



WTO Hong Kong Ministerial 2005

Time running out as WTO bickers over subsidies, aid

REUTERS, Hong Kong

Ministers made a last-ditch effort to rescue a global trade pact yesterday, working around the clock to break deadlocks on ending farm export subsidies and boosting the exports of impoverished nations. Diplomats said a failure to resolve the sticking points before the World Trade Organization (WTO) talks end on Sunday would reduce the chances of a deal next year freeing up global business in farm and industrial goods and services.

"Either everything will unravel and we will have another Cancun situation -- I hope it won't happen -- or we'll have lowered ambitions in the meeting in Hong Kong," Kenyan Trade Minister Mukhisa Kituyi told Reuters in an interview.

Kituyi, who has mediated on agricultural issues at the talks in Hong Kong since they got under way on Monday, was referring to the acrimonious collapse of negotiations on the so-called Doha trade round at a WTO meeting in Cancun, Mexico, two years ago.

The United States put a brave face on the floundering talks.

"As we approach the final 24 hours of the negotiations we have a very large opportunity to put together an outcome that would be extremely positive for development ... it is just beyond our fingertips," said Deputy Trade Representative Peter Algeier.

But diplomats said that when negotiators emerged bleary-eyed from a private "green room" discussion at 5 a.m. there was no agree-

ment on setting a date for ending farm export subsidies because of resistance from the European Union.

The EU says the United States, Australia, Canada and New Zealand must agree to reforms of their farm export systems first.

A draft text put to all 149 of the WTO's member states had 2010 as the proposed date for an export subsidies cut-off, but it was in brackets which meant it could be deleted.

"It's a sad day when we're getting excited about an end-date in brackets," said Bob Stallman, head of the United States' biggest farm group, the American Farm Bureau Federation.

One official said the EU was "unhappy with the language in the draft on export competition and domestic support."

Supporters of a trade deal say it could inject new zest into the global economy and lift millions out of poverty, but detractors say it will only bring more profits for rich nations and their companies at the expense of the developing world.



Brazilian Foreign Minister Celso Amorim (L) chats with Indian Commerce Minister Kamal Nath at a G-20 press conference at the World Trade Organisation (WTO) meetings in Hong Kong yesterday. WTO ministers groped for agreement, just one day before their conference winds up, but faced the prospect of the meeting ending with scant progress towards a global trade liberalisation pact.

Draft statement falls short of EU expectations

Says Mandelson
AFP, Hong Kong

A draft statement on trade liberalization being considered by WTO ministers meeting here falls short of European Union expectations, EU Trade Commissioner Peter Mandelson said Saturday.

"We have a number of concerns with the draft," Mandelson said in remarks reported by his spokesman, Peter Power.

"It's not the text we hoped for ... We still hope it can be improved. We will continue to negotiate, as we came here to do business," Mandelson said.

"Our partners will have to be patient," he added.

The text proposes a negotiable timetable for resolving one of the key sticking points in the trade liberalization talks -- a date for ending farm export subsidies.

According to a copy of the draft closing statement to be adopted Sunday by World Trade Organization ministers, such subsidies could either be eliminated by 2010, as proposed by the United States among others, or possibly five years after implementation of a Doha Round accord in 2008.

European farmers slam draft accord on agricultural trade

AP, Hong Kong

European farmers on Saturday slammed a draft agreement for liberalizing global agricultural trade, saying it is unfairly biased against the EU.

Rudolf Schwarzbock, president of the European umbrella organizations of farmers' unions and agricultural cooperatives COPA and COGECA, said the draft World Trade Organization text proposed late Friday would do little to force the United States to cut its payments to farmers.

"It is not progress, it is a way back," said Rudolf Schwarzbock, president of the European umbrella organizations of farmers' unions and agricultural cooperatives COPA and COGECA.

The revised WTO draft agreement suggests 2010 as a date for elimination of all export subsidies, something which European Union trade chief Peter Mandelson has said he will not agree to.

The draft text is being proposed by WTO chief Pascal Lamy for ministers from the body's 149 members to approve before a meeting in Hong Kong is due to wrap up Sunday.

Schwarzbock stressed that the European Union has already reformed its agricultural sector and will not do so again, taking fire at a proposed date of 2010 for the elimination of export subsidies, or government funds paid to domestic producers to promote exports.

Police use tear gas, fire hoses against anti-WTO protesters

AFP, Hong Kong

Hong Kong police on Saturday used tear gas, fire hoses and pepper spray to hold back hundreds of demonstrators, in the most violent protests since global trade talks began five days ago in the city.

Demonstrators from South Korea and other parts of Asia and Westerners, determined to disrupt the World Trade Organisation meeting as it draws near its end, used metal railings as battering rams to try to break through police lines.

Some broke through police ranks and attacked officers with bamboo sticks. In chaotic scenes, policemen grappled with protesters and dragged some away.

An AFP correspondent said police had fired or thrown dozens of tear gas canisters Saturday evening.

"The protesters have been pushed back with tear smoke by the Hong Kong police. You're all perfectly okay," Peter Hunt, a police officer, told delegates inside the harbourfront convention centre which had locked its doors.

Protests by South Korean farmers and other anti-globalisation activists had been mild compared to earlier WTO meetings in Seattle in 1999 and Cancun in 2003.

NBR hints at raising VAT rate

STAR BUSINESS REPORT

The National Board of Revenue (NBR) chairman yesterday hinted at raising value-added tax (VAT) rate soon.

"I will not be surprised if the government raises the VAT level to 17.5 percent from existing 15 percent in the coming years," Khairuzzaman Chowdhury said at a seminar on 'Taxation policy in Bangladesh' in Dhaka.

Bangladesh University organised the seminar, which was presided over by university Vice Chancellor Quazi Azher Ali.

Chowdhury said the VAT is the only area from where more amount of income could be generated.

The NBR chairman expressed his optimism about fulfillment of the annual growth target of the tax-GDP ratio this year. He said the growth target for the fiscal 2005-06 was 0.5 percent which is likely to be fulfilled this fiscal year.

He said the current tax-GDP ratio is 10.09 percent which is very low compared to the ratio in neighbouring countries and the government is working hard to raise it at a reasonable level.

Criticising the existing tax laws, the NBR chairman said, "Our tax law is very weak. We have to be little more harsh." He said a reform measure is underway and it will take nearly five years to complete all the reform programmes.

Supporting replacement of existing pre-shipment inspection system by international companies, Chowdhury said some local companies are preparing themselves technically to improve their level for conducting pre shipment inspection.

The PSI is not a permanent system for inspecting goods in customs point, the chairman said adding that the government is working for setting up a separate office for inspection and valuation.

A Hamid Chowdhury, former member of the Planning Commission, spoke as the chief discussant at the seminar.

BB makes banks' lending risk analysis mandatory

REJAUL KARIM BYRON

The Bangladesh Bank (BB) has made lending risk analysis mandatory for all lending equivalent to Tk 1 crore and above for both fresh and renewal cases.

The central bank has also given the banks the authority to fix the interest rates and other conditions based on risk factors.

A circular sent by the BB to all the banks last week identifying various risk factors said at the pre-sanction stage, credit grading helps the sanctioning authority decide whether to lend or not. The grading also helps determine the loan price, extent of exposure and appropriate credit facility and various facilities and risk mitigation tools to put a cap on the risk level, the circular added.

The circular has made a Credit Risk Grading (CRG) scale consisting eight categories such as

superior, good, acceptable, marginal, special mention, sub standard, doubtful, bad and loss.

A BB source said a particular bank will sanction fresh loans if a particular loan proposal can be placed in one of the first four positions of the CRG scale. The CRG scale will be prepared evaluating five such particular risk factors as financial risk, business risk, management risk, security risk and relationship risk.

For Instance, the evaluation of business risk will be determined by business outlook, business size, industry growth, market competition and barriers to entry and exit.

A BB source said in early 90s there were guidelines for analysing risks under the first reform programme in the banking sector, but those were not mandatory.

Now it has been made mandatory for the banks to analyse the

risk factors from April 1 next year. The central bank's inspection team will monitor from time to time if the banks are analysing these factors.

When asked if this mandatory risk analysis will put the new entrepreneurs into trouble regarding getting new loans, the BB sources replied in the negative. Rather it will stop ill competition and strengthen lending discipline, they said.

Khondkar Ibrahim Khaled, managing director of Pubali Bank, said it is a good initiative, but without adequate information it is difficult to follow the manual. In 1993 a similar attempt was made, but due to lack of adequate data it could not work.

The BB can consider setting up an institution, which will disseminate information regarding risk analyses, Ibrahim Khaled recommended.

China bids to revive Iran energy deal

AFP, Tehran

A Chinese delegation is in Tehran to revive negotiations on a major oil and gas exports deal worth more than 100 billion dollars, state television said Saturday.

If sealed, officials say the agreement would mark one of the biggest foreign contracts ever for Iran, which holds the world's second-largest oil

and gas reserves and is often cautious about making significant trade deals with other countries.

Chinese oil ministry officials are aiming to refresh talks for the sale of 250 million tons of liquefied natural gas (LNG) and crude oil to China over a 25-year period, Iran's deputy oil minister in charge of international affairs, Hadi Nejad-Hosseini, was quoted as saying.

Biman asks travel agents not to use Amadeus system for ticket booking

BDNEWS, Dhaka

Biman Bangladesh Airlines has told travel agents that it will not accept ticket booking through Amadeus system following a court order suspending operation of the Global Travel Distribution (Bangla) Ltd (GTD), owned by Amadeus India Pvt Ltd that represents Amadeus International in Bangladesh.

Earlier, Bangladesh Bank and Ministry of Industries suspended the operation of Amadeus India in Bangladesh.

In letters on December 8, 2005 to all Biman-approved travel agents, the national flag carrier said bookings through Amadeus GDS system will not be honoured on any BG flight until February 18, 2006 due to the order of the High Court.

AM Quamrul Hasan Khondker, deputy general manager of Biman's Sales Promotion Section, wrote the letters.

Earlier on October 2, 2005, a High Court Division bench comprising Justice Syed Muhammad Dastagir Husain and Justice Nirmalendu Dhar passed an order stopping operation of Amadeus in Bangladesh.

The court order came following a writ petition filed by Bangladesh Youth Economist Forum.

The court directed secretaries of ministries of industries, telecommunications and home affairs, chairman of Bangladesh Telecommunications Regulatory Communications (BTRC) and governor of Bangladesh Bank to stop operation of business of Global Travel Distribution (Bangla) Ltd (GTD) and Amadeus India Pvt Ltd.

The court also asked BTRC chairman, all internet service providers including Rank IT, Optimax Communication, Bangladesh Internet Exchange Ltd, Dominox and Biman Bangladesh Airlines to block Amadeus's website, www.amadeusvista.com, from their respective host through which Amadeus is continuing "illegal" business.

Draft deal calls for ending export subsidies for cotton

AP, Hong Kong

A draft of a WTO agreement called Saturday for rich countries to end export subsidies for cotton by 2006, a key US concession to demands by African and other developing countries who say the government support for farmers in rich countries is driving many poor farmers out of work.

The draft text, still being discussed by the 149-nation World Trade Organization, requires developed countries to end export subsidies by 2006. Other types of "trade-distorting subsidies" would be

reduced more quickly than for other products, the agreement said.

Developed countries would also grant duty-free and quota-free access for cotton imports from the world's least developed countries -- those with less than US\$750 in per capita income a year. That provision would take effect from the time the agreement is implemented.

Final details would be decided by the WTO's Subcommittee on Cotton, the statement said.

It was a victory for West African cotton growers in Burkina Faso, Benin, Chad and Mali who are among the groups most vehemently

protesting American farm aid that they say drives down prices, making it impossible for small family farms to compete in international markets.

The WTO has ruled that many U.S. agriculture programs include illegal export subsidies or domestic payments that are higher than permitted by the organization's rules.

US negotiators initially resisted giving up the subsidies, saying cotton should not be considered separately from overall farm trade issues.



Anti-globalisation protesters confront riot police during a demonstration against the sixth World Trade Organisation (WTO) ministerial meeting in Hong Kong yesterday. Security was tightened around the venue of a WTO summit in Hong Kong as fears rose that anti-globalisation protests could turn violent as the tense trade talks draw to a close.

Businesses urge negotiators to put aside differences

AP, Hong Kong

Business leaders joined Saturday in urging the European Union and other governments to push ahead with trade reforms and salvage World Trade Organization talks that appeared on the verge of failure.

"As world business leaders, we are very concerned with the lack of progress in Hong Kong," said a statement released by World Business Leaders for Growth, one of many business coalitions lobbying for progress, especially on lowering tariffs and other limits on foreign manufactured goods and services.

Business and farm leaders in the United States and a number of other countries expressed frustration over the apparent lack of progress toward setting a global trade deal that would conclude WTO negotiations launched in 2001 in Doha, Qatar.

Delegates to the 149-member WTO were under pressure to finalize a weakened compromise deal by Sunday, or face seeing the effort fail.

Negotiators reported virtually no progress in any area, with agricultural trade proving the major obstacle.

"The world demands movement from its leadership," said Harold

McGraw III, chairman of McGraw-Hill Cos.

Failure "runs the risk of degrading the whole world trading system," he said. "The penalties of failure, the economic consequences are very real. The political consequences are very real."

The executives accused officials of holding back for the sake of domestic political reasons.

"There's a lot of spin going on here to try to protect peoples' political reputations when they go home," said John H.W. Denton, chief executive officer of the Australian law firm Corrs Chambers Westgarth.

6TH CELLPHONE OPERATOR Announcement likely today

BDNEWS, Dhaka

Warid Telecom International of Dhabi Group is likely to be announced today as the country's sixth cellphone operator, official sources said.

Only two international mobile phone companies, Warid Telecom International of Dhabi Group and Omnia Telecom of Jordan, earlier, submitted offers on November 17 to become the country's sixth cellphone operator, they added.

Bangladesh Telecommunication Regulatory Commission (BTRC) invited tenders from local and international cellphone companies after the Dhabi Group had showed interest in investing in the telecoms sector.

A senior BTRC official said that Warid is expected to start operation anytime in the next nine months as per its commitment.

Warid is getting the licence due to its competitive call charge proposal, quick rollout plan and promise to invest in other sectors in the country, said the official.

The country's telecoms watchdog BTRC sources said an evaluation committee examined the offers made by the two companies to select one for issuing license to operate GSM (globalised system for mobile communication) service in the country.

At present, four private and one state-run companies are in operation of cellphone services in the country, four of them using GSM technology, while the remaining one CDMA (code division multiple access) technology.

Opec raises oil demand forecast for 2006

AFP, Vienna

The Opec oil cartel raised its forecast for growth in oil demand next year based on predictions of stronger-than-expected expansion of the world economy.

World demand for oil will increase by 1.9 percent in 2006 to 84.9 million barrels per day, Opec said Friday in a report released in Vienna, updating a previous forecast of 84.8 million bpd.

The forecast is a "slight increase" over its outlook issued in November with demand set to increase in all major regions, Opec said. China is to account for more than one fifth of the increase of 1.6 million bpd.

For this year, the oil cartel lowered its estimate for demand by 40,000 bpd to 83.3 million bpd. This figure represents an increase of 1.5 percent compared with demand in 2004.

The forecast was in line with estimates by the International Energy Agency, which had said in its monthly report published on Tuesday that oil demand would grow by 1.4 percent this year.