

# Star BUSINESS

E-mail: [business@thedailystar.net](mailto:business@thedailystar.net)

## US breaks WTO rules Alleges China

AFP, Beijing

China said Thursday an increasingly protectionist United States was breaking World Trade Organisation rules as part of ongoing commercial disputes.

The violation of WTO regulations has come about in the process of anti-dumping and anti-subsidy investigations launched by the United States against five product categories, Vice Commerce Minister Gao Hucheng said.

"Investigations and measures undertaken by the United States will lead to double taxation," Gao told a briefing in Beijing. "You can't do that according to WTO rules."

The five categories -- including items such as art paper, steel pipe and tyres -- have been targeted in the period since November, a frequency rarely seen in contemporary global trade, Gao said.

He did not explain how the US investigations would lead to double taxation of the products.

"This will directly impact 860 million dollars of exports, the activities of over 500 enterprises and the jobs of 70,000 people," he said.

The commerce ministry held the briefing at a time of intensifying Sino-US trade disputes, fuelled by recent findings that a wide range of Chinese exports are unsafe materials.

The enormous trade imbalance between the two countries is also a consistent cause of concern in the United States. The US trade deficit with China hit 232.5 billion dollars last year, according to official US figures.

## India overtakes US as Nokia's second-biggest market

AFP, Helsinki

Nokia, the world's number one handset manufacturer, said Thursday that India had overtaken the United States to become its second-biggest market, after China.

"India is playing an increasingly important role in the global economy buoyed by impressive economic growth, skilled manpower and tremendous business opportunity," said the company.

The United States was once Nokia's largest market in terms of sales, but is now less significant for the mobile phone maker, whose focus has shifted to fast-growing emerging markets.

Nokia said that India -- now "poised right behind China" -- was also a significant production hub for the group.

Its Chennai manufacturing plant has made 60 million handsets since opening 18 months ago, and is now exporting half of everything it produces to 58 countries.

## EXPORT OF 8M RMG PIECES

# Cabinet may endorse Indo-Bangla MoU modality tomorrow

JASIM UDDIN KHAN

The government has finalised the modality to sign a memorandum of understanding (MoU) with the Indian government to export eight million pieces of readymade garments (RMG) every year.

The commerce ministry has already submitted it for the approval from the Council of Advisers, which will hold its regular weekly meeting tomorrow.

The modality will be sent to the Indian counterpart for its consent, and, the ministry sources hoped, it would not take more than one month to start exporting the duty-free RMG pieces to the market of the neighbouring country.

However the Indian Cabinet's nod is necessary to ink such an agreement.

"We hope we would be able to send the modality to the Indian

government next week as tomorrow's meeting of the Council of Advisers might give assent to the modality we have finalised," said NM Ziaul Alam, deputy secretary to the Ministry of Commerce.

Although India primarily made the offer two years back under the South Asian Free Trade Agreement (Safta) framework, the authorities took time to reach a consensus on such a modality for exporting the garments without any duty.

Earlier, India compelled Bangladeshi exporters to use Indian yarn to make a significant portion of the exportable RMG goods to India and asked for exporting those through a particular port.

Subsequently, the neighbouring country relaxed many of its stringent conditions for the yearly export of the eight million RMG pieces from Bangladesh.

These stringent conditions, which

were conveyed to Dhaka in a letter from Delhi on November 8, 2006, included introducing a quota monitoring system and seeking prior permission from the Indian Textile Committee before the export.

As per the modality, India agreed to allow Bangladesh to make its RMG products either by its own or any other country's fabrics.

India also lifted the restriction from export of the products under the proposed duty free deal only through six land ports and now it agreed to allow exports of those through sea, air or land routes.

Indian Commerce and Industry Minister Kamal Nath in 2005 promised to Bangladesh that his country would allow a duty-free entry of its eight million pieces of RMG products with a view to boosting bilateral trade and reducing imbalance in this regard.

## LatAm, E Asia build trade bridges

AFP, Singapore

Foreign ministers and envoys from 33 Latin America and East Asian countries Wednesday opened two days of talks to boost fledgling trade between the far-flung regions, amid mixed concern over the US credit crisis.

Forum for East Asia Latin American Cooperation (Fealac) co-host, Brazilian President Jose Luis Lula da Silva, urged the economy ministers and central bank chiefs of the group to "develop the habit of meeting... to find out how we can arm ourselves to deal with crises that often are out of our hands."

Brazilian Foreign Minister Celso Amorim said that while financial trouble in rich nations "affect us all,"

Latin America and Caribbean economies of late "have advanced and their markets have achieved greater stability."

Representatives of East Asian nations, meanwhile, appeared less concerned with the current US market turmoil.

Japanese foreign ministry spokesman Tomohiko Taniguchi told reporters the US crisis was for central banks to deal with, while Indonesian Foreign Secretary Hassan Wirajuda said the matter was of "limited" interest in his region.

Filipino Foreign Affairs Secretary Alberto Romulo was more forceful: "We're talking about Focalea relations. Maybe later, in other meetings, somebody can bring the (US

credit crisis) up for discussion."

In his opening remarks, Japanese Foreign Minister Taro Aso said Fealac "can well be the greatest ocean-connecting bridge," referring to the two regions separated by the vast Pacific Ocean.

"Our two-way trade is now 3.5 times as big as it was in 1998, from 53 billion US dollars to 183," he said. "The canals connecting the two oceans, both wet and dry, must be made broader."

Opening the meeting, Amorim called for countries to "explore common interests" between the distant regions.



PHOTO: AKTEL

Mobile phone operator AKTEL and Popular Pharmaceuticals Ltd have recently signed a corporate agreement under which the pharmaceutical company will get telecommunication facilities from AKTEL. Kamshul Kasim, managing director of AKTEL, and Mostafizur Rahman, managing director of Popular Pharmaceuticals, signed the deal, while senior officials from both the sides were present.

## EU lifts export ban on British meat, livestock

AFP, Brussel

European Union nations on Thursday agreed to lift the export ban on British meat and livestock, imposed due to a foot and mouth disease outbreak, except from a small zone around the affected farms.

"Exports of live animals, meat and dairy products will be able to resume from the territory of Great Britain," from Saturday, the European Commission said in a statement.

The only exception was a 10-kilometre (six-mile) containment zone surrounding the farms in Surrey in southeast England where the outbreak was first detected.

Britain's deputy chief veterinary officer Fred Landeg described the decision as an "excellent result for the United Kingdom reflecting the Commission and others' confidence in the control measures that we've implemented."

He hailed it as "a better decision than we hoped."

However the British exports will still be subject to "strict controls and veterinary supervision," according to the EU's executive arm.

"It's not business as usual," said European Commission spokesman Philip Tod after the meeting, adding that there must be a three-day notice period for exports and certification to ensure that the meat comes from outside the strict surveillance zone around infected farms.

## China to launch new label on food exports

AFP, Beijing

China will next month begin marking food exports that pass quality tests with a special label, following recent safety scandals that have hurt the industry's reputation, state media said Thursday.

Food exports that have passed inspections will carry the label "CIQ", which stands for China Inspection and Quarantine, the China Daily reported, citing a regulation from the nation's quality watchdog.

Packing must also carry information, such as the producer's name and address, batch number and production date, to keep the source of any potential quality problems on record and stem fake exports, the report said.

The new labelling system would begin on September 1.

The system is likely to increase the costs for Chinese food exporters, with about 20,000 shipments worth 100 million dollars in Dongguan, Guangdong province in the south alone to be affected each year, the China Daily said.

## Asian stocks sprint higher on heels of Wall Street

AFP, Singapore

Asian stock markets rose sharply Thursday, chasing Wall Street higher as merger activity and hopes of a US interest rate cut injected fresh momentum into a global rally, dealers said.

A positive lead from China also galvanised buying interest after Shanghai shares smashed through the 5,000-point level for the first time.

European stock markets extended gains in early trade after Wednesday's strong advance on hopes that the worst of the recent storm sparked by problems in the US subprime mortgage sector to risky borrowers is now over.

Many Asian stock markets posted gains of more than two or three percent after Wall Street continued a recovery overnight on hopes that the US central bank will ride to the rescue with an interest rate cut to calm credit fears.

"The market will still experience jitters in the coming weeks with investors unsure of how many more (subprime) skeletons may fall out of the closet," said CommSec equities economist Craig James in Sydney.

"But it seems pretty clear investors over-reacted with the recent sell-down," he added.

Markets continued to pin their hopes on a cut to the US Federal Reserve's funds rate at which commercial banks tend to each other to further ease credit fears and to restore market stability.

"There are growing hopes that the Fed will lower its federal funds rate to calm the markets," said Kazuhiro Takahashi, equity department head of Daiwa Securities SMBC.

Dealers said investors were gradually regaining their confidence after the Fed on Friday cut its discount rate that it charges for lending to banks, helping to stem last week's brutal selloff.

But recent credit market turmoil could require more time and "pain" to resolve as investors reassess risk, Bank of Japan governor Toshihiko Fukui said.

The central bank will keep a close watch on financial market volatility as it decides when to next raise interest rates from 0.5 percent, Fukui said after the BoJ left its monetary policy unchanged for a sixth straight month.

In Tokyo the benchmark Nikkei-225 share index closed up 2.61 percent, regaining the key 16,000 points level as exporters benefitted from a weaker yen which is positive for overseas earnings.

"Relief came from Wall Street's gains and the softer yen, which encouraged investors to buy back shares," said Hideo Mizutani, chief strategist at Sieg Securities.

Shanghai rose 1.05 percent to close over the 5,000-point mark for the first time and record a fourth straight day of gains, dealers said.

Elsewhere, Hong Kong ended 2.77 percent higher, Seoul gained 2.3 percent, Sydney rose 2.6 percent and Wellington added 1.38

percent.

Taipei put on 2.82 percent and Manila climbed 2.9 percent, while Kuala Lumpur was up 2.1 percent in late trade and Jakarta was 2.9 percent higher.

Shares are more tempting in Asia than in the United States, the source of the recent market turmoil, said DMG Partners dealing director Gabriel Yap.

"Asia looks more attractive than the US, which is still plagued by the subprime problem," Yap said in Singapore.

Hopes that the largest US mortgage provider Countrywide Financial could escape bankruptcy cheered markets, after Bank of America announced overnight it would invest two billion dollars in the troubled company, dealers said.

Surging home foreclosures in the US have forced home lenders out of business and sent shock waves through the multi-trillion dollar mortgage sector.

The yen lost more ground in Asian trade as easing fears of a credit crunch reduced the risk aversion that drove the currency up sharply last week.

The dollar firmed to 115.78 yen in late Tokyo trade from 115.31 in New York late Wednesday. The euro gained to 156.73 yen from 156.17.



PHOTO: AVESTA ALUMINIUM INDUSTRIES

Managing Director of Mallik Group JU Mallik speaks at the launch of Avesta Aluminium Industries Ltd, a concern of the Group, in Dhaka recently. Senior officials of Agrani Bank and Exim Bank that funded the new company were also present at the launching ceremony.

## Avesta Aluminium starts journey

Avesta Aluminium Industries Ltd, an aluminium accessories manufacturing company that was funded by Agrani Bank and Exim Bank, has started its journey recently, says a press release.

A concern of Mallik Group, the company has developed an aluminium extrusion solution to make international standard aluminium accessories that would be used in exterior and interior views of residential projects, factories and in furniture.

Managing Director of Mallik Group JU Mallik and senior officials of the banks, among others, were present at the launching ceremony held in Dhaka.

## Record fake goods flowing into Japan

AFP, Tokyo

Japan has seized a record high number of counterfeit goods since the beginning of the year, mostly coming via China and South Korea, police said Thursday.

The counterfeit products flowing into the world's second largest economy included fake designer label bags and attire, as well as a growing amount of pirated software and DVDs.

The number of seized goods in the first six months of this year topped 330,000, nearly 2.7 times more than in the same period last year and more than the annual total in previous years, the National Police Agency said.

Nearly 46 percent of counterfeit

goods originated from mainland China, followed by 37 percent from South Korea and 16 percent from Hong Kong. "Made in Japan" fake goods accounted only for one percent, the agency said.

Yet more than 73 percent of the criminals involved in the imports of fake goods were Japanese, it said. Most of the goods are air or sea-shipped.

China, in the face of persistent demands by the United States and other trading partners, has pledged to crack down on its huge counterfeit goods industry, although such markets remain widely active and open.

The United States in April formally lodged a complaint against China at the World Trade Organisation over copyright piracy.

## Indian state orders closure of Reliance retail stores

AFP, Lucknow

The government of one of India's largest states on Thursday ordered the closure of retail stores set up by Reliance Industries citing law enforcement problems.

The move came after traders in northern Uttar Pradesh state attacked Reliance Fresh stores, which the company opened on Wednesday.

"In view of these protests... the cabinet has decided to order the closure of Reliance stores in (state capital) Lucknow and Varanasi (town)," state chief minister Mayawati Kumari told a

news conference.

Reliance -- which launched its six-billion-dollar retail business last November -- has some 20 stores across Uttar Pradesh, India's most populous state with nearly 170 million people.

As a host of domestic and international companies seek to invest in India's lucrative 300-billion-dollar retail market, traders and street vendors say their livelihood is threatened.

In May, thousands of vegetable sellers vandalised three Reliance Fresh stores in eastern India in the first violence against the firm's plans to build a local version of US retail giant Wal-Mart.