Latest round of Sino-US textile talks fails to reach accord

AFP, *Beijing*

The latest round of Sino-US textile talks broke up here Thursday without an agreement, the head of US delegation said, fuelling expectations that more US restrictions will be imposed on China's exports.

"We've just ended ... negotiations with the Chinese aimed at reaching a broad agreement," US special textile negotiator David Spooner said in a statement issued by the US Trade Representative's office.

"We have not come to an agreement that meets the needs of our domestic manufacturers and retailers. Our overall goal, as we've said all along, is to reach a longer-term solution that will permit greater stability in textile and apparel trade," Spooner said.

The two sides walked away from the talks, originally scheduled for two days, after the morning session Thursday without setting a date for the next round.

It was unclear if the two sides would be able to work out a deal before the visit to China by US President George W. Bush next month.

The lack of an agreement, after what one Chinese report described as "heated negotiations" on Wednesday, raises the prospect that the US government will impose further restrictions on textile imports from China in the face of continued calls for more curbs from the US industry.

Spooner emphasised that Washington reserved this right to limit an influx of Chinese-made clothing and fabrics.

"The US has been using its right under China's World Trade Organization accession agreement to invoke safeguards in cases of market disruption or the threat of market disruption and we will continue to do so as appropriate," he warned.

The Chinese delegation was headed by Lu Jianhua, chief of foreign trade at the commerce ministry which declined comment.

The talks were aimed at reaching a comprehensive agreement to regulate Chinese textile shipments which have soared since global quotas were scrapped on January 1.

The US administration, under pressure from its own textile industry, has progressively imposed what it calls "cumbersome" quotas on individual categories of imports from China while pressing for an overall agreement.

The previous round of talks ended without agreement in Washington barely two weeks ago although there had appeared to be some measure of progress and a more positive tone but that seemed not to have been carried over.

"After a day of heated negotiations, China and the United States have not made any progress," the Shanghai-based Oriental Morning Post said of Wednesday's exchanges.

Washington insists, amid a wider range of disputes with China, something must be done about the flood of Chinese textile imports, while Beijing points up that it already has such an agreement with the EU which should provide a model solution.

China and the EU averted a trade war in June when they agreed to limit the growth of 10 Chinese textile exports to 8.5-12.5 percent until the end of 2007.

Last week, Washington irked Beijing by accepting a US industry request to consider quotas on another 13 types of Chinese textile exports, bringing the number that could be restricted to 27, with a ruling due in January.

Oil prices stay above $64

AFP, *Singapore*

Oil prices were higher in Asian trade Thursday after the US government predicted demand would rise 2.2 percent in 2006 after an expected decline this year, dealers said.

At 10:45 am (0245 GMT), New York's main contract, light sweet crude for delivery in November was up two cents at 64.14 dollars a barrel from 64.12 dollars in the United States Wednesday.

The US Department of Energy (DoE) projected that oil consumption in the country would increase 2.2 percent in 2006 to an average of 21 million barrels per day after an anticipated 0.9 percent decline this year.

"It's reacting to the US energy department report," said Victor Shum, an analyst with energy consultancy Purvin and Gertz in Singapore.

Phil Flynn at US-based Alaron Trading said the report debunks the notion of "demand destruction" in the world's biggest energy consumer.

People are beginning to realize that the drop in demand "is going to be a temporary phenomenon and we will see demand really start to grow as we enter into next year," Flynn said.

The idea that demand would wane as prices rose gained currency this month after oil fell by more than 11 percent since smashing record levels above 70 dollars in the wake of Hurricane Katrina in late August.

The market is now awaiting the weekly US stocks data due later Thursday, a day later than usual owing to Monday's public holiday in the United States.

PHOTO: IFIC BANK

Ataul Haq, managing director of IFIC Bank Ltd, and AT Ahmedul Huq Choudhury, MD of Multi Promotional Services Ltd, sign papers to renew an agreement on Tuesday in Dhaka. Under the deal, Multi Promotional Services will act as an agent to recover the default loans of the bank.

PHOTO: STANDARD BANK LIMITED

Kazi Akramuddin Ahmed, chairman of Standard Bank Ltd, inaugurates the 19th branch of the bank at Benapole in Jessore recently. Vice chairman of the bank SAM Hossain and other officials of the bank are also seen.

ECB on high alert over inflation

AFP, *Frankfurt*

The European Central Bank said Thursday it was on high alert with regards to inflationary pressures in the 12-country eurozone in face of runaway oil prices and excess liquidity in the economy.

"Strong vigilance is warranted with regard to upside risks to price stability," the guardian of the euro currency wrote in its October monthly bulletin released on Thursday.

"Given the recent oil price developments, the short-term outlook for inflation has significantly deteriorated," the ECB wrote.

Euro area-wide inflation, as measured by the harmonised index of consumer prices (HICP), "could remain at its current elevated levels for the rest of 2005," the bank warned.

In September, eurozone inflation shot up to 2.5 percent, way above the ECB's ceiling of 2.0 percent.

"While no detailed information on the different components of HICP is available as yet, it appears that oil price increases have again played an important role," the bank said.

"And there is currently no indication that oil prices will moderate significantly in the foreseeable future," it added.

ECB President Jean-Claude Trichet also expressed concern about the inflationary effects of high oil prices.

"We must be strongly vigilant," Trichet told a banking seminar in Saint Petersburg.

"We are living in a world with a lot of uncertainties and one of these uncertainties is oil prices".

Nevertheless, "for the time being, there continues to be no clear evidence of domestic inflationary pressures building up in the euro area," the ECB continued in its monthly report.