

## Asean recognises China as full market economy

AFP, Shanghai

The Association of Southeast Asian Nations (Asean) has recognised China as a full market economy, Chinese state press reported Monday following a meeting of Asean finance ministers in Indonesia.

"Each of the 10 member countries of Asean recognises the full market economy status of China," Indonesian Industry and Trade Minister Rini Soewandi was quoted as saying by the China Daily.

The decision was a victory for China as it seeks to win worldwide recognition as a market economy, which would give it more clout in fighting major trade disputes.

Around one in every seven anti-dumping cases worldwide involves China and the country has found

itself at a disadvantage with major trade partners who do not treat it as a real market economy in such disputes.

China's Minister of Commerce Bo Xilai extolled the growing trade relationship between China and Asean and urged greater even economic cooperation.

China "will definitely not slow down the works and negotiations with Asean and we will make even greater efforts to push ahead our bilateral talks over trade and services and bilateral investment issues to push ahead the overall trade relationship," Bo said.

Singapore, Malaysia and Thailand recognised China as a market economy earlier this year, leaving other Asean members Brunei, Cambodia, Indonesia, Laos, Myanmar, Philippines and Vietnam

to make their pledge over the weekend.

A joint Asean statement issued Saturday noted that "each of the 10 Asean member countries agreed to recognise the full market economy status of China."

Beijing has also won market status from New Zealand and Kyrgyzstan but it has yet to persuade the world's biggest trade powers -- the US and the European Union.

Asean's 2003 exports to China reached 47.3 billion dollars, up 51.3 percent over the year before, while imports were up 31.2 percent to 30.9 billion dollars.

"For the time being, the two-way trade volume between Asean nations and China accounts for 11 percent of China's overall external trade," Bo said.

"I believe this proportion will greatly increase in the upcoming years and probably double," he said in Jakarta shortly after a meeting with Asean economic ministers.

Asean's exports to China have already reached 34.5 billion dollars in the first seven months of this year. Imports were 22.2 billion dollars.

In June the European Union refused China full market economy status because of what it said was too much state interference, the weak rule of law and poor corporate governance.

It was a big blow for China's communist leaders who have been lobbying hard for the recognition.

## Toyota to set up joint venture with Chinese co

REUTERS, Guangzhou, China

Toyota Motor Corp., the world's second largest car producer, said Monday it was setting up a joint venture with Guangzhou Automobile Group Co. Ltd that will invest 3.82 billion yuan (US\$461 million) to produce sedans in the southern Chinese city of Guangzhou.

The 50-50 tie-up is part of a US\$13 billion investment spree planned by foreign car makers that aim to triple capacity in China to about 6 million units a year by the end of the decade, raising worries of overcapacity.

Toyota and Guangzhou Auto will begin making cars in the first half of 2006 at a plant in Guangzhou's new Nansha industrial district, with initial production capacity of 100,000 Camry sedans a year, the companies said in a statement.

Car sales in China, the world's fourth largest vehicle market, rose marginally in July from June to snap a three-month decline, triggered when Beijing tightened credit in the hope of preventing economic overheating.

China's car market is expected to grow by 10-20 percent this year after nearly doubling last year to 2 million units.

Guangzhou Auto, China's fourth-largest automaker and the parent of Hong Kong-listed Denway Motors Ltd, has already teamed with Toyota to build a plant in the same district to produce Toyota car engines.

The plant will build Camry sedans powered by 2.0 and 2.4 litre engines made at the nearby sister venture.

Separately, Denway makes vehicles through a joint venture with Toyota rival Honda Motor Co.



PHOTO: RANGS ELECTRONICS  
Richard Thong, senior sales executive, Asia Regional Marketing, Sony Singapore, inaugurates a renovated showroom of Sony-Rangs at WASA Corner in Chittagong recently. Among others, Deputy Managing Director of Rangs Electronics Limited J Ekram Hussain and Financial Advisor to Rangs Group of Companies Ashraf Uddin Ahmed were present.

## Thai economy hurt by rising oil prices, bird flu

REUTERS, Bangkok

Thailand's economy grew a moderate 0.8 percent in a second quarter marred by rising global oil prices and new bird flu outbreaks, Thailand's state planning agency said Monday.

The quarterly growth, in line with market expectations, was unchanged from expansion seen in the first quarter, but it prompted the agency to cut its 2004 growth outlook again, the National Economic and Social Development Board.

The economy grew 6.3 percent during the year through the second quarter, compared with revised 6.6 percent growth for the previous three months, the agency said.

The board trimmed further its GDP growth forecast this year to a range of 6.0 to 6.5 percent from a 6.0 to 7.0 percent range projected in June, largely due to high oil prices and avian flu outbreaks.

## Oil prices calm amid lull in supply worries

AFP, London

Oil prices held steady here on Monday as traders set aside worries about supply threats in Iraq and Russia, with trading quiet owing to the closure of the New York market for the Labor Day holiday.

The price of benchmark Brent North Sea crude oil for delivery in October edged ahead four cents to 41.27 dollars per barrel in pre-opening electronic trading.

New York's reference contract, light sweet crude for October delivery, dipped seven cents to 43.99 dollars a barrel on Friday, before closing for a three-day break.

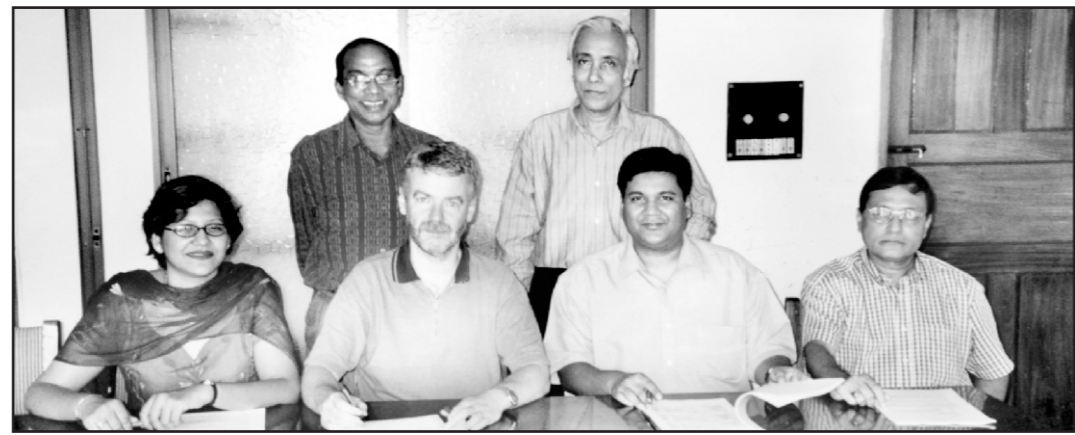


PHOTO: SID  
Per Andersson (2nd from left), senior advisor to Seed Industry Development (SID) Project, (a DANIDA/GOB project), and Kazi Borhan Amin Raj (2nd from right), managing director of SEBA Limited, a management and development consulting firm, sign an agreement recently in Dhaka for implementation of a two-year programme (2004-05) on promoting farmers' group seed production.

## US defeats at WTO risk encouraging protectionism

AFP, Geneva

A series of stinging defeats for the United States at the World Trade Organisation may encourage US protectionism in a country where the administration is reluctant to impose the rules of international law on its lawmakers, analysts say.

The WTO last week authorised eight trading powers, including the European Union and Japan, to slap sanctions on Washington for failing to abolish a provision in its anti-dumping laws that has already been found to fall foul of global trade rules.

The eight plaintiffs say punitive sanctions of more than 150 million dollars (124.5 million euros) a year are in order over the offending legislation, which allows US industries to be paid anti-dumping duties levied on foreign competitors.

This latest putdown for Washington follows other US

defeats in recent months over steel, cotton and tax breaks for US exporters, with sanctions in some cases running into billions of dollars.

"There is a risk that these defeats at the WTO entail a resurgence of American protectionism," said Jean-Pierre Lehmann, director of the Evian Group, a centre specialising in trade matters.

"There is quite a nationalist and unilateralist atmosphere in the United States at the moment" in the administration of US President George W. Bush.

"Coupled with the enormous trade deficit that they are going through, that may have repercussions," he said.

A former Canadian trade negotiator at the Geneva-based WTO, John Weekes, who is now an advisor to a Geneva law firm, said the issue could well surface next year in the US Congress.

## Gold demand in China expected to triple

AFP, Shanghai

Gold demand in China is expected to triple in coming years as a result of ongoing gold market deregulation in the world's most populous country, according to a World Gold Council report Monday.

In its latest report released ahead of the London Bullion Market Association meeting in Shanghai Monday and Tuesday, the council forecast a rise in demand for gold in China from the current 200 tonnes to an annual 600 tonnes in "the next few years".