

# India, isolated, toughs it out in WTO food-stockpiling row

REUTERS, New Delhi/Geneva

India defied the world on Wednesday in a row over food stockpiling that has crippled attempts to reach a global trade agreement, raising doubts that back-room talks can reach a compromise before a Group of 20 summit this month.

At the end of July, Prime Minister Narendra Modi pulled the plug on implementing a so-called trade-facilitation deal struck in Bali last year, linking it to the emotive issue of rural poverty in his country of 1.25 billion people.

India wants to keep a so-called 'peace clause' that protects its huge state food purchases until the World Trade Organisation can strike a definitive deal on stockpiling. As originally envisaged in Bali, the clause would expire in four years.

Critics say food stockpiling amounts to paying farmers to produce food, building food surpluses that will eventually get dumped on world markets.

New Delhi's blockade has plunged the WTO into its worst crisis in two decades, leading Director General Roberto Azevedo to float the idea of abandoning the consensus principle on which the 160-member group operates.

Modi's tough line jars with the 'Make in India' pitch he has taken to invest



Indian Prime Minister Narendra Modi waves as he takes part in a run for unity after flagging it off to mark the birth anniversary of Indian freedom fighter and a lawmaker Sardar Vallabhbhai Patel, in New Delhi on October 31.

tors abroad in his first five months in charge. Having failed to make progress on trade when he met US President Barack Obama in Washington, he could be isolated at his first G20 summit of world leaders in Brisbane, Australia, on Nov 15-16.

"India's position on trade facilitation has been completely misunderstood because of unreasonable positioning by some of the developed countries," Finance Minister Arun Jaitley told a World Economic Forum conference in New Delhi.

Jaitley repudiated suggestions that India was

fundamentally opposed to trade facilitation, which would entail easing port and customs procedures.

A senior US trade official said there was still hope all WTO members would agree but "if we are unable to do so I think there is a lot of interest among countries in exploring alternatives for those countries who at least initially want to move ahead with those obligations."

India has begun back-room efforts to break the deadlock, sending a top trade ministry official to Geneva this week for talks with Azevedo and key WTO members.

Trade diplomats said there was no hint, however, that a compromise could be reached on India's demands, which have been vague and varied in the months since its veto.

On Monday, Modi held a meeting of Indian trade ministry officials to discuss how the deadlock could be broken without compromising India's food-security concerns.

"If India has to submit a proposal, it would be presented at the right time," a senior trade ministry official with direct knowledge of the matter told Reuters.

India refuses to bow to foreign calls to scale back a

scheme to buy wheat and rice that it distributes to 850 million people. In a recent disclosure to the WTO, India said those purchases cost \$13.8 billion in 2010-11, part of the \$56.1 billion it spent in total on farm support.

"All that we are requesting is the settlement of the dispute with regard to the food stock holdings, and the peace clause must continue to co-exist," Jaitley said.

Diplomats say that without a WTO deal on trade facilitation, countries could simply tack the draft agreement onto their existing membership terms. They say this would put the onus on India to object, and explain why its interests had been damaged.

Yet economists say WTO members lack any effective means to bring pressure to bear against Asia's third-largest economy, home to a sixth of the world population.

"It's an issue that in India is so politicised; you have hordes of the population living in poverty and depending on food aid," said Shilan Shah, an economist who covers India at Capital Economics in London.

"The WTO hasn't really shown the kind of will to move on without India's agreement. What it demonstrates is how important India is to the global trading community."



Shajahan Khan, shipping minister, cuts a ribbon to mark the handover of BNS Khanjahan Ali, an oil tanker, at Meghnaghat in Narayanganj yesterday. Ananda Shipyards built the tanker for Bangladesh Navy.

## Ananda Shipyards delivers oil tanker to Bangladesh Navy

STAR BUSINESS DESK

Ananda Shipyards and Slipways delivered a 2,774 deadweight tonnage fuel replenishing oil tanker to Bangladesh Navy yesterday.

Shipping Minister Shajahan Khan attended the ceremony at Meghnaghat in Narayanganj.

Ananda was awarded the contract for the tanker-BNS Khanjahan Ali-after it qualified technically and financially in a competitive international tender participated by 11 shipyards from Europe and Asia, the shipbuilder said in a statement. "This was the first ever order received by any Bangladeshi shipyard for a special naval vessel through international competitive tender."

The 80-metre-long tanker can sustain sea state 5 in refuelling operation in a war field and can refuel two war ships simulta-

neously, keeping all the three ships on the move, according to the statement.

"It can go 24.5km per hour with full load and is equipped with features like unmanned machinery and unrestricted navigation."

The minister praised the shipbuilding activities of Ananda and mentioned its contribution in making Bangladesh known to the world as a shipbuilding nation.

He also assured them of providing continuous support of his government to develop the sector further.

Abduallhel Bari, chairman of Ananda Shipyards, expressed his gratitude to Bangladesh Navy and the government for placing this order with Ananda and trusting its technical prowess.

Afruja Bari, managing director of the shipyard, and Md Monjurul Islam, lawmaker from Gaibandha-1, were also present.

## Adidas profits trip in third quarter

AFP, Frankfurt

Adidas, the German maker of sportswear and equipment, said Thursday that profits were down in the third quarter due in part to exchange rate effects, but it is sticking to its full-year targets.

Adidas said in a statement that its net profit fell by 11 percent to 282 million

euros (\$352 million) in the period from July to September.

Underlying or operating profit fell by 12.7 percent to 405 million euros while sales grew by 6.2 percent to 4.118 billion euros.

"During the third quarter of 2014, the Adidas group continued to deliver robust top-line results," said chief executive Herbert Hainer.



Citi and Bangladesh Bank officials pose during the third consecutive Electronic Payment Roadshow event organised by Citi in Mymensingh on Saturday.

## Travel chaos hits Germany as train drivers widen strike

AFP, Berlin

German train drivers extended their unprecedented nationwide strike Thursday to passenger services, causing travel chaos for millions and drawing fierce criticism.

The work stoppage by the GDL trade union hit long-distance and regional rail services as well as commuter S-Bahn train networks from 0100 GMT.

The strike -- the union's sixth bout of industrial action since September -- kicked off with freight services on Wednesday, added passenger trains on Thursday and is due to continue until early Monday.

But German rail operator Deutsche Bahn announced it had taken legal action in a bid to halt the walkout, saying it wanted to "do everything it could" to resume service.

It said the strike had caused "massive disturbance" but that it aimed to ensure a third of intercity transport services kept running.

About one in three regional trains and S-Bahn services were running in the west and north of the country, about 40 percent in the south and between 15 and 30 percent in the east, the company said.

Politicians and industry groups have voiced fears about the impact of the strike, which is the longest in Deutsche Bahn's 20-year history, and will hit weekend celebrations for the 25th anniversary of the fall of the Berlin Wall.

Chancellor Angela Merkel insisted that the right to strike had to be carried out "responsibly" and "with a sense of proportion" in comments to reporters on Wednesday.

But she appealed for arbitration so the strikes would "for us as a country do the least possible damage".

Late Wednesday, the GDL union rejected an arbitration offer by Deutsche Bahn, which has slammed the latest walkout as "pure bullying".

GDL says Deutsche Bahn is stonewalling in talks over workers' demands for a five-percent wage hike and a shorter working week of 37 hours.

Union leaders also want to represent other groups of employees within Deutsche Bahn such as conductors, catering staff, dispatchers, and not just drivers.

Rail users at Berlin's main train station tried to stay patient despite the disruption during Thursday's morning rush hour.

Student Gloria Menner said she understood the strikers' anger but that it was "very annoying" to face a two-hour journey to get to university in the neighbouring city of Potsdam.

"I also work in the public sector and you can't go out onto the street all the time like that," another traveller, Anna Serafinska, said.

Deutsche Bahn said in a statement that it was aware its temporary injunction with the Frankfurt labour tribunal could fail as judges in the past had mostly ruled against employers.

"We accept this risk however and have extensively demonstrated to the court what numerous substantial offers we have put to GDL in the past," the company's head of personnel, Ulrich Weber, said.

The BDI Federation of German Industries criticised the union's action as "irresponsible" and warned of "enormous economic costs".

"Such a long strike will also lead to empty warehouses and therefore to incalculable risks of production shortfalls," it said in a statement.

With as many as two million visitors expected to travel to the German capital this weekend for events marking a quarter-century since the Berlin Wall was torn down, media commentators were also scathing.

"The train drivers are damaging themselves, the right to strike and democracy by abusing a celebratory day of freedom for their strike," Die Welt daily said.

## Australia keen on China-backed infrastructure bank

AFP, Sydney

Australia on Wednesday said it was keen to join an Asian infrastructure lender seen as a counterweight to Western-backed international development banks, but said changes to its set-up were needed.

China and 20 other countries last month put their names to a memorandum of understanding to establish the Chinese-driven Asian Infrastructure Investment Bank (AIIB) at a ceremony in Beijing.

The institution, reportedly to be based in Beijing, is expected to have initial capital of US\$50 billion to address the region's burgeoning demand for transportation, dams, ports and other facilities, officials say.

But precise details about the bank, including governance and transparency issues, remain elusive and big economies such as the United States and Japan, as well as Australia, turned down an initial request to join.

Australian Prime Minister Tony Abbott told The Australian newspaper he would encourage other nations to back the bank once it was clear it was a "genuine bank" rather than an arm of just one country's foreign policy.

## Apec set to launch study on China-backed free trade area

REUTERS, Beijing

Leaders will agree to launch a study on a China-backed free trade area at next week's Asia-Pacific Economic Cooperation meeting in Beijing, an Apec official said, amid controversy over competing US and Chinese visions for regional trade.

China is pushing the Free Trade Area of the Asia-Pacific (FTAAP) at Apec, but some see the proposal as a way to divert attention from the more comprehensive US-backed Trans-Pacific Partnership (TPP) plan being negotiated by 12 countries, not including China.

"A study has always been on the table, and there's been agreement on this, but it's not an opening of negotiations," Alan Bollard, executive director of Apec Secretariat, told reporters at a briefing on Thursday. Bollard said the plan to conduct the research would be "a big deliverable".

Carried out over the next two years, the study would investigate the possibility of the FTAAP, how long it might take and whether it would "need to go through" TPP or another Beijing-backed framework called the Regional Comprehensive Economic Partnership (RCEP), he said.

The Wall Street Journal reported on Nov. 2 that the United States was trying to block China's efforts to use the Apec summit to push for the launch of a feasibility study on the FTAAP, a move typically seen as an opening of negotiations.

China's official Xinhua news agency said senior officials had "decided to submit the initiatives about



A Chinese worker rests on a scaffold at the media centre for the Asia-Pacific Economic Cooperation summit in Beijing yesterday.

the realisation of FTAAP" to the upcoming Apec ministerial and economic leaders meetings, but did not give details.

Ministers from 12 countries will meet on the sidelines of Apec to discuss the TPP, a deal that falls outside of the summit's agenda but aims to tackle the kind of market restrictions still seen in China's economy.

China's Foreign Ministry did not directly address the prospect of the TPP ministers meeting when asked at a press briefing on Wednesday, but said it hoped countries would focus on Apec tasks at hand.

"The topics at this Apec meeting are very rich and will play an important role in promoting the integration of the Asia-Pacific region and the

establishment of a free trade area," ministry spokesman Hong Lei said.

"We hope all member countries can concentrate on discussions of integration, and advance the important outcomes of this meeting," Hong said.

China has not been enthusiastic about the TPP, fearing that it is being used by Washington as a way to either force it to open markets by signing up or else isolate it from other regional economies as trade is diverted to TPP signatories.

The TPP is widely seen as the economic backbone of US President Barack Obama's "pivot" to Asia, what some experts view as an attempt to balance China's rise by establishing a larger US presence in the region, including military assets.

## Britain launches probe into British bank competition

AFP, London

Britain's main banks, including HSBC and Barclays, will face a formal investigation into their dominance of services offered to individuals and businesses, the country's competition watchdog announced Thursday.

"After carefully considering the consultation responses, most of which supported a market investigation, we remain of the view that there should be a full market investigation into the sector," said Alex Chisholm, chief executive of the Competition and Markets Authority (CMA).

"Effective competition in retail banking is critically important for individual bank customers, small and medium-sized businesses, and the wider economy," he added in a statement.

Britain's bailed-out lenders Royal Bank of Scotland and Lloyds Banking Group will also be investigated, which together with HSBC and Barclays form the country's biggest banks. The CMA noted "very little movement over time in the market shares of the four largest banks, which provide over three-quarters of personal and business current accounts".

## Infosys to hire 2,100 people in US

REUTERS

Infosys Ltd said it plans to hire over 2,100 people in the United States as the company works towards scaling up its global presence and boost key work areas like client relationship management and consulting.

Like most rivals, India's second biggest IT services provider gets the major chunk of its business from clients in the United States. Infosys said on Thursday the hiring will include up to 300 management and technology graduates who will work across multiple technology domains including digital, big data, analytics and cloud.

Up to 180 graduates will be recruited into the Infosys consulting practice in the United States, the company said.