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Non-tariff barriers high on agenda in Safta meet

Sub-group meets in Lahore Jan 28

Md HASAN

The Safta sub-group on non-tariff measures (NTMs) would sit for the second time on 28 January at Lahore in Pakistan in a bid to resolve the issue of non-tariffs barriers, a major hurdle to implementation of the pact on free trade in the South Asian region.

As per a decision at the last ministerial council meeting of the South Asian Free Trade Agreement (Safta), the sub-group will review the existing non-tariffs barriers (NTBs) and para-tariffs barriers (PTBs) that were identified by the Saarc member countries and take steps to remove the snags through bilateral and regional negotiations, according to some officials of the Ministry of Commerce.

The officials said Bangladesh, Pakistan and Nepal have already identified the NTBs and PTBs they are faced with. These three countries already sent their lists of the

two types of barriers to the members of the South Asian Association of Regional Co-operation (Saarc), which are signatories of the Safta.

The other member-countries are also preparing such lists to discuss about them in the three-day sub-group meeting, the sources added.

Bangladesh, according to the sources, has put forth some issues that are considered main barriers to trading with other member-countries of the 7-nation regional forum, especially with India, which include laboratory testing in food items, chemical testing, packaging requirements, sanitary and phytosanitary measures, pre-shipment inspection (PSI) certification, product standard and counter-vailing duty.

Pakistan considers PSI as its one of the major problems in the case of exporting to Bangladesh.

It says as there is no PSI agent in Pakistan, how it exports goods to Bangladesh with PSI certificate, but such a certification is mandatory in

Bangladesh.

Pakistan also faces L/C (letter of credit) refusal problems from the Indian side when it exports goods to India, it complains.

"All these problems would come up for discussion in the NTMs meeting," a commerce ministry official said.

Admitting that there is no concrete mechanism to resolve the NTBs or PTBs, he said only good intention can show the light.

Earlier, the second sub-group meeting, which was scheduled for November 2006, has been postponed at the request of Bangladesh as the country was going through a major political transition period.

The ministry sources said the sub-group had already held its first meeting in Kathmandu in May 2006, finalising the terms of reference of the group.

Local businesses apprehended that non-tariff and para-tariff barriers

stand as stumbling block to reaping immediate benefits from the Safta agreement.

"It is not possible to get desired result from the Safta agreement without removing the NTBs and PTBs," said Mir Nasir Hossain, president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI).

He said, "Only tariff reductions will not help achieve what we want from the Safta agreement."

The Safta agreement became effective on July 1 2006, but businesses are yet to take the advantage of reduced tariff rates.

The Safta agreement put into effect with a pre-set tariff-cut roadmap aimed at boosting regional trade among the seven nations of Saarc. As per the Safta roadmap, the developed members are to bring down their tariffs from zero to 5 per cent in three years while the Saarc LDCs like Bangladesh would do that in 10 years.

India may cut diesel, petrol prices

PTI, Panipat, Haryana

The government will review petrol and diesel prices on January 31 and a reduction is likely if international crude prices fall further.

"There will be a review on January 31. If the current average continues there will be no cut. For a reduction to happen prices have to fall further," Petroleum Secretary MS Srinivasan told reporters here.

International crude prices have fallen to 19-month-low this month. The Indian basket of crude oil is currently averaging around USD 51 a barrel and a reduction in petrol and diesel prices was possible only if crude prices slip below USD 50 a barrel on a sustained basis.

Earlier, Srinivasan had said that the government may reduce petrol and diesel prices if the current fall in international oil prices continues and crude declines below USD 50 a barrel level.

In November, petrol and diesel prices were cut by Rs 2 and Re one a litre respectively when the basket of crude that Indian refiners buy was at USD 56.8 per barrel. The Indian basket has since fallen to just under USD 53 per barrel, the lowest this fiscal.

Lanka banks on \$1.5b in foreign aid

AFP, Colombo

Sri Lanka is banking on more than 1.5 billion dollars in foreign aid from key donors who are due to meet on the island later this month, a top official said Friday.

The war-torn island secured 1.1 billion dollars in foreign aid last year, which included around 400 million dollars to rebuild areas devastated by the December 2004 tsunami.

"We expect donors to pledge around 1.5 billion dollars this year, during the aid meeting, to finance projects like roads, water, health, education, power and an international airport," treasury chief Puchi Banda Jayasundera said.

Around 50 bilateral and multi-lateral donors will meet for two days in the southern coastal town of Galle from January 29 to review the island's economic health, issues on governance and attempts to resolve the ethnic conflict.

Participants include Germany. Jayasundera said, which recently indicated that they were freezing aid until the government made progress to settle the Tamil separatists conflict which has claimed over 60,000 lives in 1972.

Germany's Overseas Development Minister Heidmarie Wiczorek-Zeul said last month that they were frustrated that aid to Sri Lanka was not being used effectively due to the ongoing ethnic violence.

"We have stopped making new pledges to the government until the peace process gets back into gear. It would be good if other Western governments did the same," she said.

However, Jayasundera said "no single donor country has yet pulled out of Sri Lanka."

Ford plans to close plants, slash jobs

AP, New York

Ford Motor Co's plan to return to profitability by closing plants and slashing thousands of jobs in North America is ahead of schedule, Chief Executive Alan Mulally said Friday.

Faced with increasing competition from overseas rivals such as Toyota Motor Corp., Mulally said Ford's restructuring plan remains "absolutely the right thing to do."

Mulally said during a meeting with analysts in Dearborn, Mich., that the company is focused on accelerating new product development, while bringing its offerings in line with changing consumer demand and promoting profitable growth.

"It's got to be profitable growth," he said. "The growth is for the employees, the investors, for the dealers, for the communities in which we operate. If you're not growing, then you must be shrinking. Right?"

Mulally added that the automaker's "Way Forward" restructuring plan, which is operating on a 5-year timetable, will need to be periodically revised.

Mulally, who previously led a turnaround at the commercial jetmaking division of Boeing Co., was brought in by Ford in September at one of the most crucial junctures in the company's history.

Asean leaders agree to create free trade zone

AP, Philippines

Southeast Asian leaders agreed at their annual summit Saturday to create a tighter political bloc, turn their region into a free-trade zone by 2015 and fight harder against terrorism and poverty.

In a major break with its consensus-based past, the 10-country body has agreed to discuss a plan that would form a more cohesive organization able to sanction or even expel members that do not follow its rules.

The leaders also signed a counter-terrorism pact legally binding their countries to share information and training aimed at stemming terror and cross-border crime.

The host of the summit, Philippine President Gloria Macapagal Arroyo, stressed the need to bolster free trade within

Asean, which includes the Philippines, Malaysia, Laos, Cambodia, Vietnam, Thailand, Singapore, Myanmar, Brunei and Indonesia.

"Asean is committed to expanding its trade forum to become the largest in the world," she said in opening the meeting, held under heavy security following three deadly explosions in the southern Philippines days before.

The leaders want to establish the free trade zone by 2015, five years earlier than previously proposed. It will be adopted in two stages, with the six richer nations including wealthy Singapore and oil-rich Brunei starting the integration in 2010 and the others following later.

China, Japan and South Korea, who will be participating in an expanded summit Sunday involving Asean's six "dialogue part-

ners," hope to join the Southeast Asian grouping's economic circle. The other dialogue partners are Australia, New Zealand and India.

"Up until now, we have never had a charter," said former Indonesian Foreign Minister Ali Alatas, a member of the group that drafted the recommendations. "We will see how the implementation will go."

No fixed date for the charter has been set, but Asean is aiming to have something to present at its next summit in Singapore at the end of the year.

Southeast Asian countries have long voiced support for a joint charter, but the proposed addition of formal voting instead of consensus and the possibility of sanctions or expulsion was likely to be a hard one to swallow, particularly for the ruling military junta in Asean member Myanmar, also called Burma.

Call for early resumption of WTO talks

AFP, Philippines

Southeast Asian leaders called Saturday on the world's major powers to break the deadlock in global trade talks and move towards an early conclusion of the so-called Doha round.

In a statement the leaders of the 10-member Association of Southeast Asian Nations (Asean) said World Trade Organisation members -- especially the major players -- must show flexibility and display resolve to end the round in a timely manner.

A successful outcome, they said, would spur economic growth and reduce global poverty.

The statement said an early breakthrough in what it described as "critical negotiating areas" such as agriculture was needed before

the talks could be put back on track.

The World Trade Organisation suspended the Doha Round last July after negotiators from six major parties, including the United States, European Union, Brazil and India, failed to reach agreement after five years of talks.

The round, launched in the Qatari capital in November 2001, is at an impasse, with Western and developing countries split on issues such as agricultural subsidies and market access.

"The major players in the Round -- both developed and developing -- must show the requisite leadership and political will to create the basis for the successful conclusion of the Round," said the statement at the end of Asean's annual summit.

US soybean output hits all-time high in 2006

XINHUA, Washington

US soybean production hit an all-time high in 2006, and corn output was the third-largest on record while cotton production declined 10 per cent after reaching a record high in 2005, the Agriculture Department said Friday.

The 3.19 billion-bushel soybean crop was 2 per cent higher than the previous record set in 2004, and 4 per cent larger than 2005.

Corn production in 2006, at 10.5 billion bushels, was 5 per cent less than 2005 and 11 per cent less than the record set in 2004.

Farmers planted fewer corn acres last spring as high fuel and fertilizer costs precipitated a switch to less input-intensive crops, the department said in its Crop Production 2006 Summary.

Following two consecutive record-setting years, US upland cotton production declined in 2006.

Russia, Belarus sign oil transit deal

AFP, Moscow

Russia and Belarus signed a formal agreement resolving an oil transit row that had disrupted supplies through the main export pipeline to Europe, Russian media said.

Officials from the two countries reached "a balanced solution, corresponding to the interests of both countries," Russian Prime Minister Mikhail Fradkov said in televised comments, admitting that "talks went hard."

"This is a result of complications in our ties. But all is well that ends well, I hope that all have drawn their conclusions, and in the future we will be able to avoid such situations," Fradkov said.

"I think everyone must be satisfied with the formula we have signed, which is in force starting January 1," Sidorsky said.

The agreement came after Russia's President Vladimir Putin and Belarus's Alexander Lukashenko talked Friday by telephone, unblocking the final obstacles in a dispute that had disrupted oil supplies to the European Union earlier this week and damaged Russia's reputation as a reliable energy supplier.

The agreement covers several aspects of the countries' complex oil trading arrangements, which Moscow had said earlier were being unfairly exploited by Belarus.

Moscow had accused Minsk of making disproportionate profits by processing cheap Russian oil and selling it on European markets.

The dispute prompted the shutdown of the Druzhba (friendship) pipeline, Russia's main oil export pipeline to Europe, for three days beginning on Monday.

On Friday, Fradkov said that Minsk would pay a tax of 53 dollars per tonne of oil that it imports from Russia and would also pay Moscow a tariff on exports of oil products made in Belarussian refineries using Russian oil.

Strike threat at British Airways over pensions

AFP, London

One of the four unions representing British Airways staff dismissed a proposed deal to tackle the flag carrier's giant pensions deficit and warned of a possible strike.

Shop stewards from the GMB union, representing baggage handlers and check-in staff, voted unanimously to reject BA's offer.

GMB said it would ballot thousands of BA workers on a recommendation to reject the pensions proposals and would also ask if they wanted to strike.

BA's pension scheme has a 2.1-billion-pound (four-billion-dollar, 3.1-billion-euro) deficit.

GMB leaders rejected company proposals, under which BA would make a one-off payment of 800 million pounds in exchange for increased contributions and a later retirement age.

"We are extremely angry and disappointed that the lowest paid workers at BA are being disadvantaged by this final offer in comparison to the highest paid, the pilots," said GMB national officer Ed Blissett.



PHOTO: DHAKA BANK

Dhaka Bank Ltd opened its 34th branch at Goolabazar in Sylhet on Thursday. Deputy Managing Director of the bank Mohammad Abu Musa inaugurated the branch while other senior officials were present.

COOLING ECONOMY

ADB asks China to reduce growth

AFP, Philippines

China needs to reduce growth by half a percent this year to cool down its overheating economy, the president of the Asian Development Bank said Saturday.

With growth expected to be around 9.5 percent this year, Haruhiko Kuroda said China "may still need to bring its growth down by another half percent."

"A number of sectors of the economy are overheating and the government is adjusting policies to slow overheating in these areas," he said.

"Even with 9.5 percent growth this year I think China can bring it down by another half a percent," he told reporters.

China has been the locomotive driving much of Asia's growth over the past decade.

In the five years to 2005, its trade

with members of the Association of Southeast Asian Nations (Asean) tripled to a total of 113 billion dollars -- one tenth of all global trade.

Kuroda, speaking on the sidelines of Asean's summit, said he expected the Chinese yuan to remain strong in 2007.

"With strong economic growth coupled with a rising surplus the currency should remain strong," he said.

China is one of the six Asean dialogue partners, along with Australia, Japan, India, New Zealand and South Korea.

The Manila-based ADB's forecast of 9.5 percent growth for China this year is slightly lower than the 10.4 percent predicted for 2006.

CHINA WORRIED OVER STRONG ECONOMIC GROWTH

Another report from Beijing adds: A senior Chinese official has expressed worries over the growing

rich-poor gap and environmental damage caused by the country's galloping economic growth.

"The price to pay for economic growth is too high," said Ma Kai, minister for the national commission for reform and development, according to official press.

With 2006 Gross Domestic Product (GDP) growth at 10.5 percent, according to preliminary figures, disposable income per capita rose 11 percent in the cities, Kai told a meeting of 700 cadres.

But he said the growth came at a steep cost to the country.

Kai said the poverty of rural China compared with the booming cities posed a risk to stability, while breakneck growth was damaging the environment.

"In the realm of society development, there are still a lot of problems which have to be resolved immediately," he said.



PHOTO: APOLLO HOSPITALS

British American Tobacco Bangladesh Company Ltd recently signed a corporate agreement with Apollo Hospitals Dhaka. Under the deal, the hospital will provide annual health check-up services for the management staff of the tobacco company. Praful B Pawar, interim chief executive officer and director of Medical Services of the hospital, and Mahbubur Rahman, company secretary to British American Tobacco Bangladesh, signed the deal on behalf of their organisations while other senior officials from both the sides were present.