

## US blasts EU barriers to biotech produce

AFP, Washington

Europe is excluding US hormone-treated beef and biotechnology farm produce without justification, the United States charged Tuesday in an annual trade review.

"Several European Union polices continue to create significant barriers to US economic interests," the US Trade Representative (USTR) office said after issuing the report.

"Among these barriers are unjustified bans on US beef from livestock treated with hormones and US poultry treated to minimize bacterial risks," it said.

The European Union has banned US beef for more than 10 years despite a World Trade Organization ruling that it flouted global trade rules, the USTR said.

Other barriers, it said, included financial support by EU countries to the aircraft industry and widely differing EU standards, testing and certification procedures.

US trade with the European Union is the largest with any trade bloc, according to the 2002 National Trade Estimate on Foreign Trade Barriers. The US deficit with the EU rose 5.9 billion dollars to 60.9 billion dollars last year, it said.

The USTR complained that it has lost "over 200 million dollars in US corn exports" annually since 1998, when several EU members imposed a "de facto moratorium" on the imports of agricultural biotechnology produce as there was no functional approval process.

"Restarting the approval process is a high priority for the United States," the trade body said.

While several European Commission officials had said the approval process would start again, the United States held out little hope that it would be this year, and said it was "evaluating options" for its next steps.

The European Commission issued proposals last July that called for new rules for biotechnology foods and introduced regulations for the first time on animal feed made from such products.

But the plans would create "complicated and extensive paperwork ... and propose a labeling regime based on consumer preferences rather than science-based factors," the United States said.

## Eastman Kodak looking to tap Afghan market

AFP, Bombay

Eastman Kodak said Wednesday it was looking to tap a new market in Afghanistan, where the routed Taliban regime had banned most photography.

The war-torn country is one country the US photography giant is examining as it works to expand its presence in Asia and Latin America.

"Afghanistan is one new option we are looking at. But it is still very nascent," said Richard Fleming, Kodak's business manager for southwest Asia.

"Also the current political and economic environment in Afghanistan has to first stabilise," he said.

The Taliban regime had outlawed photography of living creatures before it was ousted from Kabul in November following a US-led bombing campaign and opposition attacks.

But Fleming added "production in countries like Afghanistan, Pakistan or Nepal is out of question at the moment given their volatile political and economic environment."

He said emerging markets could be catered partly from the company's camera plant in the southern Indian city of Bangalore.

## IFIC Bank holds workshop on strategic planning

A two-day workshop on "Strategic Planning" organised by the IFIC Bank Limited concluded at BRAC CDM, Rajendrapur in Gazipur on Sunday, says a press release.

The workshop was facilitated by Eshna Consulting Team Ltd.

Manzurul Islam, Chairman of the bank inaugurated the workshop. He stressed the need for organizing such workshop for close interaction among the officials of the bank.

Fifty-five officers of different grades including Ataul Haq, Managing Director of the bank, participated in the workshop, which was designed to outline the bank's vision and mission and to identify issues and objectives for strategic planning of the bank.

## Train workers before allowing trade union activities in EPZs

### BEF urges government

STAR BUSINESS REPORT

Bangladesh Employers' Federation (BEF) yesterday urged the government take steps to train workers before allowing trade union activities in the country's export processing zones.

They expressed apprehension that without proper knowledge of effects of trade union politicisation, trade union leadership and the need for excluding outsiders from enterprise level union activities the exports from the EPZs may be hurt.

The BEF by its President Iftekharul Alam led a delegation of its members and made the observations before Commerce Minister Amir Khosru Mahmud Chowdhury at his office.

The BEF said such training programmes would make the workers more responsible and exports from EPZs would not be hampered.

The government in a notification in January last year approved trade union activities in the EPZs from January 2004.

During the meeting the BEF delegation also raised the issue of national

minimum wage for the workers of industrial sector set by the previous government.

They told the commerce minister that the previous government through a Statutory Regulatory Order (SRO) declared national minimum wages "without any lawful authority".

The BEF had challenged the SRO and managed to obtain a stay order from the High Court. It also urged the minister to initiate move to promulgate the draft Labour Code, 1994, for improving the labour productivity and for bringing reform in trade union.

The BEF also pointed out that promulgation of the code was on the 100 days' agenda which was still to be done, the delegation said.

The delegation also said that developed countries were imposing conditions under different names like 'codes of conduct' and 'responsible manufacturing practices' which is hampering the country's export.

They suggested the government should take up the issue of protectionism attempts from different vested quarters in developed countries in the international forum as well as in the regional forum.

## Greenfield companies to be placed in new category

M SHAMSUR RAHMAN

Greenfield companies, which raise funds from the capital market through initial public offering (IPO), will now be placed in a new category styled Group G.

The new group will bring an end to a long controversy over placement of greenfield companies in the existing A, B and Z boards.

Sources said the SEC on Tuesday directed both the stock exchanges to introduce the new board to give clear indication to investors regarding the status of the companies.

The group criteria are similar to the existing B group with the difference in its trade settlement procedure. "The investors trading in the stocks under the G group will not enjoy the netting settlement sys-

tem," an SEC official said.

Under the present rule, a company offering at least 10 per cent dividend are placed in group A. These companies also require holding their annual general meetings regularly and are allowed day netting facility in settlement system.

While companies that are regular in holding AGMs and declare less than ten per cent dividend are placed in group B. Under the existing provision, investors trading in shares of both A and B groups enjoy the benefit of netting settlement system.

Under this system, shares are bought and sold electronically and the balances are settled by depositing the scrips and money at the end of the day.

The Z group comprise shares of companies which have failed to hold the current AGMs, or failed to

declare any dividend, or are not in operation continuously for more than six months and whose accumulated loss after adjustment of reserve is negative and exceeds its paid-up capital.

With the aim to discouraging investment in the group, the shares of Z group do not enjoy the benefits of the netting system and settlements are made under trade-for-trade system directly between the buyer and the seller within a day of trading.

Under trade-for-trade system, a buyer is not allowed to transact on a 'day netting' basis. The investor rather needs to deposit the full amount with the broker before purchasing shares. In case of selling such scrips, the buyer is required to deposit the shares first.

## Bata launches new slipper

Bata Shoe Company (Bangladesh) has launched new *Hawai Chappal* (Slipper), says a press release.

The economic, fashionable and colourful slipper, New Quantum, is manufactured with the combination of PVC and EVA materials.

The price of New Quantum ranges between Tk 30 and Tk 35.

## Russia plans quotas for chicken import

AFP, Moscow

Russia plans to introduce quotas for chicken imports this year, Russian Agriculture Minister Alexei Gordeyev said Tuesday, quoted by the ITAR-TASS news agency.

"It is too early to say exactly when the quotas will be introduced," he said.

The ministries of agriculture, and trade and economic development are "discussing the terms" of the new measures, Gordeyev added.

Russia agreed Sunday to lift a ban on US chicken imports, imposed March 10 officially over concerns about the use of antibiotics in US poultry farming, by April 10 if Russian experts were allowed to inspect American poultry producers.

US poultry sales to Russia, which make up about 40 per cent of all US poultry exports, are worth between 600 million and 800 million dollars (690-920 million euros) a year.

Most analysts viewed the Russian embargo as a tit-for-tat move after Washington slapped tariffs of up to 30 per cent on steel imports and Russian politicians welcomed the ban as necessary to protect the struggling domestic poultry farming industry.

## Andersen unable to keep worldwide network from unravelling

AFP, New York

Embattled audit firm Arthur Andersen on Tuesday acknowledged its inability to prevent its global network from unravelling as affiliates around the world sign deals with rival accounting firms.

The firm also said it would be unable to achieve a planned merger of its non-US operations with KPMG, another top US accounting firm.

"In view of the decisions by certain individual firms to pursue different directions, it is clear that a deal embracing all of the non-US firms is not achievable," Andersen Worldwide and KPMG said in a joint statement.

Andersen Worldwide is a relatively loose network of accounting offices employing 85,000 people that provides considerable latitude to regional and national offices, many of which have sought to cut their own deals as they scramble to decouple their practices from the US-based parent firm.

The move has been seen as an effort to salvage some value from Andersen's global operations as it struggles with criminal charges and massive liabilities to settle claims of accounting irregularities.

The firms' statement said "member firms of each organization outside the US are continuing transaction discussions to explore the potential for a combination of their respective operations."

In Madrid, Andersen Worldwide's Spanish affiliate, Andersen Espana, said it would soon integrate its operations with rival Deloitte Touche.

Many among Andersen Worldwide's key partnerships have since merged with other firms during the negotiations.

## Political interference in banks corrupts corporate sector

### Nurul Matin memorial lecture told

STAR BUSINESS REPORT

Loans under political consideration rather than executives' judgements have corrupted the country's corporate sectors and individuals, observed former finance minister M Syeduzzaman at a memorial lecture yesterday.

He said governments have been influencing loans from banks, shaping credit policy in their favour and waiving interests on plea of industrialisation and growth.

Unscrupulous businessmen are capitalising on such grounds and managing to put pressure on banks using their political connections, he said.

M Syeduzzaman was delivering the fourth Nurul Matin memorial lecture on 'Ethics in Banking' organised by Bangladesh Institute of Bank Management (BIBM) at its auditorium in the city yesterday.

Finance Minister M Saifur Rahman attended the function as chief guest while Bangladesh Bank Governor Dr Fakhruddin Ahmed was in the chair. Dr Mohammad

Sohrab Uddin, Director General of the BIBM, also spoke on the occasion.

In his lecture, M Syeduzzaman said for true financial sector reform, it is necessary to develop an 'exit policy' for banks. "The health of a banking system depends on the prevailing policies for entry and exit."

"The cheapest way of keeping a banking system sound is to force the early exit of non-viable banks," he said. "In this context, the central bank and the government may consider evolving a system of incentives for merger of banks," M Syeduzzaman added.

He said many banks presently operating in Bangladesh may develop the tendency of securing deposits that may lead to increased lending.

He said Bangladesh Bank has separated the policymaking council from day to day affairs of the bank but that too is not always honoured, he went on.

Speaking at the function, Finance Minister Saifur Rahman

said the chairmen and the directors are still interfering day to day activities of the banks.

"Such interference in the private banks is far from the desired level. Besides, the auditors are not very good fellows. We are still to get the country's banking system on a sound footing," Saifur said. "In Bangladesh ethics is a short supply commodity."

The Bangladesh Bank Governor Dr Fakhruddin Ahmed said bankers are the most trusted persons in the banking system but something has gone wrong in Bangladesh.

Nationalised commercial banks (NCBs) do not submit audit reports on time and they are behind even by more than two years. NCBs and privatised commercial banks (PCBs) are not in a level playing field, he said, adding that the central bank has been trying to improve the regulatory framework and its enforcement.

Dr Sohrab Uddin mentioned Nurul Matin played very significant role in the country's banking system.



A delegation from Bangladesh Employers' Federation led by its President Iftekharul Alam met Commerce Minister Amir Khosru M Chowdhury at his Secretariat office yesterday.

## US attacks Japan trade barriers

AFP, Washington

The Japanese economy is bound up in red tape, hindering economic growth and impeding exports, the United States said Tuesday in an annual trade report.

"Beset with structural rigidity, excessive regulation, and market access barriers, the Japanese economy continues to underperform," said the bluntly worded US Trade Representative (USTR) report.

The United States' trade deficit with Japan slid to 69 billion dollars last year from 81.6 billion dollars in 2000, as the global slowdown choked off Japanese exports, said the 2002 National Trade Estimate on Foreign Trade Barriers.

"Over-regulation in Japan continues to hamper economic growth, raise the cost of doing business, restrain efficiency, restrict competition, and impede imports and investment," the report said.

"Typical of highly regulated economies, the Japanese economy also suffers from a misallocation of resources and a lack of entrepreneurial innovation," it charged.

The 1990s had been dubbed a "Lost Decade" in which Japanese gross domestic product (GDP) grew only at an average of 1.6 per cent, or less than half the rate of the preceding decade.

Over-regulation in the world's second-largest economy raised prices for Japanese businesses and consumers, it said.

"In addition, Japanese government over-regulation lies at the heart of many market access problems faced by US companies," said the annual report, which lists worldwide barriers facing US exporters.

"Recognizing that a vibrant Japanese economy is vital for a healthy global economy, the United States continues to urge regulatory reforms that will enable Japan to more fully realize its economic potential."

US President George W. Bush and Japanese Prime Minister Junichiro Koizumi had signed an agreement on June 30 last year to reform regulations in telecommunications, information technologies, energy, medical devices and pharmaceuticals, and financial services, it said.

Last month, officials from both countries reviewed US recommendations for reform, it said. A special report for Bush and Koizumi would be completed by summer detailing Japanese reform plans.

Japan had made important changes to rules in the telecommunications sector in 2001, the annual USTR assessment said.

"Still, this sector remains encumbered by excessive, outdated regu-

lations -- the legacy of a period of bureaucratic direction of industry -- and the inability of Japan to implement a regulatory framework adequate to address the overwhelming market power of the dominant carrier group, Nippon Telegraph and Telephone Corporation (NTT)."

NTT companies controlled access to more than 98 per cent of the local telephone network, giving them the ability to inhibit new competitors and services while promoting their own products and technologies, it said.

"These problems are compounded by the fact that the Ministry of Public Management, Home Affairs and Posts and Telecommunications (MPHPT) is hemmed in by political and industry interests that can inhibit competition enhancing measures."

On information technology, Japan may be hampered by a lack of progress in such areas as copyright protection, on-line privacy, paperless transactions, and other laws, the United States said.

It pressed for broader reform of the energy market, a dismantling of barriers to imported medicines, and further progress in liberalizing the financial markets.

Protection of competition also must be strengthened, the USTR report said.

## US vows to root out resistance to freer world trade

AFP, Washington

The United States vowed Tuesday to rub out "pockets of resistance" to freer world trade as it issued an annual report identifying new tactics to block US exports.

The global trade assessment listed the barriers erected against US exporters in 55 countries, ranging from Canada to the European Union, Japan and China.

Less than a month after US President George W. Bush imposed steep protective tariffs on US steel imports, the report turned the spotlight instead on foreign protective measures.

"There is no denying the global trend towards freer trade," a US trade official said after the release of the 2002 National Trade Estimate on Foreign Trade Barriers.

"This...review should serve as a guide to root out these pockets of resistance using appropriate meth-

ods of negotiation, consultation and if necessary litigation," said the official, who declined to be identified.

The report highlighted a trend towards the use of nontariff barriers such as health standards that lacked any scientific basis, customs procedures, government monopolies and opaque regulations.

"By identifying barriers to trade, we can work with our trade partners globally, regionally and bilaterally to eliminate these barriers while further liberalizing our market at home," US Trade Representative Robert Zoellick said in a statement.

Among the starkest examples of trade obstruction were the European Union's 10-year ban on US beef, Japanese restrictions on US apples for fear of fire blight infection, and opaque South Korean rules on drug imports.

Biotechnology and other health barriers were noted in US trade with

the European Union.

"Among these barriers are unjustified bans on US beef from livestock treated with hormones and US poultry treated to minimize bacterial risks," Zoellick said in a statement.

"The EU ban on US beef has continued for more than 10 years despite a WTO ruling that the ban is inconsistent with multilateral trade rules," it added. Other major barriers included government support to the aircraft industry and widely differing European standards and rules.

Japan was taken to task over its red tape.

"Structural rigidity, excessive regulation and market access barriers continue to limit opportunities for US companies trading with and operating in Japan," Zoellick said.

Japan's 130-billion-dollar telecommunications industry, for example, was "stifled" by high connection rates.