

Star BUSINESS

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US, Asia differ over free trade mechanism

AFP, Washington

The United States and Asian economies are divided over how to implement a plan to set up an Asia-Pacific free trade area, two weeks after agreeing to study the ambitious proposal.

The Asian economies want to first establish a free trade area among themselves before considering the implementation of the

Free Trade Area of the Asia Pacific but Washington wants them to be hooked to the plan simultaneously.

Leaders of the 21 economies of the Asia-Pacific Economic Cooperation (Apec) forum agreed at a summit in Vietnam on November 16 to commission a study of the free trade zone linking Asia and the Americas for evaluation next year.

The plan was pushed for by the

United States, with President George W. Bush saying it "deserves serious consideration."

East Asian economies are looking into setting up their own free trade zone incorporating Southeast Asia, China, Japan and South Korea and possibly even India, Australia and New Zealand.

Japan and several other East Asian nations want to launch their regional free trade area before

embarking on a Asia-Pacific wide free trade agreement.

But Washington is pushing for a swift implementation of the Asia-Pacific plan, saying it would jolt non-APEC members, such as Brazil and India, to restart stalled talks for a new global trade accord.

"If you go to Asia, there are still lot of sensitivities on the part of East Asian economies to move immediately into this exercise," said Masahiro Kawai, a top Japanese official with the Manila-based Asian Development Bank (ADB).

Kawai, speaking Thursday at the fourth annual US Asia Pacific Council conference in Washington, said that while many East Asian economies regarded the United States as their "most important ally from the security perspective," they wanted more time to join America in the free trade initiative.

"From an economic point of view, perhaps, the order of liberalization with the United States may be for East Asia to consolidate itself first and then move to a Free Trade Area of the Asia Pacific," said Kawai, who is in charge of the ADB's regional economic cooperation and integration program.

Kawai then asked whether the free trade plan was "realistic at this point of time," citing for example the "imbalances" between China and the United States.

BCI AGM held

The 20th annual general meeting (AGM) of Bangladesh Chamber of Industries (BCI) was held in Dhaka yesterday.

BCI President AK Azad presided over the AGM and described BCI activities in 2005, says a press release.

Azad said the private sector needs to emerge as an engine of growth and work in cooperation with government in policy formulation.

The directors and members of the chamber were present at the AGM.

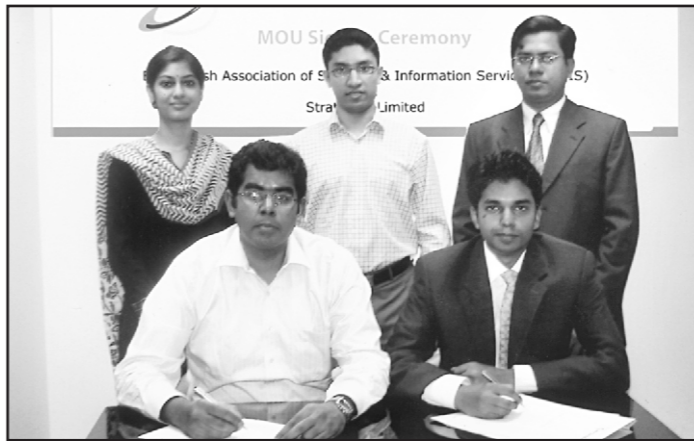


PHOTO: STRATEGICA

Bangladesh Association of Software & Information Services (BASIS) and Strategica Ltd, a supplier of affordable business intelligence solution for small and medium business, signed a memorandum of understanding (MoU) on Monday in Dhaka. Under the MoU, Strategica will work as public relation and communication service provider for the ICT exposition, 'BASIS SOFTEXPO 2006'. AKM Fahim Mashroor, treasurer of BASIS, and Syed Mahabubul Alam, managing director of Strategica, signed the MoU on behalf of their sides.

India eyes trade pact with 4 non-EU states

PALLAB BHATTACHARYA, New Delhi

After agreeing to discuss trade and investment pact with European Union, India on Friday decided to explore the possibility of a similar accord with four non-EU countries including Switzerland and Norway.

India and the European Free Trade Association (EFTA) established a joint study group to explore the possibility of entering into a broad-based trade and investment accord, an official statement here said.

The study will examine all aspects of existing bilateral economic relationship with EFTA, which also includes Iceland and Liechtenstein, and suggests steps for deepening the economic engagement through expansion of two-way trade and investment flows, the statement said.

The bilateral trade and investment will cover trade in goods and services, investment, trade facilitation, technical standards, intellectual property rights and dispute settlement, it said. The study group has been asked to submit its report within a year and its first meeting will be held in February next year, the

report added.

The agreement to set up the study group was signed in presence of Indian Commerce Minister Kamal Nath and Doris Leuthard, federal councillor of Federal Department of Economic Affairs of Switzerland.

The statement says there are strong complementarities between India and the EFTA and harnessing them "will widen and deepen our trade basket. The strong technology orientation of the EFTA countries can be gainfully used along with huge skilled human resources base of India for the benefit of both sides", it added.

India's strength lies in services sector and the large service-consuming economies of EFTA provide an ideal situation for increasing trade flows.

Bilateral trade between India and EFTA, which was formed in 1960, grew at 9.3 percent at \$7.4 billion in 2005-06.

China's poor getting poorer: WB

AFP, Beijing

As China's roaring economy runs ahead at breakneck speed, its poor are getting even poorer, more dispersed and harder to reach, a ranking World Bank official said Friday.

Poverty is no longer mainly concentrated in specific geographic areas but is scattered across the map, often emerging in families that have experienced individual misfortune such as sickness or accidents, the bank said.

"Traditionally, China has had very successful poverty reduction projects that focused on helping poor areas grow," David Dollar, the World Bank's country director for China, told a briefing in Beijing.

"That continues to be important but one of our new findings is that more than half of the remaining poor in China do not live in officially designated poor villages."

An analysis of poverty in the period from 2001 to 2003 shows a slight decline in the income of the poorest 10 percent of China's population, the World Bank said, confirming earlier media reports.

"Seventy percent of the poor have had some kind of income shock in the past couple of years. Maybe they've had a crop loss or an unexpected health problem or an injury," said Dollar.

"You can go just 100 kilometers (62 miles) from Beijing and find rural villages where there is not a large number of poor but almost every village will have a few families living in poverty," said Dollar.

"Migrant workers from the countryside are usually not among the extremely poor in China but within the cities, they are the relatively poor people."

Overall, however, the World Bank characterized China's economic policies as a success story, with 70 million people being lifted out of poverty in just three years.

In the period from 2001 to 2004, China reduced the number of peo-

ple living in poverty -- defined as spending less than a dollar a day -- from 16 percent to 10 percent, according to the World Bank.

"We feel the policies the government is pursuing are producing overall reductions in poverty," said James Adams, the World Bank's vice president for East Asia and the Pacific.

China's leadership is increasingly worried about a widening income gap brought about by market reforms which have rewarded people with skills and personal connections, and punished those without.

The income gap is partly blamed for a rise in social unrest, especially in rural areas, and narrowing the divide is a high priority for the current generation of leaders who took over in 2002 and 2003.

Citibank sends its Bangladeshi officials abroad

Citibank, NA Bangladesh has arranged the placement of four of its young officials to its Hong Kong and India corporate and investment banking units, says a press release.

The four management associates from Citibank Bangladesh have been placed in export and agency finance unit at Citigroup Hong Kong, non-banking financial institutions (Insurance, Mutual Funds and Broker Dealer) unit at Citigroup India, credit risk management services unit at Citigroup India and in electronic banking unit under Global Transaction Services (GTS) at Citigroup Honk Kong.

Citigroup's Country Officer in Bangladesh Mamun Rashid said, "These assignments follow a series of talent exports and are part of Citigroup's overall strategy to expand its 'knowledge bank'."



PHOTO: GRAMEENPHONE

Sajjad Alam, head of Chittagong Region of Grameenphone (GP) Ltd, and Md Salamot Ali, president of Reazuddin Bazar Bank Kalyan Samity, an association of wholesalers and distributors in Chittagong, pose for photographs at a corporate agreement signing ceremony recently. As per the deal, GP will provide complete communication facilities under its 'Business Solutions' package for the association.



PHOTO: AKTEL

Ahmad Bin Ismail, managing director of AKTEL, and MA Mannan, managing director of Butterfly Marketing Ltd, the sole distributor of LG brand electronic products and appliances in Bangladesh, pose for photographs at a corporate agreement signing ceremony on Thursday. Under the deal, Butterfly Marketing will enjoy privileged communication services from the mobile phone operator. Senior officials from both the sides were also present.