

Canadian expert's suggestion on Indian anti-dumping measures Dhaka should take Delhi to WTO

STAR BUSINESS REPORT

As Bangladesh is increasingly facing anti-dumping measures on its imports by India, the issue should be taken to the World Trade Organisation (WTO) for settlement, a Canadian trade expert suggested in Dhaka yesterday.

"But before going to WTO there should be diplomatic negotiations first," Dennis Browne, director emeritus, Centre for Trade Policy and Law, Carleton University, Canada, told a discussion of the Centre for Policy Dialogue (CPD).

He said Bangladesh should resort to dispute settlement unit of the global trade body to solve the problem as the country is denied trade benefits.

"The least developed countries shy away from WTO dispute resolution due to the time-consuming process, high cost and complex procedures," said Browne, keynote speaker at the

dialogue on 'Dispute Settlement in the WTO: How Friendly Is It for the LDCs?'

The CPD, an independent think-tank, organised the dialogue in collaboration with the Centre for Trade Policy and Law, Canada at CIRDAP auditorium.

"So far, a total of 280 disputes have been brought to WTO but no LDC is involved with these," the Canadian expert told the discussion citing reluctance of poor countries to go to the WTO for trade dispute settlement.

Stressing the need for poor countries' capacity building efforts on both negotiations and dispute settlement, he said dispute settlement procedures should be more LDC-friendly and have provision of compensation for damages.

Addressing the dialogue, Commerce Minister Amir Khosru Mahmud Chowdhury said the WTO dispute settlement panel should have representation from

LDCs while dealing with any dispute involving poor countries.

"If EU struggles to implement WTO ruling against US, how an LDC like Bangladesh implement ruling against a developed country," he said.

Former Ambassador MM Rezaul Karim said many countries do not prefer to go to the WTO dispute settlement body in fear that bilateral relations with the defending country would worsen. LDCs often shy away from taking recourse to WTO dispute settlement in fear of retaliation by rich countries, he added.

He proposed setting up a global trust for financing capacity building programmes in the LDCs for taking part in dispute settlement process, which is complex in nature.

CPD Executive Director Dr Debapriya Bhattacharya who chaired the dialogue said WTO should simplify the procedures of dispute settlement to resolve disputes in the shortest possible time.

About the enforcement of WTO rulings, former commerce secretary Syed Alamgir Farruk Chowdhury said even if a country gets a ruling in its favour, it can-

not help the country as implementation is so hard.

"If EU struggles to implement WTO ruling against US, how an LDC like Bangladesh implement ruling against a developed country," he said.

Former Ambassador MM Rezaul Karim said many countries do not prefer to go to the WTO dispute settlement body in fear that bilateral relations with the defending country would worsen. LDCs often shy away from taking recourse to WTO dispute settlement in fear of retaliation by rich countries, he added.

GM Kader, a member of the parliament, said mighty countries do not comply with WTO rulings on trade disputes hurting the poor countries' interest.

Ghulam Murtoza, general manager of Bangladesh Bank, said WTO should play proper role in facing trade crisis emanating from epidemic like bird flu and mad cow.



PHOTO: STAR
Commerce Minister Amir Khosru Mahmud Chowdhury gestures as he speaks at a dialogue on 'Dispute Settlement in the WTO: How Friendly Is It for the LDCs?' in Dhaka yesterday. Dennis Browne, director emeritus, the Centre for Trade Policy and Law (CTPL), Carleton University, Canada, Dr Debapriya Bhattacharya, executive director of the Centre for Policy Dialogue (CPD), and Mohammed Faruk Khan MP are seen at the function organised by the CPD and CTPL.

Give up political disputes in Safta implementation process

BISS roundtable on Islamabad Summit told

STAR BUSINESS REPORT

South Asian nations should give up their political disputes while discussing matters relating to the implementation of South Asian Free Trade Area (Safta) over the next two years, discussants at a roundtable said yesterday.

Speaking at the discussion, Veena Sikri, Indian High Commissioner in Dhaka said ASEAN countries have bigger political conflicts among themselves than the Saarc nations, but those never reflect in their economic talks.

"That's why the intra-regional trade in Asean is much higher than that in Saarc," she told the

roundtable on 'The 12th Saarc Summit: Bangladesh perspectives', organised by Bangladesh Institute of International and Strategic Studies (BISS) in Dhaka.

"The reason behind the success of Asean is the co-operation among the members countries," said Veena Sikri, who had served as Indian High Commissioner to Malaysia for three years before coming to Bangladesh.

Bangladesh should be well prepared and careful while talking with other countries and preparing the sensitive product lists before the Safta pact takes effect, Professor Abu Ahmed of Dhaka University told the discussion.

According to the agreement signed by the seven member countries of the South Asian Association of Regional Cooperation (Saarc) during the Islamabad Summit early this month, the Safta will come into effect in 2006.

Terming the summit a landmark one, Ahmed said it is always better to do trade with neighbouring countries and Safta offers an opportunity to increase trade among the Saarc countries. He called for reaping maximum benefits from the deal.

M Shahiduzzaman, a professor of International Relations at the Dhaka University, said Bangladesh should urge the

Indian authorities to remove all barriers to its borders in the northeastern region to facilitate trade with Bangladesh.

"The region, consists of seven Indian states, is very much eager to develop relations with Bangladesh for the huge distance with the mainland," he said.

Qazi Kholiquzzaman Ahmad of Bangladesh Unnayan Parishad and Abdur Rob Khan of BISS also presented two papers on 'social charter' and 'bilateral talks' while journalist-columist Jagul Ahmed Chowdhury, BISS Chairman Mufleh R Osman and Director General Abdul Mubeen also spoke at the function.

Asian Paints holds meet with Rehab members

STAR BUSINESS REPORT

Asian Paints (Bangladesh) Ltd, a multinational paints company, held a meeting with the members of developers' association on Sunday evening in Dhaka.

Ashutosh Banerjee, head of Sales and Marketing of Asian Paints, Bangladesh, made a presentation about the company before executive committee members of the Real Estate and Housing Association of Bangladesh (Rehab) at the function.

Banerjee informed the developers that the company offers a wide range of products to its customers with five-year warranty. "We also provide quality after sales services," he added.

Asian Paints started its operation in Bangladesh in September 2002 and set up a factory in Gazipur.

Asian Paints (Bangladesh) Chief Executive RV Ramanujam said the company has the ability to provide any colour to customers according to their choice within a very short time. "Ours is the only washable paint in Bangladesh which means people can wash it with cloths if necessary," he added.

Among others, Rehab President Toufiq M Seraj and General Secretary Mahmudul Hassan were present at the meeting.

Asian Paints, holding company of Asian Paints Bangladesh, now operates in 23 countries worldwide with a turnover of \$414 million in 2002-03.

Japan's trade surplus with Asia surges 52pc in Dec

AFP, Tokyo

Japan's trade surplus with the rest of Asia in December surged 52.4 percent from a year earlier to 72.2 billion yen (6.8 billion dollars) on strong demand as Asia's role as a production base grew, officials and analysts said Monday.

Asia-bound shipments, which accounted for about half of Japan's total exports, rose 16.2 percent to 2.44 trillion yen while imports grew 5.6 percent to 1.72 trillion yen.

For 2003, the trade surplus with Asia rose 37.6 percent to 5.61 trillion yen, with exports rising 12.9 percent to a record 25.32 trillion yen and imports climbing 7.4 percent to a record 19.71 trillion yen.

"Asia, or more specifically, China, is increasingly becoming a regional hub for trade flows, while shipments to the other major regions are trending generally flat," said JP Morgan economist Ryo Hino in a research note.

Japan's exports to China, which accounted for some 13 percent of all shipments, rose 32.4 percent to 664 billion yen, helped by growing demand for semiconductors and electronic parts.

In contrast, exports to the United States fell 7.8 percent to 1.11 trillion yen as analysts said Japanese companies relied more on local production and plants in China for US-bound goods.

"Japanese exports to the United States are increasingly being made via China," said Shinko Research Institute economist Nobuhiko Kuramochi.

Asia, Latin America hope to revive trade ties

AFP, Manila

Asia and Latin America, two regions which have largely bypassed each other in economic relations, hope to revive their forgotten links at a gathering in the Philippines this week.

The foreign ministers and senior officials of the 32 Latin American and Asian countries meeting in the Philippines from January 29 to 31 will not seal any formal accords but organizers hope the contacts made will eventually evolve into something greater.

For the first time since it was set up in Chile in 2001, this year's meeting of the Forum for East Asia-Latin America Cooperation (FEALAC) will include a business conference on the sidelines.

The two regions have traditionally ignored each other in favour of trading with Europe and North America.

In the late-1990s, experts estimate that barely five percent of Latin American exports went to Asia with an even smaller amount of Asian exports going the other way.

Philippine Foreign Secretary Delia Albert conceded that the Latin American countries were attracted to FEALAC mainly because it will give them an opportunity to expand trade with Japan and China, the economic giants of Asia.

"We hope the Latin American countries will realize there are other countries they can benefit from, not just China and Japan," she said.

Cultural differences, the huge ocean between the two regions and the presence of wealthier trading partners nearby may have discouraged East Asia and Latin America from becoming closer but analysts also see potential areas for cooperation.

"Both Latin America and Asia have a common characteristic of having pockets of progressive development and large numbers of poor people. They have a common characteristic of having a deep resource base that is still largely untapped," said Roberto de Ocampo, a former Philippine finance secretary.

"It might not be a bad idea for these two areas to start thinking how to interchange and develop each other's economies instead of having Western societies telling them how to get it done or taking the lead," said de Ocampo who now heads the prestigious Asian Institute of Management here.

Jean Pierre Verbiest, assistant chief economist of the Asian Development Bank said trade was already growing with China buying more exports of raw materials from Latin American countries like Chile and Brazil.

It's too early to quantify bird flu's economic impact: ADB

AFP, Manila

The Asian Development Bank (ADB) said Monday it is too early to quantify the potential economic impact of the avian influenza epidemic that has struck at least seven countries in the region.

"It's too early to comment on that," said Shamsud Akhtar, officer in charge of the Manila-based lender's Southeast Asia department.

"I don't think there's an immediate setback to the flow of traffic to this region," she told a news conference.

Asia's travel industry took a big hit last year during the outbreak of Severe Acute Respiratory Syndrome (SARS).

The highly contagious avian flu virus has hit Cambodia, Indonesia, Japan, South Korea, Taiwan, Thailand and Vietnam. The World Health Organization (WHO) says it also suspects bird flu cases in Laos.

Akhtar said there has not been a "clear stock-taking of the immediate impact of the virus."

EU backs Iraqi bid for WTO observer status

AFP, Brussels

The European Union supports an Iraqi request for observer status at the World Trade Organization (WTO), the European Commission said Monday.

The EU would also back applications for such status by Iran and Syria, which have been blocked by the United States, said a spokeswoman for the EU executive after an informal meeting of EU trade ministers at the weekend.

"The message is loud and clear: the EU supports the Iraqi request to become an observer at the WTO. The EU things this will be good for the Iraqi people," said Arancha Gonzalez, spokeswoman for EU trade commissioner Pascal Lamy.

"We also continue to strongly support observership request from other countries in the area such as Iran and Syria, which have so far been vetoed by the United States," she added.



PHOTO: ASIAN PAINTS
Executive committee members of Real Estate and Housing Association of Bangladesh (Rehab) and officials of Asian Paints (Bangladesh) Ltd pose for a photograph at a meeting in Dhaka on Sunday.

Thai economy risks becoming casualty of bird flu crisis

AFP, Bangkok

The bird flu crisis which has devastated Thailand's billion-dollar chicken export industry risks damaging the entire economy unless aggressive action is taken to contain the epidemic, analysts said Monday.

Poultry production has ground to a halt in Thailand, Asia's largest chicken exporter, as government and military crews step up a mass cull that has seen up to 11 million chickens buried alive.

"There is obviously a negative sentiment factor and there will be some impact on overall exports," ING Barings research chief Andrew Stotz said after the government announced a six-year-old boy had become the first fatality.

"We're looking at possibly between a 0.1 and 0.3 percent (point) decrease in GDP growth for 2004" from the firm's earlier forecast of 6.0 percent, he said.

With the government under fire for not informing the public about the epidemic sooner, Stotz said it was vital it put an end to the crisis as soon as possible or risk undercutting the wider economy.

"Nobody wants a crisis and

when you see something going wrong, the first thing you want to do is see things being done to prevent it," he said, adding he was encouraged by the government decision to enforce the nationwide cull.

"If they continue to take these aggressive steps, it may not affect tourism," he said, referring to the kingdom's biggest foreign exchange earner.

Stotz said that investors in Thailand, while concerned about bird flu which has spread to seven Asian nations, were taking a long-term view of the country's economy and that the fundamentals remained strong.

Other analysts warned the situation remains unpredictable and that with news of more infections and fatalities continuing to emerge the ramifications of the outbreak will not be clear for some time.

The government for its part said it was sticking to its prediction for strong economic growth in 2004.

"The ministry will not change its GDP forecast set at 8.3 percent for this year. Bird flu has little effect on growth, perhaps 0.11 (percentage) points (for growth) and 0.4 per-

centage points for overall exports," finance ministry spokesman Somchai Sujajongse said.

The government's advisory body, the National Economic and Social Development Board (NESDB), also said the impact of the chicken crisis should not cut Thailand's overall economic performance too drastically.

The NESDB reportedly predicted the 1.2 billion dollars chicken export industry itself would suffer losses of 20-30 billion baht (500-770 million dollars).

"Compared with overall exports worth more than three trillion baht, that's a small amount," NESDB secretary general Chakramon Phasukvanich told the Bangkok Post.

Michael Stead, research manager for Kim Eng Securities, said that while thousands of farmers and employees in the poultry business would be severely affected, the Thai economy was likely to be spared a meltdown.

"It's devastating for the poultry industry but it will have a pretty limited impact on the economy overall," he said. "Basically the Thai economy, apart from agribusiness, is firing on all cylinders."

US fiscal news seen gloomy as Bush prepares budget

REUTERS, Washington

Analysts expect few surprises from new US budget data due out later Monday but fresh evidence of the government's gloomy financial outlook will still provide more fuel for both Democratic and Republican critics of President George W Bush's fiscal policies.

In its latest budget outlook, the Congressional Budget Office is expected to predict a record federal deficit in the neighborhood of \$500 billion this year and a cumulative budget shortfall around three times that figure in the coming decade, congressional analysts from both political parties said.

The nonpartisan agency in August last forecast deficits of \$480 billion in 2004, \$341 billion in 2005 and nearly \$1.4 trillion over the next 10 years.

Since then, Congress has

approved a \$400 billion Medicare drug benefit and \$87 billion in emergency spending for Iraq, but much of the fiscal impact of those changes may be offset by increased revenues amid a recovering economy, analysts said.

While the US budget outlook may not have changed too much over the past six months, the political situation has shifted significantly where fiscal matters are concerned.

Democrats have long slammed Bush for the steep slide in the government's finances since it enjoyed a record surplus of \$236 billion in 2000, blaming his big tax cuts. But their criticisms have not yet struck much of a chord outside Washington.

Now, however, just as the White House prepares to roll out its 2005 budget on Feb 2, Bush has also begun taking fire from conserva-

tives within his own party for not laying out concrete plans to cut government spending and reduce the deficit.

That led administration officials to promise on Thursday an effective freeze on federal spending next year not connected to defense or homeland security, calling that the foundation of a plan to halve the deficit in the next five years.

Congressional and private-sector budget analysts, however, note the move would save the government only around \$8 billion out of a \$2 trillion-plus federal budget -- even if Congress can be made to swallow the cuts it would require.

"It's more like an effort to get through the next 10 days," said Stan Collender, a veteran budget watcher at public relations firm Fleishman Hillard. "It isn't going to happen."

Toyota unseats Ford as No 2 automaker

REUTERS, Tokyo/Detroit

It's official: Japan's Toyota Motor Corp has unseated Ford Motor Co as the world's second-biggest auto maker.

The long-anticipated switch came as the US "Big Three" lost customers to Japan's top auto makers in their own backyard last year, and as Toyota drove aggressively into the red-hot Asian car market, a weak spot for US makers.

Toyota is steadily marching towards its goal of grabbing 15 percent of the global car market some time in the next decade, from about 11 percent now. That share could put Toyota ahead of General Motors, which said it had 14.7 percent in 2003.

Toyota said on Monday its group -- which includes truck maker Hino Motors and mini car maker Daihatsu Motor -- sold 6.78 million vehicles last year, up 10 percent from 2002 as it boosted its presence in every major car market.

That was 60,000 more than the

6.72 million vehicles sold by the family of Ford cars, which groups together the Blue Oval brand, Mercury, and luxury marques Lincoln, Volvo, Jaguar, Land Rover and Aston Martin.

While the new ranking marks a symbolic shift in the global auto industry's balance of power, analysts have long argued that rating automakers by their sales volume is just that: symbolic.

"The significance is similar to the change from the year 1999 to 2000," said Christopher Richter, auto analyst at HSBC Securities in Tokyo. "It's an event that people will reflect on, but there are more important differences," he said, naming the vast gap in market value as one of them. Indeed, at over \$120 billion, Toyota's market capitalisation -- a measure of how much investors believe a company is worth -- is more than four times that of Ford, and bigger than the combined stock values of Ford, GM and DaimlerChrysler.

By profitability, too, Toyota is way ahead of the pack.



New president of ICMAB

AKM Delwer Hussain has been elected president of Institute of Cost and Management Accountants of Bangladesh (ICMAB) for the year 2004.

Hussain was elected at the institute's meeting held in Dhaka on Thursday, says a press release.

He is also a former vice president of the ICMAB for two terms in 2002 and 2003.

The ICMAB council also elected ABM Shamsuddin and Ruhul Ameen as vice-presidents and SR Khan and Rafiq Ahmad as secretary and treasurer.