

# Pakistan working to give India 'most favoured nation' status

AFP, Islamabad

Pakistan on Thursday said it would restart work on improving trade ties with arch-rival India when the two nations' foreign ministers meet in Islamabad next month.

Pakistan had pledged to grant India "Most Favoured Nation (MFN)" status by the end of 2012, meaning Indian exports would be treated the same as those from other nations, but so far has not done so. India granted Pakistan MFN status in 1999.

"When the dialogue process resumes, we hope to build on the work already done in this regard," Pakistan's top foreign ministry bureaucrat Aizaz Ahmad Chaudhry told AFP at a weekly press briefing.

The foreign secretaries of Pakistan and India are set to meet in Islamabad on August 25 in the neighbouring countries' latest attempt at improving ties.

The proposed meeting, announced

by Pakistan's foreign office on Wednesday, comes after Pakistan's Prime Minister Nawaz Sharif held talks with his Indian counterpart Narendra Modi in New Delhi following the Hindu hardliner's inauguration in May.

Chaudhry said there were number of issues on both sides for normalising bilateral trade which included "making sure that vulnerable sectors are protected and the issue of the non-tariff barriers in India and the issue of imbalance of trade and certain other infrastructure-related issue."

MFN status will mean India can export 6,800 items to Pakistan, up from around 2,000 at present, and the countries aim to lift bilateral trade to \$6 billion within three years, officials have said.

Trade between the two countries is presently around \$2.5 billion, with Indian exports accounting for \$1.75 billion, according to the Karachi

Chamber of Commerce and Industry.

A further \$3 billion is thought to be channelled through Dubai, almost all of it in Pakistani imports, though the business community believes that if Pakistan grants India MFN status the imbalance could change.

India and Pakistan have directed their peace efforts towards "trade diplomacy" in a bid to build enough trust to tackle thornier issues that divide them, such as the disputed Himalayan territory of Kashmir.

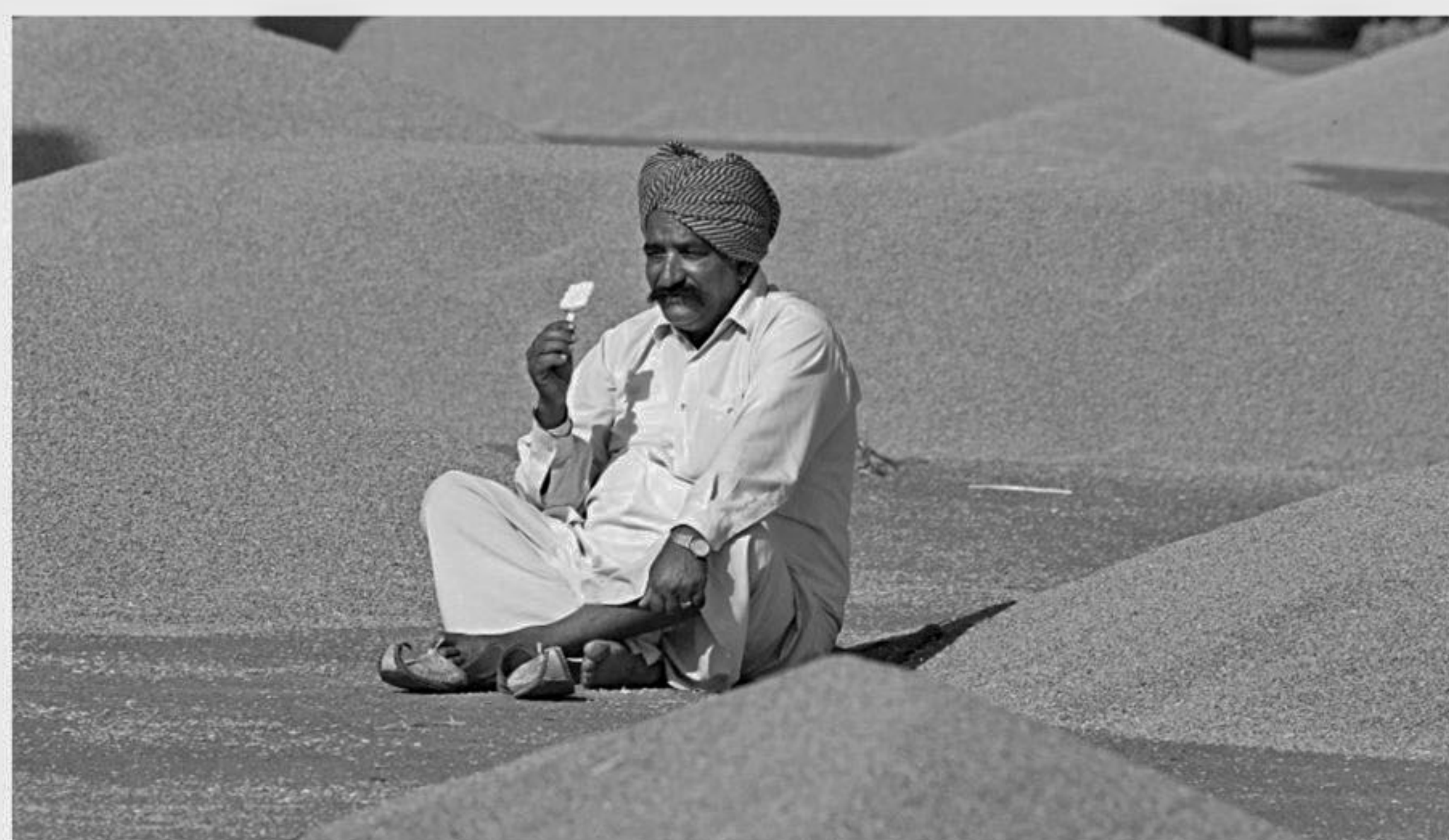
Bilateral relations broke down after attacks by Pakistani gunmen on India's commercial hub Mumbai in 2008, in which 166 people were killed, though relations have recovered slightly since then.

India in August 2012 lifted a ban on foreign investment from Pakistan except in defence, space and atomic energy in a step designed to build goodwill amid the renewed push for a peace settlement.



India's Prime Minister Narendra Modi shakes hands with his Pakistani counterpart Nawaz Sharif at the former's swearing-in ceremony in India.

AFP/FILE



REUTERS

A farmer eats an ice-cream as he waits at a wholesale grain market in Chandigarh. India will free up another 10 million tonnes of wheat in the open market, the country's Food Minister Ram Vilas Paswan said yesterday after a cabinet meeting, as part of efforts to keep a lid on food prices.

## Asian economies to struggle on weak export demand

REUTERS, Bangalore

The outlook for emerging Asia has dimmed further this year on weak demand for exports, although growth in India is expected to accelerate into 2015 even as China is held back in part by a slowing property market, Reuters polls showed.

China and India have been stung by the West's slow recovery from the Great Recession and, adding to the problem, both countries have struggled to implement reforms at home to boost productivity and consumer spending.

But signs of stabilisation have emerged in China, the world's second-largest economy, which grew by a slightly-faster-than-expected annual 7.5 percent in April-June, thanks to a raft of government stimulus measures.

Chinese manufacturing expanded at its fastest pace in 18 months in July,

according to a preliminary HSBC survey of purchasing managers on Thursday.

However, economists in the Reuters survey conducted from July 17-23 were wary about pushing growth forecasts much higher. They now expect the Chinese economy to grow 7.4 percent in 2014, a modest increase from the 7.3 percent predicted in April, according to 44 respondents.

They expect growth to slow to 7.2 percent next year. That underlines the limited effect that government stimulus measures have had so far and reflects worries that a property market slump could worsen and hurt the broader economy.

Chinese exports rose 7.2 percent in June from a year before, lower than expected. They were up only about 0.9 percent in the first half compared with a year earlier, compared with year-on-year growth of close to 10 percent in January

to June 2013.

"The mini-stimulus measures have helped to support growth in the second quarter but we see some downside risks stemming from a property market correction due to oversupply and uncertain external demand," said Jian Chang, an economist at Barclays in Hong Kong.

Economists in the poll also cut 2014 growth forecasts for India, Indonesia, the Philippines, South Korea and Thailand while Australia and Malaysia were predicted to expand at a slightly faster pace.

The forecast for Thailand was cut the most after months of political turmoil that led to a military coup in May, as well as the continuing weakness of exports. Its economy is expected to grow by just 1.8 percent in 2014, down from the 2.6 percent forecast in April.

## More than 2.2b people 'poor or near-poor': UN

AFP, Tokyo

More than 2.2 billion people are "poor or near-poor", with financial crises, natural disasters, soaring food prices and violent conflicts threatening to exacerbate the problem, a United Nations report said Thursday.

While poverty is in decline worldwide, growing inequality and "structural vulnerabilities" remain a serious threat, said the report by the United Nations Development Programme (UNDP), released in Tokyo.

Nearly 1.5 billion people in 91 developing states live in poverty while another 800 million are teetering on the edge, it found.

"Eliminating extreme poverty is not just about 'getting to zero'; it is also about staying there," said the agency's 2014 Human Development Report.

"Those most vulnerable to natural disasters, climate change and financial setbacks must be specifically empowered and protected."

"Making vulnerability reduction central in future development agendas is the only way to ensure that progress is resilient and sustainable," it added.

UNDP chief Helen Clark said this was the first time that the annual study looked at vulnerability and resilience jointly "through a human

development lens".

"If life-cycle and structural vulnerability are addressed, and conscious efforts are made to lift resilience to crisis and disaster, then I have no doubt that many of the kind of setbacks we see today to human development can be averted in future," Clark said at an event for the report's release.

The study, entitled "Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience", called for making basic social services available to all and putting full employment at the top of the development agenda.

"Providing basic social security benefits to the world's poor would cost less than two percent of global GDP (gross domestic product)," it said.

"A basic social protection package is affordable so long as low-income countries reallocate funds and raise domestic resources, coupled with support by the international donor community."

About 1.2 billion people survive on the equivalent of \$1.25 or less per day, the UNDP said.

"If you are poor, you are less able to handle several shocks; you may also be disabled, you may also be older. So you have more layers of things against you," Khalid Malik, the report's lead author, told reporters ahead of its release on

Thursday.

Key to dealing with the problem was focusing government policy on jobs and social safety nets, the study said.

"Structural vulnerabilities are often manifested through deep inequalities and widespread poverty," it said.

"The poor, women, minorities (ethnic, linguistic, religious, migrant, or sexual), indigenous peoples, people in rural or remote areas or living with disabilities, and countries landlocked or with limited natural resources tend to face higher barriers."

"Unemployment tends to be associated with an increase in crime, suicide, violence, drug abuse and other social problems. Therefore, the social benefits of a job far exceed the private benefit -- the wage."

Japanese Prime Minister Shinzo Abe, who attended the report's launch, pointed to a fast-approaching deadline for Millennium Development Goals -- global targets aimed at cutting poverty, millions of avoidable deaths and improving equality by 2015.

"The targets' deadline is approaching quickly," Abe said.

"How are we going to drive development after the deadline? International debate is heating up over the post-2015 development agenda."

## Swatch Group denies working with Apple on smartwatch

REUTERS, Zurich

Swiss watchmaker Swatch Group has denied a media report saying it was working with technology company Apple on a smartwatch, a wearable device with interactive functions.

Technology website VentureBeat said in a report on Wednesday Apple was working with "at least one partner, Swatch" on a smartwatch project, citing an unnamed source.

A spokeswoman for Swatch Group said on Thursday the report was unfounded. She said the only business relationship Swatch Group had with mobile phone makers was as a supplier of integrated circuits and other electronic components.

Signs are mounting that Apple, which landed huge successes with its iPhone mobile phones and iPad tablets, is preparing the launch of an iWatch, following the commercialisation of smartwatches by rivals such as Samsung and LG Electronics.

Swatch Group shares rose 2 percent to 510 Swiss francs by 1045 GMT, outperforming a 0.2 percent higher European sector index.

"I have no doubt that Swatch is up on the back of these press reports - against a rather dull market and sector performance today," Exane BNP Paribas analyst Luca Solca said, adding smartwatches seemed to be at the centre of attention in the investment community.

JPMorgan analysts said in a note the VentureBeat article looked questionable because they would find it surprising if Swatch launched products under its own brands to link them to Apple applications, as the report had suggested.



REUTERS

An Apple iPad Air tablet is displayed inside the Apple Store on New York's fifth avenue, after the iPad went on sale.

## With sales sputtering, Apple's iPad looks to IBM alliance

REUTERS, San Francisco

Apple Inc's iPad is losing steam just four years after its release, but an alliance with International Business Machines Corp could rejuvenate a flagging product by entering into a largely untapped corporate market.

Apple shipped 13.2 million iPads in the June quarter, 8 percent fewer than a year earlier and lagging Wall Street's forecast for 14 million or more. Sales of the device, which accounted for 15 percent of revenue, fell short of Wall Street's expectations for the second quarter in a row.

Apple helped create the tablet market in 2010 with its first iPad. But growth has plummeted from 2012, as larger phones became more popular and people delayed replacing their tablets. And it is ceding market to mostly cheaper Android offerings from Samsung Electronics Co Ltd and Chinese manufacturers using Google Inc software.

Chief Executive Officer Tim Cook described iPad sales as "very bifurcated" - they continue to grow at 50 percent or above in emerging markets such as the Middle East and China, but in developed countries like the United States, the "market is weaker."

Research firm IDC lowered its forecast for 2014 worldwide tablet demand growth to 12.1 percent - a fraction of the 51.8 percent expansion of 2013. The first quarter of this year also saw Apple's market share slide to 32.5 percent, from 40 percent a year earlier.

"The tablet market globally has really

hit a wall," said Cantor Fitzgerald analyst Brian White.

Another threat to iPad sales may come from within. Apple is expected to introduce a larger 5.5-inch (14.0-cm) iPhone in the fall. At those dimensions, the iPhone would begin closing in on the 7.8-inch (19.8-cm) iPad mini.

"You have the negative impact of the larger screen iPhone and what that would do to iPad mini," said Piper Jaffray analyst Gene Munster. "You're going to get a larger screen iPhone before you'll get contributions from the IBM partnership."

Investors hope the partnership with IBM announced this month will help bolster sales in the largest global enterprises, which could provide a boon to U.S. tablet sales.

Cook cited IDC figures showing that iPad penetration among businesses stood at about 20 percent, versus 60 percent for notebook computers.

Analysts say the alliance, in which the two companies will work on a suite of secure business apps, may take years to show up in the bottom line. But they see potential in marrying IBM's business-software expertise with Apple's hardware and services.

"I do believe Apple can leverage IBM's channel," said White.

Growth areas include the retail sector, where employees may increasingly use tablets for inventory management, as well as financial services, and transportation, he said. Other promising sectors included education and healthcare.

## GM profit skids on recall costs

AFP, New York

General Motors on Thursday posted a sharp drop in second-quarter profit as the automaker took heavy charges for massive recalls and a compensation fund for victims of faulty ignition switches.

GM net profit dived 85 percent from a year ago to \$190 million, well below analyst expectations.

Adjusted earnings per share of 58 cents came in a penny below estimates. The largest US automaker took a pre-tax net loss from special items of \$1.3 billion, and a \$1.2 billion charge mainly for recall-related repairs of

vehicles.

It took a special charge of \$400 million for the ignition-switch compensation program.

"There is no cap on this program, but this charge is the company's best estimate of the amounts that may be paid to claimants," GM said in a statement.

Due to the unlimited cap, it estimated the total cost of the program could increase by \$200 million.

The Detroit-based company said it was estimating future recall costs in North America and, as a result, it was taking a \$900 million charge in the second quarter for possible

recalls for up to the next 10 years on 30 million GM vehicles currently on the road.

GM has been under scrutiny since publicly acknowledging 13 deaths in 54 accidents linked to the ignition-switch defect in several models no longer being manufactured. The company has recalled 2.6 million cars since February for the faulty switch.

The company is under federal and congressional investigations, and multiple lawsuits, for its delayed recall of the cars.

GM has recalled roughly 30 million vehicles so far in 2014.