

Final deal signed for China's WTO entry

AFP, Geneva

China and its major trading partners reached a formal agreement here on the Asian giant's membership of the World Trade Organisation after 15 years of negotiations, the WTO announced on Monday.

The working party on China's accession formally recommended the WTO's 142 member states welcome the Asian giant into their fold at the organisation's ministerial conference in Doha, Qatar, on November 9-13, WTO spokesman Keith Rockwell said.

"After 15 years of often arduous negotiations the working party and its member governments have approved the necessary documents paving the way for China accessing to WTO", Rockwell said.

Mike Moore, director-general of

the WTO, called it "a defining moment in the history of the multilateral trading system".

The chief Chinese negotiator in Geneva, Long Yongtu, said: "We are part of a historical event, an event which will bring a country with one-fourth of the world population into the multilateral trading system which takes the promotion of world trade and economic development as its major goal."

Diplomats in the working party officially approved an 800-page technical document, effectively sealing the deal on China's bid to join the system that regulates global fair trade.

Approval by ministers in Doha is widely regarded as a political formality.

China must then ratify the accord and wait 30 days before its member-

ship becomes official, probably early next year although Long declined to be drawn into a timetable.

Long told the working party that China's accession was a strategic decision "in line with China's reform and opening-up policy and the goal of establishing a socialist market economic system."

"The efforts made by China for its WTO accession have greatly accelerated the reform and opening up process in China," he emphasised.

Describing it as "only a blink of eyes compared with the 5,000-year history of China," Long said the lengthy negotiating process reflected the "unprecedented challenge" of moving from a planned economy to a market economy.

"The great potential of China's market will be gradually translated

into actual purchasing power, so as to provide a huge open market to all countries and regions of the world," Long said.

But he later warned journalists not to underestimate the scale of the preparatory work China needed to undertake to adapt to the new rules.

He also admitted that more competition would also deepen the income gap, especially between wealthier coastal regions and the inland.

But he said that would be tackled with the creation of a social security system and "a strong strategy" for development in western China.

The US, until now the largest and most powerful economy in the WTO, welcomed the market-opening deal.

"China's accession will benefit the US, China and the global economy," US negotiator Jeffrey Garten

said.

The long-winded process, which accelerated over the last three years, began with bilateral agreements between China and the United States, and then the European Union.

Mexico became the final country to strike a bilateral agreement last week, leaving negotiators to work round the clock to settle other sticking points, notably a long-running dispute involving the European Union and the US over access to China's life insurance market.

Diplomats declined to give details of the complex compromise they struck on life insurance.

With its 1.2 billion inhabitants, China offers a vast productive capacity and the world's largest single national market.

But the scale of the future new

member raises fears among China's new partners.

"From whatever point of view one sees it, accession will change the balance of power," one of the negotiators admitted.

Approval of China's membership in Doha would boost morale within the WTO, which has been at the centre of recent anti-globalisation protests.

WTO members also disagree on whether or not they should launch a new round of trade liberalisation talks at November's conference.

Taiwan, separated from mainland China since 1949, is set to follow hard on Beijing's heels, according to an agreement dating from 1992. Its own working group is expected to sign an agreement on WTO membership in Geneva on Tuesday.

World sees China's WTO entry as boost to global economy

AFP, Beijing

Many of China's main trading partners Tuesday welcomed the agreement which all but guarantees the Asian giant's entry to the World Trade Organisation, saying it would boost the world economy and drive economic reform in China. Among the first to react was the United States, with US Trade Representative Robert Zoellick saying the agreement would "strengthen the global economy and the international rule of law for trade".

"China has made a firm commitment to the rest of the world to open its markets and adhere to international, market-based rules, which will help American workers, consumers, farmers and exporters," he said.

On Monday in Geneva, China and its major trading partners finally reached formal agreement on China's WTO entry after 15 years of what a WTO spokesman called "often arduous negotiations".

A working party formally recommended that the WTO's 142 member states welcome China into the fold at the organisation's ministerial conference in Doha, Qatar, on November 9-13, with this approval considered a virtual formality.

China must then ratify the accord and wait 30 days before its member-

ship becomes official, probably early next year.

The European Union also welcomed the news, with EU Trade Commissioner Pascal Lamy saying it represented "a much-needed boost of confidence" for the WTO system.

"It is very satisfying to see over 15 years of hard work bear fruit," Lamy said in a statement.

"The WTO is about binding countries peacefully together through close trading links in a multilateral system," he said.

"At this difficult time, the important work concluded today in Geneva provides this system and us all with a much-needed boost of confidence and hope for the future," he said.

China's biggest trading partner in Asia also hailed the news.

"We heartily welcome news the negotiations are practically finished in Geneva over the terms of China's entry into the WTO," Japan's Foreign Minister Makiko Tanaka said in a statement.

"Our nation has consistently supported the early admission of China into the WTO. We hope, after taking the necessary procedures, China will join the WTO. We hope (China's membership) will push for economic reforms in China and contribute to further prosperity and stability in the world," she said.

China's WTO membership was expected to provide a further boost in foreign direct investment (FDI) in the Asian giant, Southeast Asia's biggest bank said.

In a report Tuesday, DBS Bank noted that foreign firms were already positioning themselves ahead of the formal agreement outlining China's entry into the WTO.

The bank said FDI into the country grew 20.4 percent in the first eight months of 2001 from last year. DBS Bank said the yuan "will remain steady on huge inflows of foreign capital, considerable volume of foreign exchange reserves, the resilient economy and low inflation rate environment."

China's accession should have a "positive" net effect on the Philippines, Filipino Economic Planning Secretary Dante Canlas said Tuesday.

"That will be very positive because once China becomes a member of WTO that means it will have to extend to all member-countries any privilege it is already extending to some of its special trading partners," Canlas told reporters.

"So in that sense, the market access of Philippine exports will also improve because China cannot close its markets to any WTO member-countries."

Foundation course for City Bank trainees begins

The foundation course for management trainees of The City Bank Limited was inaugurated at a city hotel on Saturday, says a press release.

Anwar Hossain, Chairman of the bank, inaugurated the course as chief guest.

Speaking on the occasion, the chairman emphasized the importance of the foundation course and advised the trainee officers to devote themselves in vital areas such as, legal framework, basic economic principle and customer relations.

The managing director of the bank, Abbas Uddin Ahmed, in his speech as special guest advised them to earn the trust of the people as custodian of their money.

Directors of the bank Deen Mohammad, Azizul Haque Chowdhury, Manwar Hossain, Hossain Khaled Saifulla and Mahfuzur Rashid, General Manager of International Division of Bangladesh Bank, and an observer in the board also spoke on the occasion.

Bankers Club forms new Board of Governors

A 19-member new Board of Governors of Bankers Club Limited has been formed with M Taheruddin, Managing Director of Mercantile Bank Limited, as elected chairman of the club, says a press release.

Abu Haniff Khan, Joint Managing Director of Arab Bangladesh Bank Ltd, was elected secretary of the club in the meeting.

The board was formed at the 3rd Annual General Meeting of the club held in the city on Sunday.

Kazi Abdul Mazid, Chairman of the club, presided over the meeting.

Members of the club participated in the meeting.

The chairman placed the Report of the Board of Governors.

M Taheruddin, new chairman of the club, thanked all the members for electing the new Board of Governors.

In the General Meeting, the accounts of the club for the Year-2000 was approved and M/s. B Alam & Co., Chartered Accountants, was re-appointed Auditor for the Year-2001.

Jordan gets \$50m US BOP support

AFP, Amman

Jordan received a 50-million-dollar economic and development assistance grant from the United States on Tuesday to support its balance of payments, the US embassy said in a statement.

The funds will help "support Jordan's ongoing economic restructuring and reform process, promote investment, stimulate trade, generate employment and increase household income," the statement said.

The grant is the last portion of an overall economic assistance package for the year 2001 valued at 150 million dollars, the statement said.

Washington grants Jordan annual economic aid of 150 million dollars and military assistance estimated at between 50 and 75 million dollars.

The countries signed a free trade agreement in October aimed at boosting US investment in the kingdom.

The deal was approved by the US House of Representatives but still needs to approval by the Senate before it comes into effect.



PHOTO: CITY BANK

Anwar Hossain, Chairman of The City Bank Limited, speaks at the inaugural function of a foundation course for management trainees of the bank at a city hotel on Sunday. Deen Mohammad, Azizul Haque Chowdhury, Manwar Hossain, Directors, and Abbas Uddin Ahmed, Managing Director of the bank, are also seen in the picture.

Gulf economies to slow : Analysts

AFP, Riyadh

Oil-dependent Gulf Arab economies will suffer in the medium term following the US terror attacks as demand for crude drops putting pressure on prices, economists said Tuesday.

Immediate losses through holiday and business trip cancellations, project delays and even war-risk premiums on ships and airlines do not really worry economists in the Gulf, where oil is king.

"Overall there will be a downward trend in the world economy, and the economies of the Gulf in particular," Said al-Shaikh, chief economist of Saudi National Commercial Bank, told AFP.

"This is expected to start in the second quarter of next year with a slowdown in the economy," he said.

Jassem al-Saadun, Kuwait's leading economist, believes the main impact in the region will be a decline of massive foreign assets and a drop in oil prices.

"Kuwait and the Gulf area will be affected by the decline in asset values all over the world in the medium term. There will be no great impact in the short term," said Saadun, who heads Al-Shaikh Economic Consultants.

According to unofficial reports, Gulf Arabs hold between 600 to 700 billion dollars in state and private investments in the West, mostly in the United States.

The experts predicted that demand for oil will drop from next year, thus putting pressure on prices and consequently public revenues, most of which come from oil.

"I expect that in the short and medium terms (starting second quarter of next year) there will be lower demand for oil and this will put

pressure on its price," Shaikh said.

Zahid Khan, chief economist of the Riyadh Bank, one of the kingdom's major banks, believes the September 11 attacks may have delayed a fall in oil prices that had already been expected.

"I believe oil prices will start to go down from the middle of next year and maybe in the third quarter. Oil prices are expected to boom initially in the coming few months as a result of US retaliation," Khan said.

The Gulf Cooperation Council (GCC) alliance, which groups Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, generates more than 80 percent of public revenues from selling oil.

Together the GCC states produce more than 13 million barrels a day and their budgets depend heavily on fluctuating oil prices.

"OPEC will defend its position by making production cuts. Kuwait and the Gulf countries will suffer from three problems: less oil to export and at less than average prices, less value for their assets and the inflow of cash will be much less," Saadun said.

"With oil prices and demand down, we will see some restraints on public spending next year. Budgets will not be expansionary like before and there might be no growth in the Gulf budgets next year," said Shaikh.

"The increase in insurance premiums and other business travel cancellations will affect consumer and investor confidence," he said. "Some uncertainty will prevail in the short run, which may affect the mood of Gulf investors abroad."

Crisis-struck US airlines plunge on stock market

AFP, Washington

Major US airline stocks plunged 40-50 percent Monday and the White House vowed to avert total devastation of the industry as terrorised passengers fled the skies.

Investors slashed 6.65 billion dollars off the market capitalisation of the six major airlines.

The AMR holding company of American Airlines, the world's biggest carrier and owner of two of the hijacked jets, plummeted 11.70 dollars, or 39.39 percent, to 18.00 dollars.

United Airlines, owner of the two other jets that were turned into passenger-laden missiles, dived 13.32 dollars, or 43.22 percent, to 17.50 dollars.

"We cannot allow an industry to be completely devastated by this kind of event," US Treasury Secretary Paul O'Neill said.

"We are going to have to look and see if indeed it makes sense for the American people to provide some cash assistance to get them through this crisis," he told CNBC television.

Transportation Secretary Norman Mineta is to meet with airline chiefs Tuesday morning. President George W. Bush was discussing their plight Monday, the White House said.

The House of Representatives is considering a proposed 15-billion-dollar bail-out of the aviation indus-

try, including 2.5 billion dollars in grants and 12.5 billion dollars in loans.

US Airways announced it would slash 11,000 jobs and cut capacity by 23 percent because of the crisis. Its stock collapsed, dropping 6.05 dollars, or 52.07 percent, to 5.57 dollars.

"The entire US aviation system is in jeopardy, and without decisive actions the future of the system, along with its impact on the nation's economy, is imperiled," US Airways chairman Stephen Wolf said.

Continental Airlines, which has warned of impending bankruptcy unless it gets a federal rescue, crashed 19.59 dollars, or 49.42 percent, to 20.05 dollars.

US airlines are taking a pounding on two fronts: passengers are turning away from planes in fear of a repeat attack and stringent new security rules make it impossible to operate as many flights -- leading to flight reductions of about 20 percent.

O'Neill noted that many had financial problems before the crisis as the slowing economy drove down passenger numbers and high fuel prices increased costs.

Their woes were aggravated by the complete, unprecedented shutdown of US airspace after Tuesday's attacks. The ban was lifted Thursday but operations only slowly resumed.

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