

Africa slams EU-US plan for farm reform

REUTERS, Johannesburg

Africans Friday slammed a joint United States-European Union plan for world farm reform, but feared that a lack of negotiating muscle from the continent could leave in place subsidies that hurt poor farmers.

Officials and experts said under a proposal submitted by the two trade giants to the World Trade Organisation on Wednesday, Africans might still struggle to compete on world markets against cheap, subsidised sugar, beef and cotton from the West.

"The outcome of it, I must say, is quite disappointing," said Xavier Camin, South Africa's chief director of trade negotiations.

Africans had regarded as a key development a previous pledge by world trade ministers to wipe out one category of farm subsidies -- those tied to exports -- which were seen as the most damaging to developing nations.

But this week's US/EU proposal -- which aimed to jump-start the stalled Doha round of trade talks ahead of a summit next month in

Cancun, Mexico -- talked about eliminating some export subsidies and unspecified reductions in others.

Officials also bemoaned that there was no mention of capping levels or tightening criteria for overall farm support by rich nations, which runs at more than \$300 billion a year.

Although poor nations have lately been more aggressive in challenging their industrialised counterparts than during the previous Uruguay round of trade talks, a lack of unity and resources in Africa still hampered that effort, experts said.

Africa's chances of forming a coherent view on the new proposals were compromised by the continent's lack of economic integration, they said.

"I strongly believe that Africa will be exploited by the big powers," said Manga Mugwe, chairman of the Kenya Association of Manufacturers.

A lack of trade negotiating expertise in Kenya, the major economy on the continent's east, was another problem, independent

economist Robert Shaw said.

"When you look at the number and quality of people on the US and EU negotiating teams, the delegations of countries like Kenya do not compare favorably," he said.

Analyst Ike Eneagwali of Nigeria's Lagos Business School was gloomy about Africans seeing any concrete changes from any new trade pact.

"As long as the imbalance in the relationship between the developed and developing countries remains, it would be difficult for us to assert ourselves," he said. "It is a question of the dogs would bark but the caravan marches on."

One activist, however, saw a ray of hope in some concessions by the two trade giants in the proposal, seen as a response to growing disquiet among poor nations.

"The developing countries were very angry ... there was a build-up of anger which was probably sensed in both Europe and North America," said Joachim von Braun, director general of the International Food Policy Research Institute (IFPRI).

Among other concessions, the EU and US proposal held out the

prospect of scrapping export subsidies in a limited number of commodities "of particular interest to developing countries".

"They are sending a signal, not a very satisfying signal, but nonetheless a signal that they are willing to negotiate seriously," von Braun said.

Rich-nation farm subsidies hit African farmers especially hard in sugar, beef, cotton, fruit and vegetables.

"Some of our people in the SACU (Southern African Customs Union) market, our beef producers, have been knocked out by subsidised EU beef," Carim said.

EU exports have also hurt tomato farmers in Senegal while four million West African cotton farmers are threatened by US subsidies pushing down world prices, officials say.

Sub-Saharan Africa, the world's poorest region, would see annual gains of \$3.3 billion if rich countries ended their domestic farm support, according to Washington-based IFPRI.

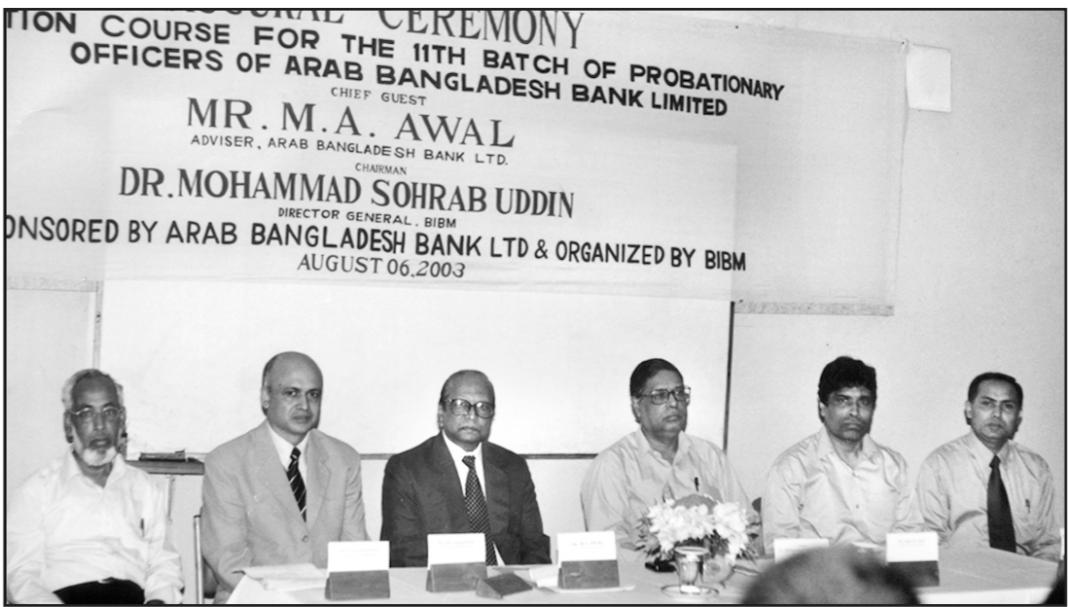


PHOTO: AB BANK

Among others, M A Awal, advisor, Md Sirajul Islam, head of HR of Arab Bangladesh Bank Limited, and Mohammad Sohrab Uddin, director general, and Sujit Saha, director (Training) of BIBM, pose for a photograph at the inaugural ceremony of a month-long induction course for the 11th batch probationary officers of Arab Bangladesh Bank Limited in Dhaka recently. A total of 24 participants from different branches of the bank attended the course.

WTO states clash over widening trade talks

REUTERS, Geneva

World Trade Organisation (WTO) states clashed Friday over whether to widen global free trade talks to include issues such as investment and competition policy as demanded by the European Union and some others.

African countries and India were very vocal in rejecting the four so-called "Singapore" issues.

"India said there was not time and they would mean an additional burden for developing countries," a trade official told journalists after a closed-door negotiating session.

When they launched the Doha Round of free trade negotiations two years ago, WTO trade ministers put off deciding on the Singapore issues -- so-called because they were first raised at WTO meeting there in 1996 until their next conference.

That conference takes place in Cancun, Mexico, in September and it has turned into a potentially crucial session for the future of the round, with a whole

raft of difficult decisions still to be taken, including on reforming farm trade.

The European Union, Japan, Switzerland and South Korea, all of which are under pressure to open up their farm markets, have repeatedly said that they consider the Singapore issues as vital to the success of the round.

They say that WTO accords on all four but particularly investment would create a more level playing field for international investors, do away with unnecessary red tape and deter corruption.

Trade facilitation is a term referring largely to simplifying and standardising customs procedures, tackling a special red-tape and sometimes corruption problem which export and import companies say costs them huge sums annually.

On Friday, several African states urged members to recognise that no deal could be struck and to send the issues back to the various WTO committees which have been battling unsuccessfully with them for years.

But the president of the WTO's executive General Council, Uruguay's envoy Carlos Perez del Castillo, who is chairing the pre-Cancun negotiations, rejected their call, saying that only ministers could take such a decision.

ments would involve.

Backed by non-government organisations (NGO), they also say that any WTO accord on investment could excessively restrict a government's freedom to decide on what sort of investment was best for its own economy.

It was hurting the bottom line of PTP and complicating the decision to expand the operations of the port.

BNP Paribas to invest \$ 45m in Indian arm

REUTERS, Goa, India

The Indian arm of French bank BNP Paribas SA will receive \$45 million in capital investment from its Paris-based parent to expand its asset base, a senior bank executive said.

BNP Paribas approved the investment earlier this week, Ravi Chikhlikar, chief general manager and head of fixed income and treasury of its Indian operations, said yesterday on the sidelines of a seminar on the foreign exchange market.

The Indian unit will receive \$30 million by way of an equity investment and the remaining \$15 million as subordinated debt that will mature in at least 10 years.

"We will draw down the funds as and when required. We plan to bring in \$5-\$10 million immediately," Chikhlikar said without specifying an exact date.

The Indian unit has capital of three billion rupees (\$65.4 million), of which around \$15 million is in the form of subordinated debt, he added.

Chikhlikar said the Indian operation was looking to expand its asset base by stepping up lending to top-rated companies and by increasing its investments in fixed income markets, including derivatives.

He said that the bank's ratio of capital to risk-weighted assets was more than nine per cent, but the capital infusion would not hike it because of the expanded asset base.

Singapore launches bid to boost education exports

AFP, Singapore

Singapore on Saturday unveiled a blueprint aimed at lifting its education exports and capturing a slice of the burgeoning demand for higher education in Asia.

There are now 50,000 full-fee paying foreign students enrolled in schools here and the "Global Schoolhouse" blueprint hopes to raise the figure to between 100,000 and 150,000 by 2012, Trade and Industry Minister George Yeo said.

It is hoped that the blueprint will increase the education sector's contribution to gross domestic product from 3.6 per cent to five per cent in the next decade, he said.

"Our objective is to make Singapore a 'Global Schoolhouse' providing educational programmes of all types and at all levels... that attracts an interesting mix of students from all over the world," Yeo said.

"We hope that with the development of the private education market, the total education sector can grow to about five per cent of the economy in the next decade or so."

"If we can double or triple the number of international students in Singapore to 100,000 or 150,000, there will be all kinds of spin-offs for our economy," Yeo added.

Restaurants, shops and the rental market will benefit from greater demand, he said.

There are now at least 1.8 million foreign students pursuing higher education outside their home countries with 45 per cent of them from Asia, mainly China, India, Japan and South Korea.

REUTERS, New York

US supermarkets and restaurants Friday began throwing away mountains of spoiled vegetables, meats and dairy products, while others were counting on backup generators to minimise losses from the largest power outage in North America's history.

Meanwhile, many families across the Midwest and Northeast had to scrounge as thousands of soup kitchens remained shuttered or offered only canned goods and other nonperishable fare.

Tons of food went bad. "We have to throw out any kind of product whose integrity could have been compromised," said Rich Savner, a spokesman for the Pathmark Stores Inc chain which operates more than 100 supermarkets in the New York, New Jersey and Philadelphia areas. Pathmark, whose rivals include

Stop & Shop Supermarket Co, a unit of the Netherlands' Royal Ahold NV, said it used 1,000 pounds (450 kg) of dry ice overnight to prevent ice cream, milk and meat from wasting. Most grocers carry insurance for such spoilage, but it cannot compensate for lost customers, sales and profits.

About 25 Meijer supermarkets in the Detroit area were operating with generators on Friday and another six were closed, said John Zimmerman, a spokesman for the family-owned chain.

Zimmerman said power at some of the stores may be out through the weekend. "We are hearing from 24 to 72 hours. So we have a long way to go," he said.

The affected Meijer stores are trying to move perishable foods to community food banks, many of which also have no power.

New York City health authorities urged families and businesses to

discard refrigerated, perishable foods that go more than a just few hours above the proper temperatures. Across Manhattan, restaurants and delis heeded the call by either dumping or giving away their wasting merchandise.

Abdalla Alaur, the chef at Wonderfood in Manhattan, offered free broiled chicken on a tray in hopes of getting rid of the food before it spoils. "I have \$10,000 of meat that will spoil. I don't think I'm going home," he said.

Maxie's Delicatessen, near Times Square, tossed out eggs and boxes of ham, roast beef, turkey and salmon.

Jay Shim, owner of Green Symphony restaurant, said he swallowed losses of \$2,000 when he was forced to throw out his entire hot food buffet -- everything from baked risotto to salmon baked in Dijon carrotsauce.

Thailand accounts for 15pc of Honda's global production

ANN/THE NATION

Thailand now accounts for over 15 per cent of Honda's global production, with exports of motorcycles, automobiles, power products and components this year expected to be worth more than Bt42 billion.

The latest numbers -- released yesterday by Asian Honda Motor Co -- show an increase of 129 per cent over Honda's 2002 made-in-Thailand exports of Bt18.43 billion, making this the 17th year of increased exports since the company founded local production lines in 1987.

Company officials expect Honda's operations, which directly employ 6,000 Thai workers, to produce some 2.7 million motorcycles, automobiles and power products this year. This represents over 15 per cent of the Japanese firm's planned global output of 17.4 million units.

Total investment to increase local production capacity this year will amount to Bt2.4 billion, the statement said.

China to recruit foreigners to manage SoEs

AFP, Beijing

China will launch a global search for talent in its latest attempt to spruce up its lagged state-owned enterprises, official media said Saturday.

A group of six unidentified state-owned companies have been selected for the experiment, and the worldwide head-hunt will start in the second half of the year, the Xinhua news agency said.

The practice will gradually spread to other state-owned enterprises, said Li Yizhong, deputy director of the State Asset Supervision and Administration Commission.

"This is the orientation of our leadership restructuring at state-owned enterprises," he said.

"We believe state-owned enterprises must absorb the most outstanding talents from around the world to become strong players in the international market."

Blackout throws global air travel deeper into chaos

AFP, Washington

Blackouts plunged global air travel into chaos Friday, paralyzing major North American airports and cancelling hundreds of flights for thousands of passengers.

"It is a mess, to put it mildly," said Tim Wagner, spokesman for the world's biggest carrier, American Airlines.

American Airlines scrapped 141 flights Thursday and another 182 on Friday. "That number could grow as we assess the situation, especially at Kennedy and LaGuardia," Wagner said.

The worst-hit destinations were New York's John F. Kennedy and LaGuardia airports, Detroit and Cleveland, airlines said.

The Federal Aviation Administration said "groundstop" orders barring incoming flights to seven major airports, including the three largest serving New York and two in Canada, had been lifted.

"This is real blow to them."

As the air system cranks back up, departures from affected airports would come first, Wagner said.

Arrivals at the affected airports would be allowed only gradually when officials were sure that the power was consistent.

"If the power is going to go out again, we don't want to put a lot more people in there (in the affected airports)," Wagner said.

Northwest Airlines said it had cancelled 216 flights on Thursday, mostly those connecting with Detroit.

But airports were still crippled.

"The FAA is saying that the airports are open. That is technically true, because their runways and power are working," Wagner said.

But electricity outages were still

"We don't know about today," said Northwest spokeswoman Mary Stanik.

"We do have power in our terminal at Detroit, so we will be on a limited schedule today. We are going to do our best."

US Airways scrapped 33 flights Thursday and 64 so far Friday. The airline said 100 flights may be cancelled by the end of the day.

"We have some power restoration at La Guardia. But many of the systems are still offline including phones and computers, so we are working to manually check in customers for flights that we hope will depart later this afternoon," said US Airways spokeswoman Amy Kudwa.

United Airlines said it had escaped the worst, with 60 flights cancelled so far Thursday and Friday combined.

But Richard Nelson, spokesman for United's parent, UAL Corp., acknowledged "there are problems."

"People are having trouble getting to work. It is going to be a while before things are restored at those airports just because you have got to get people there. You don't have personnel to operate the airports."

Singapore's unemployment rate could worsen, possibly matching levels now seen in Hong Kong if the city-state does not take steps to cut costs, Senior Minister Lee Kuan Yew said in remarks published Saturday in the Straits Times.

"If we stay on our old course, our unemployment will go up from 4.9 to 8.5 per cent as in Hong Kong with 300,000 unemployed," he said late Friday.

Singapore's unemployment rate is at 20-year highs with 85,000 people, or 4.9 per cent of the workforce, with the economy hit severely by the Iraq war and the Severe Acute Respiratory Syndrome (SARS) epidemic.

Prior to those two episodes, Singapore was already struggling to recover from the 2001 recession and battling competition from emerging economies with significantly lower costs, particularly from China.

But the trade-dependent Southeast Asian state still has a bright future provided it takes immediate action to lower business costs, cuts taxes and wages and retrains its workforce, Lee said.

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