

Nat'l body to be formed for future WTO talks

STAR BUSINESS REPORT

The government is going to form a national committee comprising stakeholders from public and private sectors to uphold the country's interest in the upcoming WTO negotiations, Commerce Minister Altaf Hossain Choudhury said yesterday.

He said Bangladesh has still chances to reap benefits from the upcoming Geneva and Washington talks beginning in April next year as the structure of the duty-free facility had not been worked out in Hong Kong.

"So, we have to look forward to get readymade garments on the list of preferential export items," he said.

The commerce minister was speaking at a dialogue titled 'WTO

Hong Kong Ministerial: Lesson for Bangladesh' in Dhaka. Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and Centre for Sustainable Development, a NGO, jointly organised the dialogue.

Former commerce secretary Syed Alamgir Farouk Chowdhury presented a keynote paper at the dialogue, moderated by Mahub Ullah, chairman of Sonali Bank.

Among others, Amir Khosru Mahmud Chowdhury, former commerce minister, Mir Nasir Hossain, FBCCI president, Mustafizur Rahman, research director of Centre for Policy Dialogue (CPD), Mahfuz Ullah, secretary general of Centre for Sustainable Development (CFSD), and Annisul Huq, former president of Bangladesh Garments

Manufacturers and Exporters Association (BGMEA), spoke at the dialogue.

The speakers also said Bangladesh failed to get adequate supports from LDC countries in the Hong Kong negotiations due to lack of proper groundwork.

Amir Khosru Mahmud Chowdhury said Mode-4 issue, one of the main agendas of Bangladesh in WTO negotiations, was totally dropped in Hong Kong. The government should highlight the issue in the upcoming negotiations, he suggested.

Although Bangladesh failed to maintain strong lobby in the Hong Kong negotiations, the meeting also offers some opportunities to Bangladesh. As per WTO negotiations, Bangladesh can export more to the OECD (Organisation for

Economic Co-operation and Development) countries excepting US and Japan by 2008 with zero tariff, said Mustafizur Rahman.

He said Bangladesh exports 85 percent of its total export to the OECD countries.

Annisul Huq called for strong lobby to get the TRADE Bill-2005 passed by US Congress.

The approval of trade bill will Bangladesh's apparels enter US market, he added.

Replying to a question, the commerce minister said it was extremely difficult to bring all LDCs under a common platform because everyone had its own agenda.

He also said Bangladesh's negotiation capacity was weak in Hong Kong talks.

India to ratify Safta deal by Dec 29

DIPLOMATIC CORRESPONDENT

After Bangladesh and Pakistan, India will ratify the South Asian Free Trade Area (Safta) agreement by December 29 before it comes into effect on January 1, 2006.

Pakistan is the first country to ratify the Safta while Bangladesh ratified the modalities to facilitate free trade in the Saarc region on Monday. Other member states of the Saarc will complete rectification of the Safta agreement within the next couple of days, sources said.

Indian PTI news agency quoting Union Commerce Secretary SN Menon reported that the Union cabinet will clear the Safta agreement by December 29.

The idea of the agreement is to bring down tariff level to 5 percent within the next five years. Some 5,500 tariff lines had been included under Safta, which included both industrial and agricultural products.

Once the agreement comes into effect, official sources said Bangladesh will be the top gainer among the least developed countries (LDCs) in the region as it has the ability to offer more products for trading regionally than countries such as Nepal, Bhutan and the Maldives.

Siemens, Vietnam firm sign \$212m power equipment contract

AFP, Hanoi

German engineering giant Siemens has signed a contract worth more than 212 million dollars to provide equipment for a gas power plant in southern Vietnam, an official said Tuesday.

Under the contract signed with Vietnam's Machinery Installation Corp (Lilama), Siemens will supply equipment for the 750 megawatt Ca Mau 2 power plant, said Lilama spokesman Nguyen Khac Tiep.

"Construction of the plant will start at the earliest," he said.

The plant is part of a 200-hectare gas, power and fertiliser complex worth 1.2 billion dollars in the southernmost province of Ca Mau.

The main investor is the state-owned Vietnam Oil and Gas Corporation or PetroVietnam, which engaged Lilama as the major contractor for the complex.

Shift headquarters of at least one NCB to Ctg

Ctg businesses urge govt

STAFF CORRESPONDENT, Ctg

Business leaders in Chittagong yesterday urged the government to shift head offices of at least one nationalised commercial bank and three private commercial banks to the port city.

Chittagong Chamber of Commerce and Industry (CCCI) Saifuzzaman Chowdhury made the demand at an exchange of views meeting with Bangladesh Bank Governor Salehuddin Ahmed in Chittagong.

The business leaders also urged

the governor to withdraw restrictions on opening of letter of credit (LCs) as importers face severe crisis in importing capital machinery.

Such hindrance in import of capital machinery will ultimately cast negative impact on overall investment in the country, Saifuzzaman said.

The chamber president criticised the central bank's decision to increase the lending and interest rate.

He urged the BB governor to ensure sufficient supply of dollar on a priority basis in opening of LCs.

Salehuddin Ahmed said dollar crisis has almost disappeared as the central bank poured US\$ 500 million into private commercial banks recently.

CCCI Senior Vice President SM Nurul Haque, Vice President MA Latif, First Vice President of Bangladesh Garments Manufacturers and Exporters Association (BGMEA) SM Abu Taiyab and First Vice President of Chittagong Stock Exchange (CSE) Nasiruddin Ahmed Chowdhury also spoke.

Japan returns to inflation for first time in two years

AFP, Tokyo

Japan saw a return to inflation in November for the first time in more than two years based on a key measure released Tuesday, setting the scene for a likely end to the central bank's extraordinary measures aimed at ending a near eight-year deflationary spiral.

Meanwhile Japan's unemployment rate edged up to 4.6 percent in November from 4.5 percent the previous month, the government said.

Core consumer prices in Japan, used by the central bank as the main gauge of price trends, edged up 0.1 percent last month from a year earlier, official figures showed.

It was the first rise since October 2003 in the core consumer price index (CPI), which excludes volatile fresh food costs but includes energy prices.

Falling prices have beset the world's second largest economy for most of the past decade, cutting into company profits and encouraging consumers to put off purchases in the hope of getting a better bargain in the future.

But with deflation now seemingly beaten, Japan's economy is enjoying a slow but steady recovery after a slump stretching back over a decade. The Tokyo stock market is up by about 40 percent this year.

If inflation continues, it is expected

to clear the way for the Bank of Japan to lift its "quantitative easing" policy of flooding the banking system with cash as well as holding interest rates effectively at zero percent.

This additional quantitative easing policy, introduced in March 2001, was a first for any central bank in the world.

"The data showed that the cause for the positive change on the year is not extraordinary factors but it is an overall trend," said Takahide Kiuchi, senior economist at Nomura Securities Financial and Economic Research Center.

He expects Japan's core consumer prices to rise by 0.2 percent in December year-on-year and by 0.5 percent in January.

Given that, "the Bank of Japan is likely to lift its super-loose monetary policy during April through June next year, at the latest," Kiuchi said.

However, the central bank faces pressure from the government not to move too hastily to lift its easy credit policy for fear of tipping the economy back into deflation.

Significantly, Chief Cabinet Secretary Shinzo Abe told reporters following news of the rise in consumer prices: "We are not in a situation yet that allows us to change the view that mild deflation is continuing."

Air-India reschedules flights

Air-India has rescheduled its Delhi-Dhaka-Kolkata flights due to the adverse weather conditions in New Delhi.

As the flights cannot depart Delhi before at least 10am due to the heavy fog in that city, Air India will operate directly Delhi-Kolkata-London so as to maintain the slot timing allotted to it at London.

The Dhaka-London passengers will be taken to Kolkata by a special feeder flight of GMG Airlines to connect the London flight at Kolkata, says a press release.

The move has been taken to ensure that Air India's Dhaka-London passengers are not inconvenienced or stranded due to the inevitable fog at Delhi during late December and January every year.

Thus from December 24, 2005 Air India has started transporting its London-bound passengers to Kolkata with Flight Z5 001 leaving Dhaka at 5 am reaching Kolkata by 5.30 am.

Passengers from Bangladesh will board their onward flight to London from Kolkata. This arrangement will continue up to February 4, 2006 after which the flights will again start operating Delhi-Dhaka-Kolkata-London.

However, the London-Kolkata-Dhaka-Delhi flights of Air India will operate as per schedule, the release added.

VIP-Nitol launches plastic furniture

STAR BUSINESS REPORT

VIP-Nitol Industries Limited, a joint venture between Bangladesh and Indian companies, yesterday launched plastic furniture in Dhaka.

The furniture, which include tourist dining table and chair, were formally launched by Mirza Fakrul Islam Alamgir, state minister for civil aviation and tourism.

VIP-Nitol Industries, the joint venture between India's VIP and Bangladesh's Nitol-Niloy Group, has been manufacturing plastic furniture and luggage since 2002.

Abdul Matlub Ahmad, chairman of Nitol-Niloy Group, was also present at the function.

Japan's jobless rate ups

AFP, Tokyo

Japan's unemployment rate edged up to 4.6 percent in November from 4.5 percent the previous month, the government said Tuesday.

The rise followed an increase in October but economists have said the rising jobless rate indicated more people were looking for or changing jobs in view of a steady economic recovery.

The unemployment rate is watched closely for evidence of expanded hiring by Japanese companies and the positive knock-on effects on consumer spending.



PHOTO: FBCCI

Commerce Minister Altaf Hossain Choudhury addresses a dialogue titled "WTO Hong Kong Ministerial: Lessons for Bangladesh" jointly organised by Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and Centre for Sustainable Development (CSDF) in Dhaka yesterday. Former Commerce Minister Amir Khosru Mahmud Chowdhury, FBCCI President Mir Nasir Hossain, and Mahfuz Ullah, secretary general of CFSD are also seen.

China's forex reserves build-up slows sharply

REUTERS, Shanghai

China's foreign currency reserves rose at the slowest pace in 18 months in November, an official newspaper reported Tuesday, in

what analysts said was new evidence that speculative demand for the yuan may be ebbing.

Still, the \$9.3 billion increase boosted the reserves, the world's biggest after Japan's, to a record \$794.2 billion, the China Business News said, citing sources familiar with the data.

The reserves rose \$15.9 billion in October, according to the paper, compared with a \$15.8 billion increase in September.

In any event, economists said the data confirmed a slowing trend since monthly reserve accumulation peaked at \$36 billion in December 2004 as hot money bet on a yuan revaluation.

November was the first month since May 2004 in which the reserves grew by less than \$10 billion.

Since a landmark 2.1 percent revaluation of the yuan in July, the central bank has been trying to cool the speculation by rejecting talk of another one-off adjustment and keeping domestic interest rates low to limit returns for speculators.

China's reserves have ballooned in recent years as the central bank, in order to hold down the yuan, has bought most of the dollars generated by a growing trade surplus, a headlong rush of foreign direct investment

and inflows of speculative capital.

The foreign exchange reserves are being closely watched for evidence that the central bank is gradually scaling back these dollar purchases to let the forces of supply and demand operate.

All the signs are that this process will be gradual. Since July's revaluation the yuan has risen just 0.44 percent.

Yu Youngding, an influential economist and adviser to the central bank, said in comments published on Tuesday that the yuan would appreciate gradually, benefiting both the domestic and global economies.

But analysts said upward pressure on the yuan was unlikely to go away, given China's trade surplus, which is on track to more than triple to around \$100 billion this year. The sharp rise has sparked trade friction with the United States and renewed calls by US law-makers for a sharper rise in the yuan.

Some economists have forecast that China's foreign exchange reserves could even exceed \$1 trillion by the end of 2006 unless domestic demand kicks in to reduce the country's trade surplus.