

## US trade chief calls on EU to improve farm offer

AFP, Washington

The European Union needs to come back with a better offer on farm tariffs with time running out on World Trade Organisation talks, US Trade Representative Rob Portman indicated Friday.

Speaking from Geneva after a teleconference meeting with the trade chiefs of Brazil, India, Australia and the EU, Portman said the EU's latest offer on agricultural trade did not go far enough.

"We are a little discouraged today by the EU proposal. I believe it is a modest step in the right direction but I believe it's inadequate to meet the promise of Doha," he told US reporters, referring to the WTO round of talks.

"While in some areas the EU proposal moves in the right direction, overall we are disappointed both in the level of the tariff cuts and the exclusions from the tariff cuts," Portman said.

The European Commission earlier Friday offered its steepest-ever cuts in agricultural tariffs to try to break a deadlock in WTO talks ahead of a crucial ministerial meeting in Hong Kong in December.

The EU's executive arm said it would be prepared to cut the 25-

nation bloc's highest farm tariffs by 60 percent and the lower tariffs by 35 to 60 percent, almost halving the overall tariff rate from 23.0 percent to 12.0 percent.

Portman said his colleagues from Brazil, India and Australia agreed with him that the EU tariff cuts were insufficient and came with too many strings attached.

EU trade commissioner Peter Mandelson said in Brussels earlier that the offer was "substantial, credible and comprehensive" and warned: "This is Europe's bottom line."

But Portman said: "This is not the time for take-it-or-leave-it proposals."

The US trade chief expressed sympathy for Mandelson and EU farm commissioner Mariann Fischer Boel, who have been accused by France of overreaching their negotiating mandate at the WTO.

"But at the end of the day we need to have a proposal that actually meets the goal of Doha... which opens up all of our markets more to achieve the economic growth and development objectives," Portman said.

"The ball is in all of our courts, including theirs (the EU's). We

have now several proposals on the table. We need to come up with a solution.

"We are very close to the Hong Kong ministerial now so there's no time to waste. We need to bridge this gap," he said.

Portman added that the United States stands "shoulder to shoulder" with the EU in pushing for greater liberalisation in both services and industrial tariffs at the WTO.

But he added: "Whether the EU likes it or not, and whether the United States likes it or not, agriculture is central to this round."

"Unless we can make progress on agriculture, I think as a practical matter it will be impossible to see the progress we both would like to see in these other areas."

Portman said he believed that India and Brazil, which are seen as pivotal players representing the developing bloc of nations at the WTO, were willing to move on services and industrial tariffs if the agriculture talks progress.

"They say it's always darkest before the dawn," he added.

## China, Chile end free trade talks

REUTERS, Santiago, Chile

Chile, the world's no. 1 copper producer, concluded negotiations Friday for a free trade agreement with China, its top customer for the red metal, and expects to formalise the agreement next month.

Chile and China opened negotiations for a free trade deal in April last year. Once signed and ratified by both countries it will be the Asian nation's first ever with a Latin American country.

Negotiators expect the deal to go into effect on July 1 next year. Carlos Furche, Chile's director for international economic relations, told Reuters by telephone.

Chile wants to be the bridge between Asia, led by China's booming economy, and Latin America. The new accord is seen opening the door to Asian exports into the countries of Latin America's southern cone.

ern cone.

Presidents Ricardo Lagos of Chile and Hu Jintao of China will formalise the agreement at the mid-November Asia Pacific Economic Cooperation summit in South Korea, Chile Foreign Relations Minister Ignacio Walker told local radio. He did not give a date for when the pact might be ratified by lawmakers.

Once in place, the accord will mean immediate, tariff-free access to China for more than 90 percent of Chilean exports, including copper.

Last year China was the biggest single buyer of Chile's copper exports, buying 18 percent, or \$2.728 billion worth. That was the bulk of Chile's \$3.2 billion 2004 exports to China. Chile's imports from China last year were a little over \$1.8 billion.



Lars P Reichelt, chief executive officer of Banglalink, and Aziz Mohammad Bhai, chairman and managing director of Ambee Pharmaceuticals Ltd, shake hands after signing an agreement on Thursday. Under the deal, the pharmaceutical company has become a corporate client of the mobile phone operator.

## Saudi Arabia gets nod for WTO entry by year-end

REUTERS, Geneva

Saudi Arabia, the top global oil exporter, won the go-ahead from major trading nations Friday to join the World Trade Organisation (WTO), probably by mid-December, after 12 years of tough on-off negotiations.

A working party, including all major trading nations in the WTO, approved the final package of Saudi entry terms and agreed to pass them on for endorsement to a meeting of the body's ruling General Council on Nov 11.

The decision was hailed as "an historic occasion" by WTO Director-General Pascal Lamy and as "a victory for the principles and objectives of the multilateral trading system" by Saudi Commerce Minister Hashim A Yamani.

Approval in the Council is seen as a foregone conclusion, and will clear the way -- if Riyadh moves rapidly to wrap up remaining formalities -- for the country to attend a major WTO ministerial meeting in Hong Kong in December as a full member.

Entry of the kingdom, which will bring WTO membership to 149, is likely to open its long-protected but growing economy to the outside world -- a fact that has worried some elements in the Saudi Islamic religious establishment.

It is expected to boost foreign investment, providing funds for diversification of the largely oil-based economy, and bring new export opportunities for Saudi firms, especially in the petrochemical industry.

## NAFTA RULING ON CANADA SOFTWOOD US seeks delay, clarification

AFP, Washington

The United States said Friday it would seek a delay in the implementation of a NAFTA ruling in a hotly contested dispute over softwood lumber trade with Canada.

The Commerce Department said it was filing motions "requesting clarification" of the October 5 decision by the panel of the North American Free Trade Agreement.

The US agency said it was also requesting an extension of time to file a response until it gets a clarification.

"This administration is fully committed to NAFTA and to coming to a lasting agreement with Canada to resolve this

dispute," said Commerce Secretary Carlos Gutierrez.

"The Department has requested clarification because we have significant questions about the methodology applied by the NAFTA panel."

A Commerce Department official, speaking on condition of anonymity Friday, said the United States would continue to collect duties on Canadian softwood in the meantime.

"We're not trying to delay things, we're trying to do it right," the official said.

The trade row has soured relations between Ottawa and Washington, with Canadian officials breaking off talks to protest a US decision to continue to collect duties on

Canadian softwood imports despite the NAFTA ruling.

The panel established under NAFTA had previously ruled that Canadian imports of softwood lumber had not harmed the US lumber industry.

Canada is seeking a refund of the estimated four billion US dollars in duties on Canadian softwood imports since May 2002, but the United States has balked at the demands.

Since, opposition members of Parliament, provincial government heads, and forestry company executives asked Canadian Prime Minister Paul Martin to start playing "hardball" with the United States, some even suggesting the need to impose an export tax on Canada's coveted oil and gas resources.



Md Enamul Haque, managing director of ENA Properties Ltd, a real estate company, and Tanvir Ibrahim, head of Corporate Sales of GrameenPhone Ltd, pose for photographs at an agreement signing ceremony recently. Under the deal, ENA Properties has become a corporate client of the mobile phone operator.

## Eurozone inflation to ease slightly in October

AFP, Brussels

Eurozone inflation over 12 months is expected to ease in October to 2.5 percent from 2.6 percent in September, according to an estimate by the European Union's statistics agency on Friday.

Economists had forecast a drop to 2.4 percent, owing to the recent slight drop in energy prices.

If confirmed, it would show that inflation in the 12 countries using the euro single currency continues to be well above the European Central Bank's preferred level of close to but below 2.0 percent.

Analysts and policymakers have been concerned that high oil costs will have a knock-on effect on other prices and wages, causing a spurt in inflation.

## WB urges Philippines to implement tax expansion

AFP, Manila

Despite oil price fueled inflation, President Gloria Arroyo must insist on the full collection of a key consumption tax that aims to improve the Philippines' fiscal state, the World Bank said Friday.

The government is set to collect on a 10 percent expanded value-added tax (VAT) from Tuesday after a political battle between Arroyo and her opponents that reached the Supreme Court.

Manila maintains the extra tax revenue would help it avoid possible default on its mounting debts.

World Bank country manager Joachim von Amsberg urged Manila to resist pressure to delay the second stage of the VAT law to be implemented next year, when Arroyo has the option to raise the rate to 12 percent.

Arroyo, who survived an impeachment complaint in September for alleged election fraud, has been under pressure to ease the burden of higher pump prices and electricity rates arising from historically high oil prices.

Some allies have urged her to defer VAT collections on the two sectors for the time being.

"All of the measures that have been put in place, plus more, are quite desperately needed to bring financial health back to the Philippine state," von Amsberg told a news conference.

"A very large effort is needed. Every element that has been passed I think should be vigorously implemented to attain those targets," he said.