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WTO CELL  
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**Work on three mega industrial uplift projects underway**

The under completion projects of 'Sialkot Business and Commerce Centre' and 'Sports Industries Development Centre' at Sialkot would open the new vistas of socio-economic and industrial development in Sialkot region. This project would be helpful in providing a shared display facility for whole of the Sialkot industry, besides, helping to promote and export of Products from Sialkot based Industries. Dr Sarfraz Bashir Former Senior Vice President of Sialkot Chamber of Commerce and Industry (SCCI) said that this international standard project would also have an easy access to Sialkot Airport, Sialkot-Lahore Motorway and Sialkot-Swedish Engineering University. SMEDA would also spend Rs 272.61 on the establishment of an international standard "Sports Industries Development Centre Sialkot", this mega project would enable Sialkot's sports goods sector to adopt new technology of mechanized soccer ball, which is threatening the current hand stitched soccer ball industry of Sialkot. (Business Recorder, 08<sup>th</sup> September, 2008)

**Doha will fail without safeguards for agriculture in poor countries**

The fundamental idea of the Special Safeguard Mechanism, an improved substitute for the old Special Safeguard Clause (SSG), is to permit developing countries to raise tariffs beyond bound levels to protect farmers from falling domestic prices arising from import competition. For developing country farmers, however, a price-based SSM would seem to be more appropriate to guard against exceptionally low world price episodes. Furthermore, imports can be unrelated to low prices, for instance in case of a domestic harvest shortfall. In a drought, for example, domestic prices could rise while imports also increase. Unlike the old SSG, a price-triggered special safeguard mechanism would not be conditional on Uruguay-Round tariffication, and not linked to a reference price at a specific date. Instead, under a price-triggered SSM specific reference prices should be revised periodically by the WTO secretariat to follow long-term changes in world market price conditions. (Business Daily, 08<sup>th</sup> September, 2008)

**Iran's inflation tops 27 percent**

Iran's inflation hit 27.6 percent in the calendar month of Mordad that ended August 21, the central bank said, as Iranians were again battered by rising prices of basic foodstuffs and goods. Based on the central bank figures, the daily concluded that food spending for such a family has been doubled in one year, from 870,000 rials (90 dollars) to 1,830,000 rials (188 dollars). (Business Recorder, 08<sup>th</sup> September, 2008)

### **Finance dissatisfied with privatization pace**

The Ministry of Finance (MoF) has shown dissatisfaction over the pace of Privatization Commission's (PC) divesting public sector entities, and demanded of it to take some big strides to meet the target for revenue generation from privatization proceeds. The government had an ambitious target to get revenue from the privatization proceeds for the current fiscal year. The government is also facing great pressure from international financial institutions (IFIs) to raise as much income as it can from the privatization programme. Heavy Electrical Complex (HEC) and National Power Construction Company (NPCC) are being targeted for sell-off in September 2008. (Business Recorder, 09<sup>th</sup> September, 2008)

### **Global economy faces tough test: IMF**

The global economy faces its most difficult test in many years with growth slowing sharply as high commodity prices put pressure on inflation, a senior International Monetary Fund official said. Central banks in advanced economies could afford to keep interest rates on hold. The IMF's last forecasts in mid-July were for global growth of 4.1 percent in 2008 and 3.9 percent in 2009. In mid-July, the IMF forecast US growth of 0.3 percent in 2008 and 1.9 percent in 2009 on a Q4/Q4 basis, with full-year growth seen at 1.3 percent in 2008 and 0.7 percent in 2009. In the euro area, the IMF projected growth on a Q4/Q4 basis at about 0.75 percent in 2008 and about 1.5 percent in 2009, from 1.3 percent and 1.7 percent respectively in mid-July. Lipsky said that although the IMF expected commodity prices to remain high in real terms, slower growth and cheaper oil should help to contain inflation pressure in advanced economies. (Business Recorder, 10<sup>th</sup> September, 2008)

### **Economic nationalism worries EU business in China**

A rising tide of economic nationalism in China is deterring investment by European companies and hampering access to the domestic market, the European Union Chamber of Commerce in China said. EU businesses remain optimistic because of China's strong economic growth but face increasingly sophisticated protectionism based on lobbying by domestic special interest groups and a tendency to favour local companies, according to the chamber's annual position paper. "Economic nationalism is rising. Wuttke noted that no European company had made a major acquisition in China and said protectionist barriers closed off foreign direct investment in a number of key sectors. "FDI cannot come in order to buy a steel company or a car company." (Business Recorder, 10<sup>th</sup> September, 2008)

### **China's policy chiefs talk up economic prospects**

China's economy is in good shape and policy makers are confident that they can sustain stable growth while reining in inflation, Vice-Premier Wang Qishan said. The overall economic situation is quite sound," he said. China's annual economic growth slowed to 10.1 percent in the second quarter of this year from 11.9 percent in all of 2007. Wang acknowledged that China had run into headwinds, including slowing external demand, higher energy prices and global financial turbulence. "Currently China's domestic consumption is rising rapidly. Growth in our exports and imports is also stable. Chen acknowledged that some Olympic host countries had suffered a post-Games growth hangover. In the case of Beijing, the capital city accounts for only 4 percent of national output and less than 1 percent of investment. (Business Reorder, 09<sup>th</sup> September, 2008)

### **World growth inconsistent, says IMF**

The IMF predicts that global growth will crawl to three percent in late 2008 from five percent in 2007 and could climb back "toward four percent in the course of 2009." A source close to a G20 delegation indicated at the end of August that the IMF had dropped its latest world growth projections for 2008 to

3.9 percent from 4.1 percent and 3.7 percent from 3.9 percent for 2009. For the eurozone, growth will be limited to 0.75 percent for late 2008 and climb to 1.50 percent by the fourth quarter of 2009. (The Post, 10<sup>th</sup> September, 2008)

### **Top Chinese economic official to hold talks in US**

China's Vice Premier Wang Qishan will visit the United States next week and will discuss bilateral trade issues with top US officials, the foreign ministry announced on 09<sup>th</sup> September, 2008. Wang will co-chair the meeting with US Trade Secretary Carlos M. Gutierrez and US Trade Representative Susan Schwab, Jiang said. China's currency and its bulging trade surplus have dominated the trade agenda between the two nations recently. (The Post, 09<sup>th</sup> September, 2008)

### **FTA with GCC to be inked this year**

The Free Trade Agreement (FTA) between the GCC countries and Pakistan will be signed in their next meeting scheduled to be held later this year. The Free Trade Agreement (FTA) between the GCC countries and Pakistan will be signed in their next meeting scheduled to be held later this year the meeting was attended by the representatives of Gulf countries and Secretary, Ministry of Commerce, besides Pakistan Ambassador in Riyadh. (Business Recorder, 11<sup>th</sup> September, 2008)

### **Good practices for doing business: Pakistan ahead of India and Bangladesh**

Pakistan ranks 77 in good practices applied for doing business as compared to Bangladesh and India that rank 110 and 122 respectively, a World Bank report revealed. The report shows that there are eleven procedures required to start a business in Pakistan in contrast with India where the number is 13, whereas it requires just seven procedures in Bangladesh to start a business. Pakistan stands 43rd on the table regarding the rigidity of employment while India is 30th and Bangladesh 35th, the report stated. Pakistan requires \$680 per container to import, while India requires \$960 and Bangladesh \$1375. (Business Recorder, 11<sup>th</sup> September, 2008)

### **Commerce Ministry enumerates higher benefits of duty exemptions**

The Ministry highlighted benefits of duty concessions and tariff reductions and free trade agreements (FTAs) available to local industrial sectors and investors. According to the Ministry, the government has provided concessions in duty on import of plant and machinery for agriculture, construction, power generating, petroleum/mining exploration and for other export-oriented sectors, etc to encourage investment in these vital sectors with a view to increasing industrial activity, enhancing exports, providing employments, and enhancing overall economic growth in the country. The benefits from investments in these sectors are far more than the cost of duty concessions. The Commerce Ministry stated that economic growth depends on investment. (Business Recorder, 11<sup>th</sup> September, 2008)

### **Germany, UK and Spain face recession**

The Commission expected the 27-country European Union economy to expand by 1.4 per cent this year, and the 15-country eurozone by 1.3 per cent, below the 2 per cent and 1.7 per cent it expected in its last forecasts, released in April. Jean-Claude Trichet, European Central Bank president, struck a more upbeat tone, telling the European Parliament that the “current episode of weak economic growth is expected to be followed by a gradual recovery”. The Commission forecast eurozone inflation would average 3.6 per cent this year – above the ECB target of an annual rate “below but close” to 2 per cent. The economic outlook would also depend increasingly on the financial system’s fate. (Financial Times, 11<sup>th</sup> September, 2008)

### **UK goods trade gap narrows slightly**

Britain's goods trade gap narrowed slightly in July but the deficit on oil hit a record high, perhaps because of changing maintenance patterns at North Sea installations, official statistics showed. Economists had forecast a deficit of 7.5 billion pounds. The goods trade gap with non-EU countries was broadly flat at 4.726 billion pounds versus 4.774 billion pounds in June. Analysts had forecast a deficit of 4.55 billion pounds. (Business Recorder, 11<sup>th</sup> September, 2008)

### **Key players ready to try again for WTO deal: Lamy**

Major economies are ready for another shot at the Doha Round negotiations to clinch an accord on freeing up global commerce, World Trade Organization (WTO) chief Pascal Lamy said. Trade officials from the United States, European Union, India, Brazil, China, Japan and Australia met to discuss next steps for the WTO accord are due to meet again next week. Ministers from those seven economies locked horns in July over the workings of an emergency tool to shield poor farmers during import surges or price drops, with India pressing hard for more protection. That technical dispute sank Lamy's effort to hash together a basic deal covering trade in farming and industrial goods, and raised questions about whether the WTO's 153 member governments were ready to finally clinch the Doha Round. Lamy said his "telephone diplomacy" and visits to capitals since the talks collapsed in July had convinced him there was life left in the Doha global accord, whose negotiations began seven years ago. Economists believe a Doha Round deal could inject billions of dollars into the global economy and make it easier for poor-country farmers and manufacturers to sell their wares abroad, potentially creating jobs and raising incomes. Before the multilateral talks can resume in full, the WTO will need to select a new chair for the negotiating group on industrial goods, following the departure of Canadian ambassador Don Stephenson who has returned to Ottawa. (Business Recorder, 12<sup>th</sup> September, 2008)

### **Government urged to reduce oil, gas prices**

Mughal appealed the government to bring down the fuel prices in accordance with the decrease of oil prices in the international market. He further said that oil prices in international market were raised to \$147 per barrel but now it was reduced to \$100 adding that the local oil prices were fixed despite decrease in the prices in the international market. It is impossible to control the price hike without controlling the oil and gas prices in the local market, he added. (Business Recorder, 12<sup>th</sup> September, 2008)

### **Pakistan's foreign exchange reserves fall to \$9.1 billion**

The country's foreign exchange reserves fell to \$9.10 billion in the week from \$9.13 billion in the previous week, the central bank said. The State Bank of Pakistan said its own reserves fell to \$5.72 billion from \$5.76 billion previously, while those held by commercial banks rose to \$3.38 billion from \$3.37 billion. Associated Press of Pakistan reported last week that the United States reimbursed \$365 million for Pakistan in payment for its operations and logistical support for the war against terrorism. Analysts said this may have prevented a steeper fall in forex reserves. Currency reserves have been falling at a rate of around \$800 million a month since peaking last October. (Business Recorder, 12<sup>th</sup> September, 2008)

### **Islamic financial assets to cross \$1 trillion by 2010: Morgan Stanley**

According to Islamic Capital, Pakistan is one of the key growth markets for Islamic banking, as it is the second largest Muslim-populated country after Indonesia. The Stanley report said that Pakistani pure or full-fledged Islamic banks have dominated the Islamic financial markets and represents 80 percent of the Islamic banking outlets in the country. They account for 68 percent of the system's Islamic assets, 66 percent of Islamic loans and 71 percent of Islamic deposits. Non-performing financing as a percentage of the total financing for Islamic banks, stood at a very low level of 0.90

percent whereas conventional banks ratio hovered over 7.50 percent. However, returns at Islamic banks have been vastly inferior to the conventional banks and the gap has widened over 2004-2007. Further, in 2007 Islamic banks' ROA was 0.62 percent as compared to conventional banks ROA of 2.00 percent. In comparison with conventional banks, Islamic banks' have superior asset quality, sustained over an extended period. (Business Recorder, 12<sup>th</sup> September, 2008)

### **July-August trade deficit widens to \$3.522 billion**

Trade deficit in July-August 2008 widened to \$3.522 billion with \$7.011 billion imports against \$3.489 billion exports. Monthly data analysis showed \$3.461 billion imports in August against exports of \$1.584 billion, registering a deficit of \$1.877 billion. Running high trade deficit through imports twice the total exports could be a grave challenge for the government that requires a strategy to enhance exports and slashing imports. The decline in imports, 2.48 percent, during the same period was very nominal as compared to decline in exports. The exports during the first two of the current fiscal year increased by 8.85 percent over the same period of last year, but imports increased by 31.77 percent. (Business Recorder, 12<sup>th</sup> September, 2008)

### **Oil takes the sting out of inflation**

Falling oil prices have led commodities lower. The slide should ease price pressures and make the control of inflation easier. Member states will continue pumping as much oil as possible. High oil prices can therefore be expected to have a smaller economic impact. If oil stays stable, the inflationary impact of past price rises will soon pass. For now, oil prices are still high enough to make investment in marginal fields attractive. Weaker oil prices must be a comfort to monetary policymakers who have struggled to reconcile the upward pressure on prices from rising commodities with the disinflationary impact of weaker growth. (Financial Times, 12<sup>th</sup> September, 2008)

### **Major world economies still at risk of recession**

Reuters polls of around 200 economists in the US, Europe, Japan and Britain published show a still-floundering US economy grappling with the credit crunch and a deterioration in the outlook for Europe - particularly Britain. One year ago, the consensus for inflation in 2008 was to average 1.9 percent, just below the 2.0 percent target. "Sterling's latest bout of weakness will reinforce upward inflation pressures," said Stephen Lewis, chief economist at Monument Securities. Economists now see two quarter-point cuts in the first quarter of 2009 to 4.50 percent and a 55 percent chance of recession - up from 45 percent last month and just 20 percent at the start of the year. For the euro area, the median expectation for 2009 inflation was 2.0 percent in the Reuters poll nearly one year ago. Now, it's 2.4 percent - versus European Central Bank staff forecasts for 2.6 percent and unchanged from the last poll. The median euro zone GDP forecasts for this year was downgraded to 1.3 percent and to just 0.9 percent in 2009. (Business Recorder, 12<sup>th</sup> September, 2008)

### **US trade gap widens to \$62.2 billion**

Sharp oil price drop in August pulls down import prices. As crude oil prices surged in July, the volume of oil imports jumped 15 percent to 342 million barrels, the highest since June 2004 even though prices were almost double the average of last July. Total petroleum imports hit a record \$51.4 billion, helping lift overall imports of goods and services 3.9 percent to a record \$230.3 billion. A separate Labour Department report showed US import prices fell 3.7 percent in August, the first decline since December as petroleum prices dropped 12.8 percent. Reflecting the larger role oil is playing in the trade deficit, the nonpetroleum deficit in July shrank to its lowest level since October 2002, while the petroleum deficit hit a record \$43.4 billion. Exports of US goods and services increased 3.3 percent to

a record \$168.1 billion, with industrial supplies and materials, capital goods, autos and auto parts and consumer goods all setting individual records. (Business Recorder, 12<sup>th</sup> September, 2008)

### **Inflation accelerating in Pakistan: ADB**

The Manila-based agency plans to slightly cut its 2008 average growth forecast for developing Asia, which excludes Japan, Australia and New Zealand, while boosting its forecasts for inflation. "While global growth is rapidly slowing, the slowdown in emerging economies in Asia has been relatively modest. It will revise up its inflation forecast for developing Asia to around 7-7.5 percent this year from 5.1 percent. The ADB will issue updated growth and inflation forecasts. "Rather than supporting economic growth, the biggest policy challenge is tackling inflation." Kuroda said that while China's economy was slowing, it would still mark high growth of around 10 percent this year and next year, in line with current ADB estimates. Kuroda also said he did not see a crisis developing in South Korea. (Business Recorder, 13<sup>th</sup> September, 2008)

### **IMF sees South Korea growth rebounding in 2009**

The International Monetary Fund has forecast South Korea's economic growth will edge up to 4.3 percent in 2009 after slowing to 4.1 percent this year from 5 percent last year, an IMF report released on 12<sup>th</sup> September showed. "Relative to disposable income, Korea's household debt is comparable to US and Japanese levels, at 148 percent. (Business Recorder, 13<sup>th</sup> September, 2008)

### **Ukraine forecasts foreign trade gap of \$25.3 billion**

Ukraine's foreign trade gap would widen to \$25.3 billion next year from \$15.4 billion in 2008, the government forecast. Government economic forecasts for 2009 said exports of goods and services could reach \$108.0 billion from \$83.4 billion expected this year, while imports would climb to \$133.3 billion from this year's expected figure of \$98.8 billion. Central bank figures for the first half of 2008 put the trade deficit for goods and services at \$8.6 billion. The gap for goods stood at \$10 billion, while services were in surplus at \$1.4 billion. The government this week issued 2009 forecasts for other indicators, including inflation of 9.5 percent against an expected 15.9 percent this year. (Business Recorder, 13<sup>th</sup> September, 2008)

### **Doha Round talks need quick restart**

Negotiations to revive the Doha Round must restart "very quickly" for a global trade deal to be salvaged from July's failed ministerial meeting, mediators of the seven-year-old talks said. Falconer, who chairs the World Trade Organization (WTO) negotiations on agriculture, said the seven economies whose ministers sparred in July over an emergency tool for farmers had worked hard this week to resolve that dispute. If those seven - the United States, European Union, Brazil, India, Japan, China, and Australia are able in meetings next week to narrow their gaps, Falconer said Doha Round talks involving the WTO's 153 members could resume apace. WTO Director-General Pascal Lamy convened the July summit to seek a basic deal spanning farming and manufactured goods, with the intention of wrapping up talks on services and other trade rules by the end of 2008. The July talks became ensnared on the question of when and how countries could invoke a "special safeguard measure" to protect poor farmers when import volumes spike or prices fall. Cuts to cotton subsidies, a politically sensitive issue in the United States and Africa, were not addressed in the talks, which collapsed after nine days. Mexico's WTO ambassador Fernando de Mateo y Venturini told the Inter-Parliamentary Union session that he expected fresh offers soon in the Doha Round services talks he mediates. (Business Recorder, 13<sup>th</sup> September, 2008)

### **Punjab government to set up 'Food Authority'**

The Punjab government has decided to establish 'Food Authority', in collaboration with the chambers of commerce and industry in the province to cope with adulteration that has reached the alarming levels in various food items. The chairman of Chief Minister task force on essential items and Administrator, Punjab Food Stamps scheme S.A.Hameed said this while speaking at the Lahore Chamber of Commerce and Industry. He said that 'Food Authority', which would have equal number of members from both the private and the public sectors, would ensure supply of quality goods to the masses. He said that stern action would be taken against adulterators, hoarders and black marketers during Ramazan, and that necessary instructions in this regard had been issued. The present provincial government of Chief Minister Shahbaz Sharif is focusing on the core issues being faced by the masses and soon the people would get relief. LCCI President Mohammad Ali stressed the need for improvement in supply side and said that the macro focus of the Punjab government on the development of a self-reliant economy, easy availability of essential items at reasonable rates, provision of flour on cheaper rates, the arrangement of 21 Ramazan Bazaars and 1054 fair price shops in the provincial metropolis and the assurance of complete facilitation to the masses during Ramazan was highly commendable. He also appreciated the untiring efforts of the Chief Minister to form a special committee to monitor the price and supply situation of essential commodities and ensure effective measures to curb smuggling. With a view to play its role, the business community needs peace of mind and stable policies. The government can ensure this by extending it with maximum possible facilitation at the difficult time of rising cost of electricity, oil and gas, for promoting the environment of mutual trust with the business community. (Business Recorder, 14<sup>th</sup> September, 2008)

### **IMF sees South Korea growth rebounding in 2009**

The International Monetary Fund has forecast South Korea's economic growth will edge up to 4.3 percent in 2009 after slowing to 4.1 percent this year from 5 percent last year, an IMF report released on 12<sup>th</sup> September, 2008 showed. South Korea's average consumer price inflation will fall to 4.2 percent in 2009 on lower commodities prices and slowing economic growth, down from 4.9 percent projected this year, which will mark the strongest growth in a decade, it said. In a separate "Selected Issues" report released at the same time, the IMF said its baseline forecast suggested that South Korea needed to raise interest rates by 50 basis points during the third quarter to 5.5 percent. "Relative to disposable income, Korea's household debt is comparable to US and Japanese levels, at 148 percent. (Business Recorder, 14<sup>th</sup> September, 2008)

### **Uruguay growth soars 13 percent**

Uruguay's economy grew by 13.1 percent in the first half of the year from the same period a year ago as a controversial foreign-owned paper pulp mill came on line, the central bank said. Analysts were surprised by the scale of the economy's expansion during the first six months of 2008 - its sixth year of consecutive growth following a deep crisis." We weren't expecting this figure," said economic analyst Ramiro Almada from the Oikos consulting firm. Alfonso Capurro from economic consulting firm Cinve estimated that about 3 percentage points of the growth figure were due to the start of paper pulp production at a mill owned by Finland's Metsa-Botnia group. Uruguay's center-left government gave the go-ahead for the \$1.2 billion plant to start operating late last year despite protests from neighboring Argentina, which says the factory will pollute a border river. (Business Recorder, 14<sup>th</sup> September, 2008)

### **Lamy calls G-7 meeting as renewed attempt to clinch Doha deal**

As part of yet another attempt by WTO chief Pascal Lamy to clinch a global trade deal this year, officials of the key seven members of the world trade body, including India, US and EU, are reverting to Geneva on September 17 with "real Doha issues" back on the table. This will be the first time that serious negotiations will resume at the WTO headquarters after the July meeting of trade ministers that ended in a fiasco, following which Lamy visited India and the US to bridge differences between the developed and developing countries on agriculture. Officials from Australia, Brazil, China, EU, India, Japan and the US will engage themselves in intensive negotiations on resolving differences on opening the agriculture sector during their week-long deliberations. The WTO chief had informed Commerce and Industry Minister Kamal Nath that he would get back to India after he assesses the US position. While officials in the Commerce Ministry did not get any response from Lamy, they believe the WTO chief would have "something up his sleeve" after his talks with US Trade Representative Susan Schwab in August. "Lamy would have decided to hold these consultations only if he had got some positive signal from the US. He would not have taken a risk of calling another meeting if the US had not given him some signal," an official told PTI. The July meeting of about 30 trade ministers collapsed after talks between the US and India got into a stalemate on the issue of safeguards for the developing countries against import surges. (Press Trust of India, 14<sup>th</sup> September, 2008)

### **Beef, piracy on the agenda for US-China talks**

The United States will press China to drop its 5-year-old ban on US beef and take a tougher stand against piracy and counterfeiting of US goods when top officials from both countries meet this week at the Richard Nixon presidential library in Yorba Linda, California. Like many countries, China closed its market to US beef after the first case of mad cow disease was found in the United States in December 2003. The US-China Joint Commission on Commerce and Trade is holding its 25th anniversary meeting in Nixon's hometown to capture the symbolism of the late president's historic 1972 trip to China to reopen relations, Gutierrez said. He and US Trade Representative Susan Schwab lead the talks for the United States and Vice Premier Wang Qishan for China. US Agriculture Secretary Ed Schafer and Chinese Commerce Minister Chen Deming will also attend. The United States will be pressing China on "three big buckets" of concerns, Gutierrez said. Those include China's high rates of piracy and counterfeiting, a number of specific obstacles to imports of US agricultural and manufacturing goods and opaque regulations that are a barrier to trade, he said. The Bush administration helped shepherd China into the World Trade Organization in December 2001, completing work begun under former President Bill Clinton. In a speech to machinist and aerospace workers, Democratic presidential candidate Barack Obama vowed he "would end China's manipulation of its currency" if elected president. Many lawmakers accuse China of undervaluing its currency to give its companies a trade advantage. The United States hopes for progress this week on piracy concerns even though WTO is set to rule soon on US cases challenging China's "inadequate" protection of intellectual property rights and its market access barriers to legitimate movies, music and other copyright-protected goods. Telecommunications and medical devices are two sectors where progress could be made in opening China's market, the official said. (The Economic Times, 14<sup>th</sup> September, 2008)