



WTO Hong Kong Ministerial 2005

Talks going backwards

Says European Union

AFP, Hong Kong

Global trade talks are going backwards, the European Union warned Friday, as it exchanged fresh barbs with the United States and fears grew the WTO meeting here could unravel without an accord.

With two days left to go before the scheduled end of the gathering, EU Trade Commissioner Peter Mandelson repeated he would not accept demands from the US and developing countries to make deeper cuts in agriculture subsidies and tariffs.

Mandelson said if the EU's trade partners did not show flexibility, then the Hong Kong meeting, tasked with preparing the ground for a global trade liberalisation deal, could be headed towards failure.

"The emerging direction of the meeting is worrying. In the main trade boosting areas of the discussions, the level of ambition if anything is going backwards," Mandelson said.

"I do not want to contemplate a failure at Hong Kong ... but equally I see no point in an outcome here that simply locks in low ambitions, diminishes benefits for developing countries and falls short of our responsibilities to the global economy," he said.

"I would find it difficult to sign up to such a rolling-back of ambitions."

US trade officials in turn repeated their charge that it was the EU that had to move at the talks.

"The whole round is being held hostage by the failure ... of our major interlocutor to come up with ambitious offers on agriculture," a US official told reporters, without directly naming the EU.

Speaking separately, Faryar Shirzad, US Deputy National Security Advisor responsible for trade affairs, said: "We're not pleased with the progress of the negotiations."

"Our ambitions for Hong Kong were much higher than what we think is now possible," Shirzad said, adding that much needed to be done to get a deal by next year when the negotiations have to be completed.

The EU and US exchanges came amid growing frustration at the lack of headway in the Doha Round of talks, launched in Qatar in 2001 with the aim of freeing up global trade and helping developing countries.

Joining the fray, Australian Trade Minister Mark Vaile said Europe was

at the heart of the problem because it was adopting diversionary tactics to shift attention from the core issue of reducing agricultural trade barriers.

"There is going to be a serious need for countries to focus their energies in the coming couple of days on the critical issues," Vaile told reporters.

Attacking both protagonists, a major coalition of developing countries warned it would reject any deal that harmed their interests, a move that would condemn the Hong Kong meeting since all decisions are taken by consensus.

"It appears that these talks will bring us nothing at all and even drive us further into poverty," Arvin Boolel, Mauritius Minister of Agriculture and chairman of the 56-member Africa, Caribbean and Pacific group.

"This situation makes a mockery of the development agenda of this round. We will not accept any agreement in Hong Kong that is made at our expense," Boolel said.

The G20 and the Cairns group of agricultural exporters, which Australia leads, pressed the same point, urging the EU and the United States to budge.

Talks on liberalising services at a standstill

AP, Hong Kong

WTO talks on liberalising service industries are at a standstill and are even in danger of achieving less than was outlined in a draft negotiating text prepared for a major meeting in Hong Kong, ministers said yesterday.

A group of the world's poorest countries has proposed alterations to WTO chief Pascal Lamy's draft agreement for the meeting, suggesting the text be altered to make it easier for developing nations to protect their services sectors and to stand up for their own interests.

"There is a concerted attempt to dilute proposals that, for many of us, already lack ambition," said European Union trade chief Peter Mandelson. "I suspect the United States will make their own proposal and no doubt the European Union will make its proposal, and it would not be surprising to me if they were rather similar."

The United States and EU did not comment on the specific nature of the poor countries' proposal. He declined to say when the EU will table its offer.

Negotiators at the six-day WTO meeting, now in its fourth day, have made barely any progress toward reaching an agreement on cutting global trade barriers, with the impasse largely blamed on the European Union's refusal to further cut its farm tariffs and subsidies, barriers that poor nations say block their agricultural exports.

France hails defense of EU position

AFP, Hong Kong

France on Friday hailed the defense of the European Union's position on agriculture mounted at WTO talks here by EU Trade Commissioner Peter Mandelson.

"We are extremely pleased with the position of the commission," French Agriculture Minister Dominique Bussereau said, adding that the panel had acted "with much courage and firmness."

Before the conference French officials had been sharply critical of Mandelson, accusing him of offering trade concessions considered excessively generous.

France's junior trade minister, Christine Lagarde, said that in World Trade Organization negotiations here since Tuesday, the European Union had come under "heavy pressure" from "odd alliances of Brazilians, Indians and Americans ..."

The EU is being pressed from all sides to offer deeper cuts in its agriculture subsidies and import tariffs but has steadfastly refused to change its position.

Lagarde also criticized the attitude of the Group of 20 developing countries headed by India and Brazil.

These countries, she charged, "who have been asking us non-stop to move on agriculture and who seemed perfectly virtuous are themselves backsliding in everything related to industry and services."

ROK protesters turn anger on US consulate

AFP, Hong Kong

Militant South Korean anti-globalisation protesters sprayed the United States consulate in Hong Kong with graffiti Friday in their latest feisty demonstration against WTO trade talks here.

About 100 protesters, mainly farmers, marched on the downtown consulate and sprayed their rallying cry, "Down, Down, WTO" on the outside wall in red and black paint.

In a 90-minute vigil, they also vandalised a steel sign and pelted windows with eggs.

Another group laid siege to the nearby South Korean consulate building, where about 20 protesters jostled with police as they tried to break through the locked doors.

The minor incidents follow two days of low-intensity street skirmishes with police in which hundreds of riot officers, in an overwhelming display of force, repelled them with pepper spray and batons.

Gold reaches new high

21 carat selling at Tk 13,200, 22 carat at Tk 13,830 a bhoori

SARWAR A CHOWDHURY

Gold prices in the local market continue soaring with guinea (21 carat) selling at Tk 13,200 and 22 carat at Tk 13,830 a bhoori (11.66 grams).

Twenty-one carat gold was selling at Tk 12,600 while 22 carat at Tk 13,200 a bhoori only a week ago.

Bangladesh Jewellers Association (BJA) on Wednesday re-fixed the price, which is all-time high in domestic market.

Sharp price spiral of the precious metal in the international market is the main reason for such price hike in the domestic market, local jewellers said.

They said as some big international investors consider gold an alternative investment to US dollars, gold is soaring in international market.

In October this year, the price of guinea or 21 carat gold was Tk 11,800 while 22 carat gold was Tk

12,360.

Local jewellers said gold prices in the local market always follow the international market price. If the price of gold in the international market increases further, the price in the local market will also surge, they added.

The gold price was only US\$ 230 per ounce (2 bhoori and 10.5 ana) in early 2001 but just after the September 11 attack on the US it started soaring. In April 2002, the price rose to \$312 an ounce in international market.

"The price now hovers between \$510 and \$520 in the international market," Anwar Hossain, president of Bangladesh Jewellery Manufacturers and Exporters Association (BJMEA), said.

However, in the international markets on Wednesday, the price hit a 24-year high at \$534 per ounce in Hong Kong and \$511 per ounce in New York.

Hossain, also a BJA executive member, said big investors and clients in the major economies used to stock dollars in banks and also in the big securities. But faced with prolonged unstable political situation in international arena, the investors now prefer to stock gold instead of dollar, pushing gold prices up, Hossain, also proprietor of General Jewellers, explained.

The BJMEA chief, however, said total demand for gold in the domestic market decreased to 30 tons in 2005 from 50 tons in 2001, thanks to high prices.

According to BJMEA statistics, gold prices in the domestic market shot up by around Tk 7,000 a bhoori in the last five years.

Bangladeshi jewellers usually source gold from Saudi Arabia, UAE, and Qatar.

China to end textile export tariffs

REUTERS, Beijing

China will abolish the tariffs it slapped on textile products earlier this year from next month, Finance Minister Jin Renqing said in remarks published Friday.

Export tariffs on Chinese textile products would be cancelled from Jan. 1 while flexible tariffs on cotton beyond import quotas would be maintained, the China Securities Journal quoted Jin as saying.

China imposed the tariffs on its textile exports earlier this year in an apparent step to assuage fears that the country's textile exports would flood world markets following the end of a global quota regime on Jan. 1.

Beijing later hammered out agreements with the United States and the European Union to effectively limit its flow of textile exports.

In November, Washington reached a deal following months of grinding negotiations to set growth rates for Chinese clothing imports at 10 percent in 2006, 12.5 percent in 2007 and 15 percent in 2008.

The agreement was broadly similar to one reached by the European Union in June and revised in September.

Lanka seeks to raise \$220m thru' inflation-linked bond

AFP, Colombo

Sri Lanka has issued its first-ever inflation-linked bond intended to raise 22 billion rupees (220 million dollars), the central bank said Friday.

The three-year bond carries a rate of 11.2 percent in the first year.

The coupon rate is pegged at one percentage point above the country's annual inflation for the remaining two years, the Central Bank's Acting Superintendent of Public Debt, M. Hemachandra, said in a statement.

The bonds were placed Wednesday with two state-owned banks, a central bank source said.

The official inflation rate stood at 12.1 percent in November after ballooning to 18 percent last January.

Banglalink sales, care centre in Rajshahi

STAFF CORRESPONDENT, Rajshahi

Mobile phone operator Banglalink opened its sales and care centre in Rajshahi on Thursday.

Mehboob Chowdhury, chief commercial officer of the company, inaugurated the centre on Upashahar Housing Estate.

Omar Rashid, marketing director, Rumana Reza, customer care director, and Hasan Summy, sales director, among others, were present at the inauguration.

China to offer tariff-free trade to world's poorest

REUTERS, Beijing

China will offer 30 of the world's poorest countries tariff-free trade beginning next year, state media said Friday, making good on a pledge from President Hu Jintao at the United Nations in September.

"We will offer zero tariff rates to some products from about 30 least developed countries," the official Xinhua news agency quoted Finance Minister Jin Renqing as saying.

The 10 member states of the Association of South East Asian Nations, Bangladesh and Sudan were among the countries the preferential rates would apply to, Jin said.

Hu used his speech at the UN summit in September to underscore China's support for the developing world, calling on rich countries to open markets and forgive debt.

But his offer excluded countries that have diplomatic relations with Taiwan, the self-ruled island that Beijing claims as its own.

Friday's report did not mention Taiwan, but both have been accused of using aid and soft loans to buy diplomatic recognition in small, developing countries.

At global trade talks in Hong Kong this week, Chinese Commerce Minister Bo Xilai said it was up to rich countries to offer more concessions to poorer countries.

But he added that despite its

power as the world's third-largest trading nation, China's agriculture industry remained Third World and should receive the same special protections as other developing countries.

Oil under \$60

REUTERS, New Delhi

Oil was steady at just under \$60 a barrel Friday after plunging 1.4 percent the previous day as forecasters said icy US weather, which has propped up prices this month, would lose its bite in the new year.

US crude stood at \$59.85 a barrel, losing 14 cents in thin trade. Prices fell 86 cents on Thursday behind a 6 percent slump in natural gas.

London Brent crude lost 20 cents to trade at \$59.20.

Oil prices rose as high as \$61.90 earlier this week, having rallied from a five-month low in mid-November as the onset of colder US Northeast and Midwest weather spurred demand for heating fuels.

Those gains have been checked this week by a rise in crude inventories on Wednesday and a forecast on Thursday from the National Weather Service for much of the United States to be warmer than normal from January through March.

CORPORATE SOCIAL RESPONSIBILITY II

Compliance issues key to survival of export-oriented sectors

MONJUR MAHMUD

Surviving in the global market will not be possible for the export-oriented industries without addressing human rights, environment and labour standard issues -- key elements of corporate social responsibility (CSR).

Exporters in Bangladesh are feeling the pinch first as foreign buyers are increasingly raising questions about ethical practices.

Besides the readymade garment (RMG) sector that contributes over 75 percent to the country's total export earnings, leather and frozen foods are some of the major sectors that have to address the CSR issue immediately.

"There is no alternative to complying with the environmental, social and labour standards if export-oriented industries want to survive in the global market," Annisul Huq, former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said.

To be compliant is the need of the time and it is almost becoming impossible to get orders from the buyers without being compliant manufacturers, Huq said noting there is no way to avoid these things today because of the pressures from foreign buyers.

Bangladesh's garment exports to the European Union may face a bad time if compliance issues are not addressed within a certain

period, leaders of Belgium-based International Textile, Garment and Leather Workers' Federation (ITGLWF) warned.

"You don't have customers if you don't have right products that are manufactured following local laws and international requirements," Neil Kearney, general secretary of ITGLWF, told journalists when he was in Dhaka few months back.

The ITGLWF leaders also met the ministers concerned to convey the message of EU buyers and importers, saying the government should consider the present situation and deadline as a wake-up call.

Considering the overall situation, the commerce ministry has formed 'Social Compliance Forum' for RMG sector. EU is the single largest export destination for Bangladesh products.

"It is not enough to produce quality goods but it is imperative to create an honest brand image," observed Rasna Hasan, manager (Corporate Affairs) of Novartis (Bangladesh) Ltd.

"More and more corporations and business enterprises are realising that the country also needs dependable and trustworthy reputation in the international market," Rasna explained.

Annisul Huq said corporate houses need to develop responsible business policies and practices and make them integral parts of

their mission if they want to compete successfully both locally and globally.

As businesses in Bangladesh have to go through lengthy decision-making process, political agitation, high cost of fund, inefficient ports and fight against rampant corruption, it sometimes becomes very difficult for them to concentrate on other issues of the corporate world being practised globally, he maintained.

The Centre for Policy Dialogue study on 'Corporate Responsibility in Bangladesh: Where Do We Stand' corroborates the apprehension that today corruption and bribery are the fundamental requirements for doing business in the country.

CSR practice in the small companies is often neglected as they are facing fierce competition and struggling to survive in business. There are sectoral variations in corporate responsibility practices.

Although only 40 percent of the companies surveyed have a statement on fighting corruption and bribery, only about 29 percent follow the Transparency International or any other international guidelines to ensure fair practices, the CPD study added.

(Concluding part of the report on CSR will be published next Saturday.)



(From left) Indian Minister of Commerce and Industry Kamal Nath, Minister of Agriculture of Mauritius Arvin Boolel, Brazilian Foreign Minister Celso Amorim, Zambian Minister of Commerce Dipak KA Patel and Egyptian Minister of Trade and Industry Rachid Mohammad Rachid hold their hands up after receiving a placard from Oxfam calling on ministers to make trade fair after a press conference of the World Trade Organisation (WTO) ministerial conference in Hong Kong yesterday. A major coalition of developing countries charged that WTO trade talks here would drive its members deeper into poverty and warned it would reject any deal that harmed their interests.

WTO urged to focus on farm issues, not aid

AP, Hong Kong

Leading developing countries and major food exporters on Friday urged WTO delegates to refocus on farming trade issues, rather than development, which has consumed a fair amount of time at the six-day talks so far.

The European Union and United States need to do more to cut government support for their farmers, members of the Group of 20, led by India and Brazil, and the Cairns group said.

Reforming agricultural trade, an issue that has stalled the World Trade Organization talks, is crucial to moving ahead on a global free trade treaty, they said.

"Meaningful progress this week

in Hong Kong on agriculture is crucial to the success of the Doha Round," the members of 20 leading developing nations and the Cairns group, which includes Australia, Canada and New Zealand, said in a statement.

The group reiterated their calls for totally eliminating all forms of export subsidies - government funds paid to domestic producers to promote exports - by no later than 2010.

"Market access continues to hold back progress in other areas," the countries said in a statement. "The dynamics of the negotiations require movements by both the EU and U.S."

Many of the 149 countries participating in WTO talks in Hong Kong this week, meant to conclude trade

negotiations launched in 2001 in Doha, Qatar, have accused the EU of blocking progress by refusing to make bigger cuts in its farm tariffs and subsidies.

But the talks have also been stymied by a disagreement over an offer to allow free access to imports from the WTO's 32 least developed nations. Debate over such development-related issues have diverted attention from the core issue of agriculture, the statement said.

"Agriculture is at the center of this round and of the development dividends we seek from it," it said.

"Removing distortions and restrictions in international agricultural trade is essential to unlocking the development benefits of trade reform."



South Korean anti-globalisation protesters get their head shaved during a demonstration in front of the US embassy on the sidelines of the six-day sixth World Trade Organisation (WTO) ministerial meeting in Hong Kong yesterday. Global trade talks are going in the wrong direction, the European Union warned, as it continued to exchange barbs with the United States and fears grew the WTO meeting here could unravel.