

# Star BUSINESS

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## One year goes without trade under Safta

### NTBs, Indo-Pak dispute still remain hurdles: Experts

MD HASAN

A year passed off without any trading among the Saarc-member countries after an all-side consensus on enforcement of a pact on free trade in the South Asian region.

The South Asia Free Trade Area (Safta) agreement, according to an expert, has failed to come into effect due to lack of collective efforts among the signatories.

"Individually, every country initiated to cut tariff to other countries as per the deal. But collectively, the member countries are yet to come forward to implement the Safta effectively," a high official of the Ministry of Commerce said, adding that such a tariff cut is not enough to start trading.

He suggested addressing other relevant issues like non-tariff barriers (NTBs) and trade documentations for this purpose.

The members of the South Asian Association for Regional Cooperation are yet to prepare their product identification certificates or rules of origin certificate

paper, he pointed out.

"Every country has to prepare the document as it is one of the major validation papers to start trade among the Saarc countries", he said.

He, however, said Bangladesh has prepared product identification certificate or rules of origin certificate paper recently. Export Promotion Bureau (EPB) will issue the certificate to the traders.

"If the EPB issues such a certificate, Bangladeshi traders can start trade under Safta", the official went on.

The sources in the commerce ministry said huge non-tariff barriers, political unrest in Bangladesh and India-Pakistan dispute over the Safta implementation still remain hurdles.

Meanwhile, India has raised a question that Pakistan would import only a limited number of products from India under its positive list.

"India will raise the matter at the next Safta Ministerial Council (SMC) meeting, which may be held in February this year," another high

official of the ministry said, predicting that a hassle-free trade under the Safta pact would not be possible unless the Indo-Pak issue is resolved.

The Saarc member countries reached a decision on implementation of the Safta pact from January 1, 2006, although the deal was inked on January 1, 2004.

The Safta pact has facilitated trading among the member-states of the 7-nation regional group, South Asian Association for Regional Cooperation, on all items except those in their respective negative lists.

#### SECOND PHASE OF TARIFF REDUCTION

India and Pakistan already notified the second phase of the agreed reductions in tariffs under the Safta. The tariffs have been reduced for both the least developed countries (LDCs) and non-LDCs.

Meanwhile, non-LDC member countries are required to reduce their tariffs from zero to 5 percent among themselves by 2012. On the other hand, these countries would have to reduce tariffs from zero to 5

percent for the LDCs by 2008.

As per the Safta agreement, Pakistan cut another five percent tariff for non-LDC Saarc member countries before December 31, 2006. On the other hand, it also reduced 30 percent tariff on the products other than products under sensitive lists for the LDCs. Earlier, Pakistan reduced five percent and 10 percent tariff for non-LDC and LDC member countries on July 1, 2006.

However, India is reducing its tariff for the LDCs at an accelerated pace. India already issued notification to reduce 33.33 percent tariff from July 1, 2006. By July 1, 2007, it will reduce 33.33 percent tariff to the LDC Saarc member countries and finally it will reduce zero to five percent by July 2008.

The least developing countries (LDCs) are required to reduce tariffs from zero to 5 percent within 2015. Bangladesh, Nepal, Bhutan and the Maldives, the LDC member-countries, already notified their tariff reduction process within eight equal instalments, the ministry sources added.

## EU to flesh out joint energy policy plans

AFP, Brussels

The European Commission is to lay out today broad plans to cut greenhouse gases and reduce the EU's dependence on foreign energy while boosting competition in the market.

The European Union's executive has high hopes that the plans will lead to nothing less than a "new industrial revolution" that would make Europe energy-efficient without hurting economic growth and jobs.

The plans call for the 27-nation bloc to forge a common EU energy policy by stepping up regulation of the market, diplomatic efforts towards suppliers and the development of renewable sources.

"A common European response is necessary to deliver sustainable, secure and competitive energy," the commission said in a draft of its plans seen by AFP.

After oil price spikes and disruptions of Russian gas deliveries, energy policy has often received top billing at summits of EU leaders, who have called on the commission to draw up plans for a joint EU energy policy.

Brussels' answer has been to focus on beefing up competition, speaking with a single EU voice towards suppliers such as Russia and boosting support for renewable energies and the bloc's innovative emissions trading scheme.

Despite leaders' backing for a joint EU approach to energy challenges, many members have dragged their feet about opening energy markets to competition, sought individual deals with Russian gas giant Gazprom and have flouted their obligations towards the emissions trading scheme.

The commission is hoping that leaders will renew their commitment to a common EU energy policy at a summit in March by giving their blessing to Brussels' plans.

The commission wants in particular to revive support for joint efforts to reduce greenhouse gases, notably by proposing a target to cut emissions by 2020, after current limits under the Kyoto Protocol run out in 2012.



PHOTO: DHAKA BANK

Dhaka Bank Ltd opened a new branch on Shaheed Suhrawardi Avenue at Baridhara in Dhaka yesterday. Chairperson of the bank Jasmine Sultana inaugurated the branch while directors and managing director, among others, were present.

## US, EU trade chiefs see hope for Doha agreement

AFP, Washington

Trade chiefs from the United States and the European Union expressed optimism Monday for reviving stalled talks to liberalize global trade known as the WTO's Doha Round.

"There is fresh hope for the Doha Round and we now have to build on that work," EU Trade Commissioner Peter Mandelson said after talks in Washington involving US President George W. Bush and the European Union leadership.

US Trade Representative Susan Schwab expressed a similar view, adding that "if it's doable, (officials) want to get it done and they like to think it's doable."

The trade chiefs were present as Bush and visiting European Commission President Jose Manuel Barroso discussed efforts to revive the Doha Round.

"We talked about the importance for Europe and the United States to resolve any differences we have when it comes to the Doha Round for trade, so that we can promote international trade," said the US president.

"We believe we can achieve more if we look at it in a comprehensive manner," Barroso said during

a joint public appearance in the Oval Office.

"We are really at a defining moment, and we had a very good exchange, and we gave instructions to all negotiators to come up with a solution as soon as possible."

The meeting took place a day after Mandelson said in published remarks that the World Trade Organization talks were on the brink of failure and will only succeed with the support of Bush.

Mandelson and Schwab spoke to reporters at the US Trade Representative's offices near the White House.

**TALKS ON FARM SUBSIDIES** Xinhua from Washington adds: US President George W. Bush has said that he and visiting European Commission President Jose Manuel Barroso have discussed efforts to resolve differences over agricultural subsidies that stalled world trade talks.

"We talked about the importance for Europe and the United States to resolve any differences we have when it comes to the Doha round for trade, so that we can promote international trade," Bush said in a joint news conference Monday after he and Barroso met at the White House.

"We both recognise that the best way to help impoverished nations is to complete this Doha round and to encourage the spread of wealth and opportunity through open and reasonable and fair trade," he said. Barroso said that the two leaders "gave instructions to all negotiators to come with a solution as soon as possible."

"There is now the defining moment. We are really at defining moment," he said. "It will be a very important signal for the world community if we show that it is possible to have a global approach to trade and development."

High agricultural subsidies in industrial countries were the main cause of the breakdown of the Cancun Ministerial Meetings in 2003, and remains among the key outstanding issues in the Doha Round of World Trade Organisation talks.

The talks collapsed in July last year in a disagreement over how much the European Union, the United States and other industrial countries should reduce their subsidies and tariffs.

Poorer countries in Africa, Asia and Latin America say that the subsidies and tariffs prevent them from selling their agricultural goods abroad.

## US sees 'real interest' in FTA with KL, Seoul

AFP, Washington

The United States said it saw "real interest" in concluding free trade agreements with South Korea and Malaysia, as crucial talks resume in the new year to strike deals ahead of the expiry of President George W. Bush's trade-negotiating authority.

The fourth round of negotiations between the United States and Malaysia began in San Francisco Monday while the sixth round of talks with South Korea will be held next week.

"I think there is a real interest in concluding a high quality agreement in both cases -- South Korea and Malaysia," US Trade

Representative (USTR) spokesman Stephen Norton told AFP.

"In any negotiations, there are sensitive subjects and we are dealing increasingly with complex economies and the negotiations can get complex, but I do think that the interest in concluding the agreement is very strong on both sides," he said.

The Bush administration needs to forge deals by early April in order to submit it to lawmakers before the president's powers to strike free trade agreements expire in June.

The United States and Malaysia had detailed discussions on critical areas such as labor, financial services, autos

and government procurement in the last round of talks in Kuala Lumpur and want to make more progress this week, officials said.

"A major problem is that we will have to get over with the fundamental approach to the whole negotiations -- the US side uses a 'negative list' approach while Malaysia goes for a positive list approach -- and this seems completely opposed to each other," one official familiar with the negotiations said.

Washington's general policy is to include in its negotiation list only areas which it wants the other side to liberalize. Malaysia incorporates in its list only areas it is prepared to open up.

The official, speaking on condition of anonymity, said Malaysia had stoutly defended US attempts to prize open the developing economy's financial services sector and to liberalise industrial relations in the electronics sector, where Kuala Lumpur allows only so-called "in-house" unions.

The Democratic party, which won control of the US Congress in November elections, has signaled it will press for better labor and environmental standards in free trade agreements.

Norton said Malaysia, the 10th largest US trading partner, "is fully aware that we cannot conclude an FTA without the inclusion of a labour chapter."

## Ericsson, RanksTel reach deal

UNB, Stockholm

Ericsson has signed a supply and delivery contract for PDH microwave radio, MINI-LINK, with Ranks Telecom, a leading PSTN operator in Bangladesh.

The Ericsson equipment will be used in the expansion of the operator's transmission network across the country, with particular focus on the areas around Comilla, Khulna, Bogra and Rajshahi.

This agreement, the third for MINI-LINK products, reaffirms Ericsson as sole supplier of transmission equipment to Ranks Telecom, which operates under the brand name RanksTel.

The solution will allow RanksTel to increase its subscriber base and network coverage across the country substantially, says a corporate handout released through Internet.

Zakaria Swapan, CEO of RanksTel, says: "This is a great opportunity for RanksTel to bring telecommunication facilities to the remotest parts of the country. We are excited by the possibility of rolling out communication infrastructure to new areas, making it accessible to more people in the country."

"Ericsson has been a dependable business partner over the past three years. This strong experience, especially in regards to MINI-LINK products, gives us the confidence to further extend this partnership."

Arun Bansal, managing director, Ericsson Bangladesh, says: "We are proud to have been selected by RanksTel once again. We have enjoyed a fruitful partnership in the past and are confident that through our strong local presence and expertise, we can help RanksTel to meet its future expansion and performance requirements."

## Kuwait against new Opec meet to curb oil price fall

AFP, Kuwait City

Oil Minister Ali Jarrah al-Sabah said Tuesday that Kuwait was opposed to holding an emergency meeting of Opec to halt the slide in world oil prices.

"We do not support the holding of an emergency Opec meeting now. We respect our commitment to reduce (production) from the start of February," the minister told reporters.

"Most of our colleagues in Opec do not want an emergency meeting now. We met at Abuja and our agreement was clear," he said.

The 11-nation Organisation of Petroleum Exporting Countries decided at a meeting last month in the Nigerian capital to cut output by 500,000 barrels per day (bpd) from February.

This followed Opec's reduction of 1.2 million bpd that became effective in November. But unseasonably warm winter weather in the northern hemisphere and slowing US growth have reduced demand and brought down prices.

Oil prices slid back to levels unseen since 2005 in Asian trade on Tuesday.

At 0537 GMT Tuesday, New York's main contract, light sweet crude for delivery in February, was at \$56.00 dollars a barrel against \$56.31 dollars in late US trade Monday.

Brent North Sea crude for February was at \$55.07 dollars, down 53 cents after plunging in London trade to as low as \$54.41 dollars, a level not seen since November 30, 2005.

## RMG MINIMUM WAGE

## Workers, owners contradict about implementation

JASIM UDDIN KHAN

Workers and owners of the readymade garment (RMG) sector contradicted each other about implementation of the minimum wage for the RMG workers.

The workers leaders said most of the factories do not pay salaries to the workers as per the Wage Board, while the owners claimed that most of the owners implemented the new Wage Board.

Nazma Akhtar, a representative of the RMG workers on the board claimed that only a few factories implemented the new minimum wages, while the leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) denied any non-implementation of the Wage Board by the owners.

Nazma said they received complaints from many workers that their factories do not pay the hiked salary. "We want to wait until February to observe how many factories do not implement the Wage Board. We will file cases to the labour court against the non-implementing companies in future," she added.

She also warned that their association will serve the owners legal notices from February if any company is found not paying the new wages. Anisul Huq, former president of BGMEA, said all the companies must implement the Wage Board, otherwise they will fail to prove their compliance to the buyers.

Only a few companies might not give salary as per the Wage Board

due to their internal financial crises, he added.

SM Fazlul Hoque, president, BGMEA, said currently the RMG owners are struggling hard to manage regular salary and other costs due to political impasses.

The RMG owners have been sitting idle and paying workers even without work due to political chaos for the last six months. "It is not the time to assess who pay their workers how much amount. It is the time to cooperate each other for survival," he added.

The Minimum Wage Board announced on October 5, 2006 the final pay structure for the RMG workers fixing Tk 1,662.50 as the minimum monthly wage including basic salary, house rent and other allowances for the entry-level workers.

Minimum wage for grade one employees would be Tk 3,580 including basic salary, house rent and allowances, Tk 2,800 for grade two, Tk 2,449 for grade three and Tk 1,851 for grade four.

The board announced a three-tier draft proposal on September 12, but finally backtracked in the face of severe opposition from the garment owners.

Following serious labour unrest in the country's premier foreign exchange earning sector, the government formed the Wage Board on May 31 and asked it to recommend a pay structure for the workers within three months. The minimum wage for workers in the RMG sector was Tk 930 in the pre-Wage Board period, which was fixed about 12 years ago.

## Thailand imposes limits on foreign investment

AFP, Bangkok

Thailand's military-appointed government Tuesday approved new limits on foreign investment, despite concerns about the potentially disastrous economic fallout.

The cabinet approved changes to the Foreign Business Act after a nearly five-hour meeting, agreeing to limit foreign investors to holding no more than 50 percent of the shares or the voting rights in companies.

The cap will only apply to companies that deal with areas considered important to national security, or that have an impact on natural resources or Thai culture, Finance Minister Pridiyathorn Devakula said.

Foreign investors in violation of the new limits will have a year to reduce their stakes, and two years to reduce their voting rights, he said.

Prime Minister Surayud Chulanont said the changes would not take effect for "some time", as a panel of legal experts reviews the changes and the government tries to reassure nervous investors.

"We think that it needs to be worked out in detail for the law to be more transparent, and to make investors more confident," Surayud said.

"If we explain clearly and allow

investors to participate, they will agree that the law is open and transparent at a certain level."

But that failed to console the stock market, which tumbled 2.69 percent on the news, with the Stock Exchange of Thailand (SET) composite index losing 17.07 points to close at 616.75.

Companies have traditionally set up their operations in Thailand so that the local subsidiaries are nominally owned by Thais, but controlled by foreigners.

The practice became controversial last year after investors led by Singapore's Temasek Holdings bought 96 percent of telecom giant Shin Corp for 3.8 billion dollars, giving it key stakes in Thailand's biggest mobile operator, a satellite company, a television station and an airline.

The state-linked investment firm bought half of those shares from the family of former prime minister Thaksin Shinawatra, sparking public outrage that eventually led to the military coup that ousted the billionaire premier in September.

After the coup, the commerce ministry ruled that the takeover violated foreign ownership requirements, casting doubt on the legality of the operations of thousands of local subsidiaries of foreign companies.

## Dollar mixed in Asian trade

AFP, Tokyo

The dollar was mixed in Asian trade Tuesday as the market waited for another batch of US economic indicators and speculated about the chances of an interest rate hike in Japan next week, dealers said.

The dollar firmed to 118.97 yen in Tokyo afternoon trade from 118.69 in New York late Monday, when Japanese markets were closed for a national holiday.

The euro gained to 1.3038 dollars from 1.3023 and to 155.10 yen from 154.68.

Market players waited ahead of US trade figures due out on Wednesday after a strong monthly labour market report on Friday eased concerns that the world's largest economy may be headed for a hard landing.

US employers added a healthy 167,000 new jobs in December, the fastest pace since September, surprising analysts who had expected only 100,000.

The market is also beginning to focus on whether the Bank of Japan will raise its benchmark interest rate from 0.25 percent at its two-day policy board meeting on January 17-18, dealers said.

"I think the BoJ will raise rates next week," said Shigeru Nakane, senior client manager at Resona Bank, noting that the economy appeared to be robust enough to support the central bank's policy of gradual monetary tightening.

The market is also looking ahead to a European Central Bank board meeting on Thursday and the US Federal Reserve January 30-31 meeting where it is expected to leave its Fed funds rate on hold at 5.25 percent.

"We have seen strong US data, with consumer spending remaining robust, and so we will be focusing on whether there will be any modification in the (Fed's post-meeting) statement," Nakane said.

The dollar fell briefly against the euro on news of an apparent gas leak in New York city but steadied after Mayor Michael Bloomberg said it did not appear to be dangerous, according to dealers.

## Vietnam to remove oil, petroleum price subsidies

XINHUA, Hanoi

Vietnam will remove price subsidies on some kinds of oil in mid-2007 and those on all oil and petroleum products in early 2008, newspaper Youth reported Tuesday.

State subsidies on all kinds of petroleum products and oil, including kerosene, will be wiped out early next year, the newspaper quoted Vietnamese Trade Minister Truong Dinh Tuyen as saying.

Vietnam imported over 11 million tons of petroleum products worth more than 5.8 billion US dollars in 2006, down 3.8 percent in volume but up 16.4 percent in value against 2005.

Meanwhile, it exported more than 16.6 million tons of crude oil totaling over 8.3 billion dollars, down 7.5 percent in volume but up 12.9 percent in value, according to the country's General Statistics Office.

In late 2005, Vietnam started to construct its first oil refinery with an annual refining capacity of 6.5 million tons in central Quang Ngai province. The refinery is scheduled to come into operation in late 2008 or early 2009.

## First three-Zone A330-200 joins Etihad fleet

Etihad Airways, the national airline of the United Arab Emirates, has taken possession of its first three-Zone A330-200 aircraft, bringing to 14 the number of new aircraft that the airline has introduced to its fleet this year.

The new three-Zone A330-200 includes Etihad's luxurious Diamond Zone facilities, says a press release.

"We are delighted with the addition of the first three-Zone A330-200 aircraft to Etihad's fleet, making it one of the youngest fleets in the world," said James Hogan, CEO of Etihad Airways.

Diamond Zone features seats that rotate 180 degrees for business meetings or a relaxing dinner among friends.

The other facilities that the Diamond Zone offers are a coatroom, a mini bar, a fold-and-swivel meal table, an integrated personal mirror, a magazine rack, a reading light and a desk lamp.



PHOTO: UCB

United Commercial Bank (UCB) Ltd opened its 84th branch at Dhanmondi in Dhaka recently. Chairman of the bank Yunus Ahmed inaugurated the branch while directors, managing director and other senior officials were present.