson.

The Times said the US officials would visit China December 12-16. Gutierrez visited China earlier this month, with a delegation of American executives, and met with Chinese officials to push for broader bilateral trade.

Paulson is familiar with China's economy, as he has visited the country over 70 times in his former role as chief executive of US investment bank Goldman Sachs.

FTA with EU may create 3 lakh S Korean jobs

AFP, Seoul

A state research institute predicted Friday that South Korea could create up to 300,000 new jobs in the short term if it signs a free trade agreement with the European Union.

"If both sides sign a free trade agreement, it will help South Korea create as many as 300,000 jobs in the short term and 590,000 jobs in the long term," Kim Heung-Jong, a senior researcher at the Korea Institute for International Economic Policy, said in a report.

A deal would also likely allow South Korea to expand its gross domestic product by 2.02 percent in the short term, he said in the report at a public hearing to discuss a possible trade deal with the 25-nation bloc.

Another state body said formal talks are likely to start as soon as next March. Asia's fourth-largest economy and the EU have already held preliminary talks in Brussels.

"The EU is expected to approve a proposal to start free trade talks with South Korea in February 2007," Chung Jae-Hwa, a senior official at the Korea International Trade Association, was quoted by Yonhap news agency as telling the meeting in a report.

"So free trade talks between South Korea and the EU will likely be launched in March 2007."

President Roh Moo-Hyun said this month that Seoul wants to open free trade talks with both the European Union and China next year.

South Korea and the US are currently engaged in tough free trade talks, with a fifth round scheduled for next month.



PHOTO: LEADS CORPORATION

Doug Bergeron, president and chief executive officer of VeriFone Incorporated of USA, a leading company in point-of-sale terminal solutions, and Bill Atkinson, senior vice president (International Business), pose for photographs with Shaikh Abdul Aziz, managing director of LEADS Corporation Ltd, VeriFone's international partner in Bangladesh, at the 'Annual World Wide Sales Conference' of VeriFone held recently in Florida.

Sanyo warns of full-year loss, slashes jobs

AFP, Tokyo

Japan's ailing Sanyo Electric Co. on Friday tore up its forecast for a return to the black this year as it axed 2,200 more jobs and flagged a possible sale of its cellphone business amid fierce competition.

Sanyo predicted net losses of 50 billion yen (430 million dollars) for the fiscal year to March 2007, reversing its July forecast for a net profit of 20 billion yen and after the previous year's 205.7-billion-yen loss.

Prices of products such as mobile telephones and digital cameras declined in the face of a growing price war, the company said.

"Because of falling income in the cellphone and digital camera businesses, total sales and operating income are going to fall short of expectations," Sanyo president Toshimasa Iue told reporters.

The profit warning overshadowed a better interim performance. Sanyo reported reduced net losses of 3.62 billion yen for the six months to September, down from 142.53 billion yen a year earlier.

The group made an operating profit of 15.84 billion yen in the period against a year earlier loss of 28.37 billion yen while revenues fell 7.1 percent to 1.096 trillion yen.

"Since the beginning of the fiscal year the company has actually seen better performances in the businesses which it said it would strengthen," said Iue.

"There seems to be a view that the company's domestic sales will shrink but that won't be the case."

The company has been accelerating its restructuring and said in May it had managed to complete planned 14,000 job cuts two years ahead of schedule as part of efforts to revive its flagging fortunes.

The group's main semiconductor plant was seriously damaged in Japan's worst earthquake in a decade in October 2004 and the company has struggled to win over consumers faced with a vast array of hi-tech new products on the shelves.

Sanyo said Friday that it would cut 2,200 more jobs in the year to March 2007 - 1,500 in Japan - and incur restructuring costs of 40 billion yen.

The group aims to reduce its number of global affiliates by about one third from around 300 at present over the next three years and indicated that its cellphone and semiconductor operations could face the chop.

China's Chery scraps plan to sell cars in US

AFP, Shanghai

China's Chery Automobile has canceled plans to export cars to the United States through a joint venture with US entrepreneur Malcolm Bricklin, a report and the Chinese company said Friday.

Chery said it was not ready to sell cars in the world's biggest car market although Bricklin, who introduced the Subaru brand to the US in the 1960s, planned to import 250,000 Chery cars through 250 US dealers as early as 2007.

The joint venture, Visionary Vehicles, also planned to develop five low-cost cars with luxury vehicle content.

"Chery was not moving fast enough to do all of these cars. It may still assemble some cars for Visionary on a contract basis," Visionary Vehicles spokeswoman Wendi Tush was quoted as saying by the South China Morning Post.

Jin Yibo, a spokesman for Chery Auto at its headquarters in eastern China's Anhui province, confirmed that the deal was off but refused to elaborate.

"We've stopped our cooperation with Visionary Vehicles, but we cannot comment on any of the details," he told AFP.



PHOTO: EMIRATES

Ghaith Al Ghaith, executive vice president (Commercial Operations Worldwide) of Emirates, and Nabil Sultan, senior vice president (Commercial Operations West Asia & Indian Ocean), present a crystal plaque to Alexander Lee, managing director of ABC Air Ltd, Emirates' general sales agent in Bangladesh, to mark the airline's 20 years of operations in the country at a function held recently in Dubai. Other senior officials of Emirates and ABC Air were also present.

Emerging economy firms buying up western steelmakers

AFP, Moscow

Steel producers from India, Brazil and Russia are investing in industrialised countries, highlighting the rising power of emerging economies in a new phase of globalisation, analysts said last week.

"Russia, Brazil and India are

buying industrial assets in rich countries at a time when industrial countries are leaving manufacturing," Charles Robertson from ING Bank in London told AFP.

In the West, Robertson said, manufacturing is not considered a "value-added activity" and firms "are moving towards service economy," giving companies from emerging

economies the edge.

Kamal Nath, India's Commerce and Industry Minister, agreed.

"The winds of investment flows and trade flows are changing, and this means greater integration of the global economy," Nath said in an interview with the International Herald Tribune published on Tuesday.

On last Monday, Russian steel producer Evraz announced it was buying its US competitor Oregon Steel for 2.3 billion dollars (1.8 billion euros) as a base for expansion into the US market.

The deal would place Evraz in the world's top 10 steel producers and make it Russia's number one. But the Russian firm's ambitions are by no means an exception among metals giants in emerging economies.

Brazil's Companhia Siderurgica Nacional (CSN) is currently vying with India's Tata Steel over the British steel company Corus.

The Brazilian company, which last month merged with US-based WPC, has pledged 7.8 billion euros (10.1 billion dollars) for Corus.

The acquisition would make CSN the world's fifth largest steel producer.

Meanwhile, the Russian daily Kommersant reported earlier that Severstal, Russia's second biggest steelmaker, could aspire to buying up US Steel while also merging with Russian mining companies Gazmetall and Metalloinvest.

"Evraz's bid (...) marks the start of a likely busy period of consolidation and international acquisitions by Russia's major metal producers," said Christopher Weafer, analyst at Alfa Bank in Moscow.

"A very important factor will be how local industry regulators in the US and EU view these and other proposed acquisitions," Weafer said.

Robertson explained that a major factor in the rising power of steelmakers from emerging markets has been a rise in commodity prices in recent years.

"Russia has become immensely richer thanks to the rise of oil and commodity prices, like steel. That now allows steel companies from Russia, and also from India or Brazil to spend much more money in acquisitions," Robertson said.

Rob Edwards, an expert in metals markets for the Moscow-based Renaissance Capital investment group, predicted the emergence of "more and more cross-border steel companies," like Mittal Steel.

Mittal, which is based in the Netherlands but has key assets in emerging markets such as India, recently absorbed Arcelor, the pride of Europe's metals industry.

Companies such as Mittal combine production sites in emerging countries, where raw steel production is much cheaper, with the

specialised steel and marketing capacities of industrialised countries.

"In the next half decade, there may be up to five 70 to 150-million-tonne steelmakers" in the world, Peter Marcus, an analyst from the World Steel Dynamics research centre in the United States, wrote in a recent report.



PHOTO: UNIDO

Speakers are seen at a seminar on 'Standardisation and the Specific Role of Authorities in Standardisation' organised by United Nations Industrial Development Organisation (UNIDO) and Bangladesh Standards and Testing Institution (BSTI) on Thursday in Dhaka.