

International Business News

Last obstacles to Asean-India FTA talks go

Difficult negotiations over an Asean-India free trade deal have been concluded and the last obstacles overcome, Association of Southeast Asian Nations (Asean) secretary general Surin Pitsuwan said Thursday.

"They have been concluded but not signed. They have just finished the negotiations," Surin told AFP from Bangkok, without elaborating.

The agreement covering billions of dollars in trade but not services between the 10 Asean states and India was supposed to have been concluded last year.

But talks became bogged down by differences over products which India wanted excluded from tariff cuts. New Delhi had submitted a list of 1,414 products, while Asean's target number was 400.

At their annual summit in Singapore last November, Asean officials said the grouping would not resume negotiations with India until it came up with a better offer.

It was not clear how the issue had been resolved and Asean officials at the regional bloc's Jakarta secretariat were not available to comment.

Oil prices rebound above \$120

World oil prices rebounded back above 120 dollars on Thursday, after a statement that a pipeline carrying crude from Asia to the West would remain shut for about 15 days after a recent explosion.

Prices had dropped on Wednesday owing to news of a surprise jump in US crude reserves amid a fall in energy demand in the United States, traders said.

"Overall, the market remains at a cross road. Market participants are torn between persistent fears over slowing energy demand and potentials for further supply disruptions," said Andrey Kryuchonkov, an oil analyst at the Sueden Research brokerage in London.

New York's main contract, light sweet crude for September delivery jumped 1.65 dollars to 120.23 dollars a barrel in electronic deals on Thursday.

Brent North Sea crude for September rallied 1.55 dollars to 118.55 dollars a barrel.



Indian workers unload, wash and weigh bananas for further storage period in Ahmedabad on Wednesday. The consumption of bananas increases during the current holy month of Shrawana as Hindu devotees fast. India, with a rich biodiversity of bananas and plantain, produces an estimated 16 million tonnes of bananas annually.

Indian inflation crosses 12pc

India's annual inflation accelerated to more than 12 percent for the first time in over 13 years, official data Thursday showed, stoking expectations of further monetary tightening to tame prices.

Inflation edged higher to 12.01 percent for the week ended July 26, up from 11.98 percent for the week ended July 19, according to the Wholesale Price Index, India's most watched cost-of-living monitor.

The inflation rise was in line with market expectations.

The rise came a week after India's central bank hiked its key short-term lending rate by a bigger-than-expected half-a-percentage point to nine percent in an aggressive bid to tame inflation riding at a 13-year high.

The Reserve Bank of India also raised by a quarter point to nine percent the percentage of cash commercial banks must park with the central bank -- the cash reserve ratio -- in a bid to curtail credit growth.

Chrysler, Nissan in talks on car partnership

US auto group Chrysler LLC is conducting talks with Japan's Nissan about jointly producing midsize cars in a move which could deepen their existing links, the Wall Street Journal reported Thursday.

The Journal report, which cited people familiar with the matter, said the talks have focused on the possibility that Nissan would produce midsize cars that Chrysler would sell in the United States under its own name.

A spokesman for the US car group told the Journal it had "no new alliances" to announce and declined to comment further.

The two automakers agreed earlier this year to team up on pickup trucks and subcompact cars.

The report said that if a new deal is hatched, it could potentially save Chrysler the billions of dollars it costs to develop a full line of vehicles in-house.

INTERVIEW

Parjatan Corpn. trying to revive tourism sector: Chairman

SHAYEDA AKTER

Bangladesh Parjatan Corporation (BPC) is trying very hard to find out the problems of the country's tourism sector and solve those within the shortest possible time, said its chairman.

Shafique Alam Mehdi, chairman of BPC, does not shy away from admitting the problems of the sector and said, "Since formation of the BPC, we (BPC) failed many times to concentrate on the problems of the sector due to more involvement in commercial activities."

"We have some major shortcomings in exploring all the places that can be tourist destinations. For that we will have to identify the spots first and then promote those," he said while talking to The Daily Star at his office.

"Another major problem of the sector is lack of proper infrastructure, such as weak communication system to our different tourist spots," he said.

"The roads and the communication systems in many places are not okay yet, and lack of easy and cheap accommodation and proper security is holding back the sector's growth," he added.

Alam, who has been in government service for 26 years, said, tourism is a big sector that needs the government's special attention and care. "It's difficult to overcome all these problems overnight."

"We need time and a huge amount of budget to develop the infrastructure, but we have to start and continue developing," he said.

He was also open to admit the bureaucratic problems as different ministries are involved in developing infrastructure.

About overcoming the problems, he said, "BPC is now trying to introduce multidimensional tourism to explore newer places with specific references such as religious, natural and archeological spots."

"The government is planning to appoint local and foreign tourist experts, including tour operators, architects and professionals involved with hospitality sector, to act as consultants to develop the sector," he said.

BPC is now concentrating on forming a committee led by Prof Abdullah Abu Sayeed, winner of the prestigious Ramon Magasaysay Award 2004, to brand the country. The committee will have an advisory council to get inputs to develop the sector in a proper way.

Alam said the government has decided to reform and rearrange the structure of BPC to develop the sector.

He said after being established in 1972 by a presidential order, BPC has been working to develop the country's tourism sector and maintaining commercial activities by running hotels, motels, bars, swimming pools and golf clubs and now it really needs reform.

Alam said BPC has started its reform process from May this year and has already started privatising its hotels, motels and restaurants and bars.

"Out of the 35 establishments, we have already privatised 15, including hotels, motels, bars and swimming pools," he said.

"We have handed over



Shafique Alam Mehdi

Parjatan aims to dig deep into the problems of the tourism sector and overcome them by focusing on infrastructure, roads and communication systems, accommodation and security.

"If the government okays the tourism act, we hope by this December BPC will be converted into National Tourism Board or Bangladesh Tourism Board."

The board will be an autonomous body and will be maintained by a board of directors.

He said the government is planning to set up a tourism department, which will work as a regulatory body. The body will oversee the development of the sector, ensure quality of the services and coordinate public and private initiatives taken for the development of the sector.

The BPC chairman said not only the foreign tourists, the domestic tourists have mainly forced the corporation to pay extra attention to the sector.

"During the last five years the sector witnessed a remarkable growth, as the domestic tourism developed a lot," he said, adding that in peak season sometimes it becomes difficult to manage accommodation for tourists in Cox's Bazar.

"We are trying to boost the sector by introducing cable car and tourist police," he said.

He said BPC has already finalised plan for introducing cable car in Bandarban by the end of this year to attract both domestic and foreign tourists.

"We have also decided to deploy tourist police in different tourist spots, especially in Cox's Bazar, to ensure the security for the local and for-

eight tourists," he added.

Alam, the 29th chairman of BPC, also said the corporation is trying to encourage investors at home and abroad to build new hotels and motels to develop the sector.

"We got proposals from some investors in UAE, Japan, Australia and Malaysia, who are looking for large plots of land to establish tourist resorts in Bangladesh," he said.

In April, for example, Ras Al Khaima Investment Authority sought land in Chittagong and Cox's Bazar to establish an exclusive tourism zone.

The BPC chairman is very excited about the voting on seven natural wonders of the world, and has called upon every body to vote for Cox's Bazar and the Sundarbans to include these two places in the list of seven natural wonders. The voting will continue until November.

As of yesterday, Cox's Bazar is topping the list, while the Sundarbans is in the 15th position on the list of seven natural wonders of the world.

He said, "If Cox's Bazar can grab the top position, it will boost the country's economy, especially the tourism sector."

Many countries such as Singapore, Thailand and Malaysia have changed their economy very rapidly exploring the sector, the BPC chairman added.

ECONOMY

A tale of two trade balances: Germany surges, France plunges



File photos show customers busy at a German outlet (L) and vegetables for sale at a French shop (R). Germany's redoubtable exporters sparked a surge the country's June trade surplus in contrast to a deepening deficit in France, highlighting big industrial differences between two partners joined by the euro and strong bilateral trade.

AFP, Paris

Germany's redoubtable exporters sparked a surge the country's June trade surplus in contrast to a deepening deficit in France, highlighting big industrial differences between two partners joined by the euro and strong bilateral trade.

The German surplus jumped to 19.7 billion euros (30.4 billion dollars) in June from 14.3 billion in May, the federal statistics office said. The performance eclipsed forecasts of 15 billion dollar from analysts polled by Dow Jones Newswires.

The French deficit by contrast plunged to a record 5.64 billion euros

in June -- a shortfall that one French analyst described as "colossal" -- from 4.7 billion in May, the previous record.

The French deficit in the first half widened to 24.4 billion euros from 15.8 billion in the same period of 2007, with experts predicting that for all of 2008 the shortfall will likely break through the unprecedented barrier of 50 billion euros.

Analysts in both countries attributed the gaping performance differences to Germany's decades-old expertise and reputation for heavy-duty machine tools, equipment that enables companies to make their products and which is in hot demand

on international markets.

"German goods have been sought after on the global stage for many years ... and the product mix provided by Germany (is) better-suited to global demand," said Juergen Michels of Citi Research.

Such goods have a higher profile in German manufacturing than they do in France, he said.

"The manufacturing sector has a much higher share of GDP in Germany than in most other advanced economies," noted Matthias Rubisch of Commerzbank.

In addition, he said, German companies in many cases enjoy a compet-

itive advantage over their eurozone partners "due to very low wage increases."

French economist Alexander Law of the Xerfi research group pointed to structural reforms in Germany that have given German manufacturers an edge in foreign competition.

"The economy of our neighbor ... has seen profound structural reform over the past few years aimed at strengthening the capacity of their companies to compete in an international setting," he said.

Marc Touati of Global Equities added that German exporters "continue to benefit from good sector and geographical specialisation as well as

the modernisation of the German economy under way since 2003."

"French exporters suffer from poor sector and geographical specialisation and especially from the absence of structural reform..."

Germany in recent years has targeted red-hot markets in such emerging market powerhouses as Brazil, Russia, India and China.

"For Germany these countries -- in terms of export share -- are as important as the United States," Andreas Riess of UniCredit Markets and Investment Banking.

France on the other hand is seen by analysts as being less active than Germany in emerging markets.