Star BUSINESS
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US takes China to WTO over subsidies

AP, *Washington*

The Bush administration filed a complaint with the World Trade Organization on Friday accusing China of providing companies with improper subsidies that hurt US firms.

The action came as the administration faced increased pressure from the Democratic-controlled Congress to do something about the nation's soaring trade deficits and lost manufacturing jobs, which critics blame in part on unfair trade practices by foreign nations.

The complaint alleges that China uses WTO-illegal tax breaks to encourage Chinese companies to export more to the United States while imposing tax and tariff penalties to limit purchases of US products in China.

"We are seeking to level the playing field to allow US manufacturers to compete fairly with Chinese firms," U.S. Trade Representative Susan Schwab said in announcing the case.

"The United States believes that China uses its basic tax laws and other tools to encourage exports and to discriminate against imports of a variety of American manufactured goods," Schwab said.

The decision to go to the WTO with a trade complaint will trigger a 60-day consultation during which trade negotiators will try to resolve the dispute. If that fails, a WTO hearing panel will be convened and if the US wins the case, it will be allowed to impose economic sanctions on Chinese products.

Schwab's announcement came two days after Treasury Secretary Henry Paulson faced stiff questioning before a congressional panel, where both Democrats and Republicans accused the administration of doing too little to deal with America's record trade deficits including deficits with China which are at all-time highs.

While an official with China's delegation to the WTO in Geneva said the Chinese would have no immediate comment on the case, members of Congress and US business groups praised the action.

"Forcing China to eliminate its illegal subsidies will keep world markets open to US goods, keeping jobs at home," said Senate Finance Committee Chairman Max Baucus.

John Engler, the former Michigan governor who is now head of the National Association of Manufacturers, said he was disappointed that other major trading partners including Japan and the European Union refused administration requests to join in filing the case.

"We hope that other countries will reconsider joining the case, recognizing it is not fair to have the United States do all the heavy lifting," Engler said.

PHOTO: GLOBAL ONLINE

Chye Hoon Pin, chief executive officer of Pacific Bangladesh Telecom Ltd, the owning company of mobile phone operator CityCell, and Russell T Ahmed, convener of Corporate Bazaar-2007, an exhibition of corporate houses scheduled for February 10-12, pose for photographs at an agreement signing ceremony on Monday. Under the deal, CityCell will take part in the show as an exhibitor. Global Online Services Ltd, a local corporate internet service provider, will organise the fair.

'Asia still vulnerable to global fluctuations'

ANN/ THE KOREA HERALD

All the talk of global decoupling and the declining influence of the US economy on emerging Asian markets is "misleading," and the region is still extremely vulnerable to fluctuations in the economies of developed nations, a Lehman Brothers economist said Thursday.

Asia's emerging markets are leveraged to global growth and are very much open to shifts of the global economy, particularly to the United States and Europe, and "a sharp slowdown in the United States could cause ripple effects on all the region's suppliers", Robert Subbaraman, the chief economist at the Lehman Brothers told reporters.

Hong Kong, Singapore, and Taiwan are the most heavily exposed to a US slowdown among ten Asian countries studied, and China's trade balance with the United States and the Euro zone continues to outstrip that with Asia, Subbaraman said.

On Korea, Lehman has a "fairly cautious outlook", as the won has strengthened almost to the level seen prior to the 1997 financial crisis, and the substantially stronger won will continue to put pressure on the profit margins for local manufacturers.

Lehman's currency forecast for the won this year is 930 won per US dollar.

"Korea will have started feeling the pinch for competition for structural reasons: an excessively regulated service industry; overly protected small-and-medium sized enterprises; and inflexible labour market," Subbaraman said.

"It urgently needs to boost productivity and capital expenditure, given the labour force could stop growing in about a decade," he added.

However, the Lehman economist predicted that a modest slowdown in the US is likely, and Asian countries have ample room for a fiscal response to cut taxes and increase federal spending should the region be hit by a harder-than-expected US slowdown, he said.

The region is also seeing the emergence of a new internal growth engine, gradually rotating away from the export markets to domestic consumption and investment, Subbaraman said.

PHOTO: STRATEGICA

KATALYST, a DFID-funded initiative to promote the growth of small enterprises in Bangladesh, and Grameen Telecom signed a memorandum of understanding (MoU) recently. Under the MoU, the two companies will make the Community Information Centres of Grameenphone Ltd and Grameen Telecom sustainable models to serve the rural communities through information technology. Officials of KATALYST and Grameen Telecom are seen in the picture.

Toyota to launch major pickup truck campaign in US

AFP, *Detroit*

Japanese automaker Toyota will launch a major assault on US supremacy in the domestic pickup truck market this weekend with a splashy ad campaign aimed at football fans during the Super Bowl.

Toyota will be pitching its new Texas-built Tundra pickup truck to the largest television audience of the year, where advertisers customarily go all-out to produce unique ads to show during the annual football championship.

The spots attract as much attention as the game in some cases, and are selling for 2.3 million dollars per 60 seconds.

It is a big challenge for Toyota: Ford, General Motors and Chrysler have until now dominated the lucrative pickup truck market in the United States, where owners have intense brand loyalty.

Hu visits Africa amid growing discontent about China investors

AFP, *Lusaka*

Chinese President Hu Jintao arrives in Zambia on Saturday for a two-day state visit amid growing discontent about Chinese investors, who are accused of violating the country's labour laws and usurping its mineral riches.

The Chinese leader is on an eight-nation tour of Africa -- his third to the continent since coming to power in 2003 -- in a bid to increase China's share of Africa's oil and energy resources.

Hu is expected in Lusaka at around 1:00 pm (1100 GMT) to hold talks with President Levy Mwanawasa.

But his scheduled visit to a Chinese-run copper mine in Chambeshi, about 400 kilometres (250 miles) north of Lusaka, where 50 Zambians perished in a mine explosion in 2005, has been cancelled after reports of planned protests.

And Zambia's main opposition leader Michael Sata, an outspoken critic of growing Chinese influence in the country, has not been invited to attend any public function during Hu's visit.

"We have invited opposition political party leaders to attend public functions like the state banquet," Information minister Vernon Mwaanga told the Daily Mail. "But I can tell you specifically that we have not invited any leader from (Sata's) Patriotic Front because they do not recognise the Chinese people."

Sata threatened last year to expel Chinese traders from Zambia if he were elected president. "They can dump their cheap goods here but not human beings," he said during a campaign rally for the September 2006 general election, during which President Mwanawasa was re-elected for a second term.

Chinese investment in the poverty-stricken southern African country -- mainly in mining, textile and construction -- has soared in recent years and the litany of complaints has grown in parallel.

PHOTO: ACI MEDIA

The Marketing & Sales Conference 2007 of ACI Pharmaceuticals Ltd was held on Monday in Dhaka. Arif Dowla, group managing director of ACI Ltd, M Mohibuz Zaman, chief operating officer, and other senior officials are seen in the picture.

India's inflation soars as food prices rise

AFP, *New Delhi*

India's inflation rate inched up close to a two-year high as government efforts to staunch rising prices of food and fuel wait to kick into the economy, data released Friday showed.

Inflation measured by the wholesale price index -- the most closely watched cost-of-living monitor -- accelerated to 6.11 percent for the week ended January 20 from 5.95 percent the previous week and 4.24 percent a year earlier, the government said.

The rate had reached 6.12 percent in the week ended January 6, the highest since December 2004 when it stood at 6.56 percent, prompting the Reserve Bank of India to raise its key short-term borrowing rate by a quarter percentage point on Wednesday to 7.5 percent.

The rate is hovering above the 5.5 percent tolerance limit set by the Reserve Bank, which has been using a variety of tools to fight inflation since it began a tightening cycle in late 2004.

In December, it boosted the amount of money that banks must keep with the central bank, raising the cash reserve ratio by 50 basis points to 5.5 percent in a bid to suck out cash from the banking system and tame credit growth that's fuelling economic expansion.

The government has also cut customs duties on cooking oil, cement and other products in a bid to lower prices. Such efforts will take time to work, the Press Trust of India cited unnamed government officials as saying Friday.