

International Business News

US, China to hold top-level trade talks

AFP, Washington

The United States and China hold cabinet-level trade talks in California this week amid tensions over China's massive export surplus and worries about the slowing global economy.

The talks come in the sunset of George W. Bush's Republican presidency that has seen trade disputes with China over a host of issues, ranging from copyright infringement, automobile parts and investment barriers to toxic toys and pet food.

The latest attempt to get the World Trade Organization's Doha Round of negotiations off the ground foundered in July, leaving the world's largest economy and Asia's superpower squared off in their corners.

US Secretary of Commerce Carlos Gutierrez and US Trade Representative Susan Schwab, the lead negotiator at the July Doha talks in Geneva, will host Chinese Vice Premier Wang Qishan for the one-day meeting Tuesday.

Gutierrez and Schwab will co-chair the talks with Wang, who is responsible for Chinese economic and trade matters. US Secretary of Agriculture Edward Schafer will also participate in the session.

The talks will focus on three main issues -- "market access, intellectual property rights and transparency," Commerce Department spokeswoman Ann Marie Hauser told AFP late Friday.

EU finance chiefs still see no end in sight to crisis

AFP, Nice, France

The crisis roiling the financial sector will probably grind on for some time, but European banks should be able to avert serious trouble, EU finance chiefs said.

US investment bank Lehman Brothers' fight for its very survival over the weekend highlighted just how fragile the sector remains more than one year after the crisis first broke.

"Everybody who was saying for the last few weeks that the light was at the end of the tunnel have had the surprise of finding a locomotive bearing down on them," said German Finance Minister Peer Steinbrueck on Saturday.

With no end in sight to the crisis, the stability of the financial sector figured high on the agenda of a two-day meeting of EU finance ministers and central bankers in the French Riviera city of Nice.

"This financial crisis will be on our agenda for a great number of months to come," Luxembourg Finance Minister Jean-Claude Juncker said on Friday after the ministers debated Europe's preparations for banking sector turbulence.

"I am really convinced that we are not at the end of the financial crisis," said Juncker, who chairs the Eurogroup of finance ministers from the 15 euro countries and is also Luxembourg's premier.



AFP

Customers look at second hand clothes in a store in Manila yesterday. Second hand stores are booming in the Philippines as surging inflation, rising interest rates, and a sharp rise in food and fuel prices has had a crippling effect on the country's economy.

Fed likely to hold fire amid market, economic turmoil

AFP, Washington

The Federal Reserve is likely to maintain its stimulative interest rate policy on Tuesday in the face of renewed market turmoil and signs that the US economy remains in a funk, analysts say.

The Federal Open Market Committee (FOMC) headed by chairman Ben Bernanke is widely expected to maintain the federal funds rate at 2.0 percent, where it has been since April 30, even though that is below the pace of inflation.

The panel also is expected to shift gears, backing away from a pledge to lift interest rates at some point soon, despite hints since June that inflation is its main concern.

"The Fed clearly cannot raise rates -- that would send the economy and financial markets into a tailspin," said Sal Guatieri, senior economist at BMO Capital Markets.

"The market is pricing in a minimal chance of a rate cut, but I think that's fairly unlikely," Guatieri said.

China vows better food safety after baby milk scandal

AFP, Beijing

China vowed Sunday to improve its food safety supervision after confirming 432 babies suffered kidney stones and at least one died after drinking contaminated milk powder.

An efficient system should be set up to combine efforts of various ministries and bring food safety supervision "to a new level," Xinhua news agency reported, citing Health Minister Gao Qiang.

Gao said Saturday that kidney stones had been found in 432 babies nationwide since China was rattled by its most recent product safety scandal.

The number was sharply up from figures reported earlier which put the number of affected babies at about 150, with one dead. Kidney stones are rare in babies and can block their urinary tracts.

The figure was likely to rise further with the Beijing Evening News reporting Sunday that six more babies had been admitted to hospital with kidney stones.

EID SALES

Busy hours for traders



SOHEL PARVEZ

Salesmen are seen busy at a wholesale shop of Sharif Market, left, and a young man packs fabrics in another shop on Islampur Road in Old Dhaka yesterday.

SOHEL PARVEZ

Clothes retailer Nur Hossain had little time to spare. He rushed to the counter, cleared the payment and moved to another shop to complete his planned purchases yesterday, around 15 days to the Eid.

"I can't talk to you now," he said while coming out of a showroom of Pakija Textiles at the county's one of the biggest clothing wholesale markets -- Islampur in Old Dhaka.

Hossain, who came from northern district of Lalmonirhat to purchase clothes to meet Eid demand, bought 160 saris at Tk 39,000 from the Pakija stall, out of his planned 1,000 pieces.

Hossain is among those hundreds of retailers coming from across the country to buy various items mainly such clothes as punjabi, sari and three pieces from wholesale markets.

For punjabi, they rush to Sharif Market at Sadarghat. For local textile-based saris, three pieces and other clothing items, they run hastily around big wholesale clothing stores at Islampur to buy at competitive prices. Markets at Sadarghat and Islampur meet demand of the middle-class people.

At the Gauchhia market, a portion of retailers was also seen piling up their stocks with Indian dresses, influenced by the wearing trend of Bollywood film and serial stars. Gauchhia mainly offers clothes and dresses to the upper and middle class people.

The rush of retailers to the wholesale markets has started since Shab-e-Barat on August 17, and it will continue for at least another week. The clothes are being sold to the retailers in cash and on credit.

All the preparations are

meant for the biggest religious festival of the country's Muslims -- Eid ul-Fitr that helps clothing wholesalers and retailers generate bulk of their total yearly income. Other segments of the economy, directly or indirectly linked with the festival, also get a boost in business ahead of Eid.

"We generate around 80 percent of our total yearly sales in times of Eid. We take preparation for this season during the rest of the year," said Lutfar Rahman, owner of one of the biggest punjabi wholesalers LB Garments at Sharif Market that supplies punjabis across the country.

Rahman, about the other months of the year, said, "In other days, we have to sit idle. Our sales increase many folds during the month of Ramadan."

Market operators said the daily total sales of punjabi at the Sharif Market now run into

several crores of taka, up from about Tk 10 lakh before.

Rahman, also the general secretary of Shop Owners Association of Sharif Market, was upbeat about the sales this season as two biggest religious festivals -- Eid and Durga Puja -- will coincide.

"We may record higher sales this year. The only problem now is load shedding," he said.

Not all the wholesalers are buoyant about higher sales. A number of them are reporting low sales this Eid compared to the previous year.

Salespersons at various stores, mainly non-branded ones, said they witness low demand this year due mainly to erosion of peoples' purchasing capacity and flood in the northern parts of the country. They also said the anticorruption crackdown has affected the sales of clothes for Jakat.

"Except a few well-known wholesalers, most are facing

low pressure of buyers," said a busy salesman at a showroom of Pakija Textiles at Islampur yesterday. "Our sales are fine. But sales of many others are not satisfactory."

He said some branded textile and fabric manufacturers are facing increased buying pressure from the retailers.

Abul Bashar, in-charge of a showroom of Jony Textiles, the manufacturer of various clothing items such as sari, three pieces and lungi, said sales at the showrooms of Jony have increased remarkably during Ramadan.

"I don't know about others' sales but we are selling very high. Our daily sales have almost doubled now compared to the days couple of months ago," he said, adding that the clothes the retailers are buying now will be sold until Eid shopping continues.

According to Bashar, the clothes at the Islampur whole-

sale market meet the Eid shopping demand of the lower and middle class people, living mainly in towns and suburban areas of the country.

But the demand of middle class and upper class, living in big cities such as Dhaka is met mainly by boutiques and Indian clothes. The prices of Indian clothes are high compared with the prices offered in Islampur and Sadarghat wholesale markets.

At the Gauchhia market, wholesalers of Indian clothes are posting increased sales. The prices of Indian clothes, mainly three pieces coming from Kolkata and Mumbai, range from Tk 2,000 to Tk 10,000 each.

"Our sales have increased compared with the previous year," said a salesman at Fashion Palace, a wholesale shop of Indian clothes.

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ECONOMY

Inflation bites into Ramadan across Asia

AFP, Kuala Lumpur

In Muslim households across Asia, the inflation crisis is casting a shadow over the holy month of Ramadan, and making the nightly ritual of breaking the fast a more meagre affair.

From Afghanistan to Malaysia, the high prices of food are forcing the poor to go without, and curtailing the lavish evening buffets which the well-off have flocked to in better economic times.

In markets and bazaars, the mood is sombre as traders complain they have few customers for their traditional Ramadan fare, as people cut back on treats and delicacies.

"Our business strategy this year is just to stay afloat," said Azahari Wahab as he prepared "ikan bakar" barbecued fish over a wood fire at a Ramadan street market in the Malaysian capital Kuala Lumpur.

"I have been trading in bazaars for the past 20 years and this is the worst year for me. We usually prepare about 100 kilogrammes of fish a day but this time it is down to 30-40 kilos," he said.

As well as the lack of customers, he said the price of his ingredients had risen "more than 100 percent", as he packed a cooked fish heaped with spicy dressing in a banana leaf.

The fasting month, which culminates with joyful Eid al-



AFP

The picture taken September 5, 2008 shows a stall worker prepares roasted chicken wings to be sold for breaking fast at a Ramadan bazaar in downtown Kuala Lumpur.

Fitr celebrations, is a time of reflection during which Muslims abstain from eating, drinking, smoking and sex from dawn to dusk.

In Afghanistan, one of the world's poorest countries, the markets are packed with festive foods but the price of wheat alone has doubled over the past year and few can afford the pickles, sweets and special breads.

"We didn't have enough food before Ramadan anyway. For us, it's the same," said bus driver Mohammad Gul. "For the poor, it's always Ramadan."

In a crisis compounded by the Taliban-led insurgency that has hampered development and the delivery of food aid, the British charity Oxfam has warned that up to five million Afghans face severe

food shortages as winter looms.

"The food prices are very high," said civil servant Ghulam Haidar in the capital Kabul. "It's very difficult for poor people to buy them... the prices are scary."

Indonesia, the world's largest Muslim nation, saw a spike in the price of food in the lead-up to the fasting month, putting pressure on families

already hit hard by sharp rises in subsidised fuel prices.

Families in Jakarta have said rising food and fuel prices are limiting spending power for the nightly festivities.

"I used to serve dessert for my family to break the fast before we had the main meal consisting of rice. But as everything has become very expensive we can't afford it anymore," said Nena, a mother of six.

Across the region, at five-star hotels and government functions, sumptuous spreads are still on offer but there are fewer takers and prices have been slashed.

"Business is quite slow this year compared to last year, at least 20-30 percent less," said Rosihan Anuar Ahmad, sales director at Kuala Lumpur's glitzy JW Marriott where the buffet is half what it costs at other hotels.

"We are pricing our buffet strategically to attract customers to come and dine here and we are banking on big companies to treat their staff to a Ramadan dinner," he said.

In Bangladesh, where food prices traditionally spike during Ramadan, the government set up 7,500 special markets in the lead-up to the holy month, selling subsidised rice and other staples as the country grapples with food prices 45.5 percent higher than a year ago.

"We've tried not to put up prices of common items so

that poor people will still come," stallholder Mohammad Shukkor Miah said at Chawkbazar in the old quarter of the capital Dhaka.

"We have about half as many customers and our profits are lower. We have had to put up the price of specialty items and fewer people are buying those."

The traditional purchase of new clothes for Eid has been one of the first things to be sacrificed by Muslim families battling the tough economic times.

"We are not getting good response this year. There is a drastic decline of customers in bazaars," said Irfan Beg, owner of a large garment store in the Pakistani capital Islamabad.

"Last year we had to hire extra salesmen to meet the Eid rush but there are very few customers in the market this year. People say they cannot buy traditional 'iftar' items, how can they think of the Eid luxuries?"

While national leaders and newspaper editorials recommend the faithful hold more simple celebrations this year, some feel that financial constraints should be put aside during the holy season.

"What is Eid without the food, cookies and clothes? It is a time to celebrate and thank Allah for his blessings," said Raina Samat, a 23-year-old sales assistant in Kuala Lumpur.