

Australia, NZ, Asean launch FTA talks

AFP, Melbourne

Australian Trade Minister Mark Vaile launched talks here Monday aimed at sealing a free trade pact between the 10-member Association of South-East Asian Nations (Asean), Australia and New Zealand.

The meeting of senior trade officials came after an agreement reached between leaders of the 12 countries at Asean's meeting in Laos last November to complete negotiations within two years and to implement a free trade agreement (FTA) fully within 10 years.

An agreement with Asean would be the latest of a string of FTAs which Australia has already negotiated. Its long standing pact with New Zealand was followed by similar agreements with Singapore, the United States and Thailand and it has recently begun talks on a deal

with Malaysia.

Vaile told the meeting Australia's existing FTAs had set an important benchmark for comprehensive agreements of high-quality but all were intended to support rather than detract from multilateral trade liberalisation through the World Trade Organisation.

"While we will negotiate free trade agreements, we do not see this as being at the expense of Australia's core commitment to the WTO and to progressing the Doha Round of trade negotiations," he said.

"The Australian government's position on FTAs is clear: we pursue FTAs where these can deliver significant economic gains ahead of the timeframe possible in the WTO."

He said that with over 545 million people and a combined

gross domestic product of around 682 billion US dollars, "Asean offers exciting prospects for Australia."

The initial round of talks had allowed the officials to map out the way forward for the negotiations, he said, adding: "Our job is to complete the FTA within two years."

Vaile said the 12 countries had agreed the FTA should be comprehensive and seek to progressively eliminate barriers to trade affecting goods, services and investment.

Canberra estimates the Asean members already provide a market for more than 17 billion Australian dollars (13.4 billion US) of exports of goods and services.

Asean groups Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam.



PHOTO: EASTLAND INSURANCE

Mahbubur Rahman (C), chairman of Eastland Insurance Company Ltd, addresses the company's Regional/Branch Managers' Conference-2005 on Wednesday in Dhaka. AKM Humayun Kabir, Moazzem Hossain, directors, and M Azmal Hoque, managing director, of the company are also seen.

UK wants G7, China to work together

REUTERS, Beijing

Britain's finance minister on Monday urged cooperation between the world's rich nations and China and is expected later to say it would be futile to resort to protectionism to counter China's growing economic might.

China came under pressure at a G7 meeting earlier this month in London to allow its tightly managed currency to appreciate against the dollar to help address global economic imbalances.

"I believe we can make enormous progress addressing some of the challenges facing the global economy in the coming year," Gordon Brown said at the start of a meeting with Chinese Finance Minister Jin Renqing.

Brown is scheduled to meet with senior Chinese officials, including Chinese Premier Wen Jiabao and central bank chief Zhou Xiaochuan, on what is his first visit to China.

He is expected in a speech later to urge that advanced industrialized nations cooperate with China because of its growing role in the world's financial system, British Treasury officials said.

"I am also pleased that our two countries have the presidency of the G7 and G20 this year and so we can strengthen our bilateral cooperation," Jin said.

Britain is the current chair of the G7 while China is the chair of the G20 developing nations. A joint G7-G20 statement would be issued later on Monday, Brown said.

But Brown, in China until Wednesday, will also say it would be futile to resort to protectionism to counter China's rising economic might, the Treasury officials said.

Rich nations should recognize the huge contribution to global growth made by the rapidly expanding Chinese economy, now the world's seventh largest, and be ready to adapt themselves.

China has maintained it will make the currency regime more flexible and gradually make the yuan fully convertible. But Beijing has never committed itself to a timetable.

The yuan is managed in a razor-thin range of 8.276 per dollar to 8.28 per dollar, but the U.S. and Europe have criticized the policy as giving Chinese exporters an unfair price advantage in world markets.

China's exports have boomed in recent years. China's exports in January were 42 percent higher than a year earlier at more than \$50 billion, while January's \$44 billion in imports were the smallest since May 2004.

The end of decades-old global textile quotas at the end of 2004, expected to favor China's huge textile industry, is another cause for trade friction.

The U.S. administration has already moved to try to block billions of dollars in clothing imports from China.

"While others may wish to see China and globalization as a threat, I see the rise of China and the new stage of globalization not as a threat but as an opportunity," Brown will say.

Brown travels to Shanghai on Tuesday, where industry sources said he may meet executives at China's top car maker, Shanghai Automotive Industry Corp (SAIC), over a possible joint venture with Britain's MG Rover.

SAIC has said talks with MG Rover to create a joint venture, which would provide the Chinese firm with a launch pad for sales to Europe, were at an advanced stage.

WB warns oil cash no cure for job woes

REUTERS, Jeddah

A cash bonanza from higher oil prices will fail to create millions of jobs needed across the Middle East unless governments take tough reform decisions to lessen their dependence on energy, the World Bank said on Sunday.

The bank's top Middle East official, Christian Poortman, said some countries had better insulated their economies against oil price crashes by cutting debt and spending and by creating rainy day funds.

But the region needs to do more to create the 4 million to 5 million new jobs needed a year, he said on the sidelines of the Jeddah Economic Forum.

"Some countries need to get their growth rates up ... For the oil producers it is to create a growth that is more labour intensive, because oil brings in a lot of money but doesn't create too many jobs," said Poortman, World Bank Vice

President for the Middle East and North Africa.

World Bank estimates showed growth across the Middle East at a healthy 6 percent in 2003 and 5.8 percent last year. The bank projects growth of around 4.8 percent this year and next.

Much of that has been fuelled by rising oil prices. US crude hit a record \$55.67 a barrel late last year, and prices remain close to \$50 a barrel.

Poortman said states must spend money on revamping education to give job-seekers useful skills in an environment where bloated civil services no longer automatically hire graduates.

"The oil boom provides new financing to all of these countries and in a sense decreases the urgency for reform, and we are arguing the opposite for everyone, including Saudi Arabia," he said.

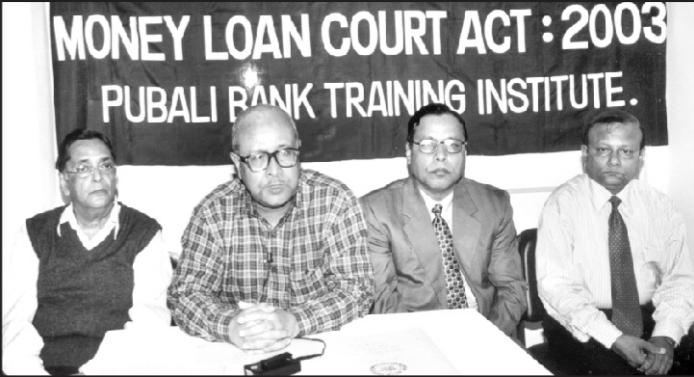


PHOTO: PUBALI BANK

Managing Director of Pubali Bank Ltd Khondkar Ibrahim Khaled (2-L) addresses a workshop on 'Money Loan Court Act-2003' organised by the bank's training institute recently in Dhaka. Deputy Managing Director of the bank Helal Ahmed Chowdhury and Principal of the bank's training institute Badruddin Ahmed are also seen.

China to set up \$6b stock stabilising fund

REUTERS, Shanghai

China will create a \$6 billion stabilisation fund by June in its boldest move so far this year to support moribund markets, but a lack of detail could keep investors sidelined, state media and analysts said yesterday.

Analysts said regulators, scrambling for ways to shore up China's markets, Asia's worst-performing in 2004, will model their fund on Taiwan's National Stabilisation Fund, using government money for the first time to intervene in times of volatility.

They reckoned Beijing could amass about 50 billion yuan (\$6 billion) by the end of the first half of this year.

The benchmark Shanghai

composite index had gained 1.6 percent by the lunch break as investors cheered the move.

"Investors want more details so gains were capped today," Lu Wei, a trader at East Asia Securities, said yesterday. "But once the fund is established, it will be seriously positive news for the market."

Beijing has taken steps to boost slumping markets after the index fell 15 percent in 2004, hit by economic cooling steps, corporate scandals and a raft of new share issues.

But with \$1.5 trillion in savings and few investment choices, Chinese have piled into stocks, pushing valuations to 25 times earnings on average and making stocks nearly twice as expensive as in Hong Kong. Only a third of the market is traded.



PHOTO: JAMUNA BANK

Golam Dastagir Gazi, chairman of Jamuna Bank Ltd, addresses the bank's Branch Managers' Conference-2005 on Wednesday in Dhaka. Md Belal Hossain, chairman of the Executive Committee, Md Atiqur Rahman, chairman of the Audit Committee, and M Nazrul Islam, managing director of the bank, among others, attended the conference.