

How Bangladesh can benefit from China's economic recovery

THE OVERTON WINDOW



ERESH OMAR JAMAL

AS the nation holds its breath in anticipation of a potential second wave of Covid-19, five countries including Bangladesh have decided to strengthen sharing of information and coordination of policies and actions to cope with its probable impacts.

China, Nepal, Pakistan and Sri Lanka are the other countries that are part of this initiative which aims to step up cooperation in testing, diagnostics, treatment and medicine. The five countries also agreed on the importance of harmonising economic and social development, and on advancing Belt and Road cooperation to boost post-Covid-19 economic recovery.

To a great extent, China is the key here. According to a recent report called FDI Intelligence, Bangladesh is among the top five economies that are recovering faster as a result of the Chinese economy, which is expected to return to its pre-Covid level soon. "China's resilience is... shoring up growth in the region, particularly in Vietnam and Bangladesh," the report said.

In the third quarter of this year, China's major economic indicators entered positive territory, indicating that the country is at the forefront of economic recovery among the world's major economies. In the first three quarters, China posted its best economic performance of the year, rendering a 0.7 percent year-on-year expansion for the first nine months, becoming the first major economy to return to growth following the economic fallout of Covid-19.

China's industrial output rose 5.8 percent and retail sales reported their first quarterly

expansion, up 0.9 percent year-on-year in the third quarter—marking a drastic rebound from a 6.8 percent contraction in the first quarter after the virus hit. It was in the third quarter that the economy started to show signs of a resurgence, notching a 3.2 percent growth, before recording a 4.9 percent year-on-year growth in the third quarter. Despite serious concerns towards the beginning of the year, the country's overall trade in the first three quarters outperformed expectations with exports adding up to USD 1.89 trillion and imports reaching USD 1.54 trillion.

Even amidst the crisis, economic and trade cooperation between Bangladesh and China have continued to deepen. "Chinese companies have implemented several major infrastructure projects in Bangladesh's transportation, energy and electricity, telecommunications and other fields, making positive contributions to the economic and social development of the two countries," according to China's Ambassador to Bangladesh Li Jiming. Ambassador Jiming, in an interview with Global Times in late October, was quick to highlight that the economies of Bangladesh and China were highly complementary to each other. And in terms of large scale investment, the undertaking of the Padma Bridge Rail Link project with Chinese funds, costing around USD 3.14 billion, was a mentionable success—as since going into service on July 3, 2018 it has created more "than 5,000 direct jobs and tens of thousands of indirect jobs for local residents as well as bringing subcontracting business to more than 100 local companies."

But according to economist Rehman Sobhan, when talking about Chinese investment, "we shouldn't just talk about [infrastructure] investment as most of it are coming in the form of aid or for specific projects and those investments are ad-hoc in



A cargo ship loaded with containers berths at a port in Qingdao in China's eastern Shandong province.

PHOTO: AFP

nature." Dr Sobhan believes that the scope of China's investment has to be broadened to go "beyond infrastructure" alone. He urged Bangladesh Bank and the finance ministry to "consider Chinese interest in introducing RMB as a trading currency."

The reason for this is simple. China is Bangladesh's largest trading partner with annual bilateral commerce between the two countries totalling over USD 12.13 billion. In the fiscal year 2019-20, Bangladesh imported goods worth over USD 11.53 billion from China, while exporting goods of over USD 600 million only. That is not good enough—as it created a trade gap of nearly USD 11 billion

in the last fiscal year. According to one high official of the commerce ministry, "Bangladesh has been suffering from a continuous trade imbalance [with China] over the years." And thus the commerce ministry has suggested requesting China to relax the APTA Rules of Origin and Rules of Origin of Zero Tariff Treatment for Bangladesh in the form of 25 percent value addition instead of 40 percent in processed products.

China already granted duty-free and quota-free access to 8,549 Bangladeshi products, which may help address this enormous trade imbalance over time. However, since the benefit—given by China to Bangladesh as

a least developed country under the World Trade Organisation's provision—only came into effect from July 1, 2020, we are yet to see its full impact. Moreover, when Bangladesh graduates to a developing country status (slated for 2024), these benefits may get withdrawn. Which means Bangladesh needs to find other ways to mitigate the imbalance. The good news is that, as China is taking steady steps to further open up its domestic market and expand imports, it is estimated that China's total imports could go as high as USD 22 trillion in the coming decade. And so, it would be wise for Bangladesh to try and carve out a good piece of that for itself.

On the flipside, as more and more companies seek to move their manufacturing base away from China in view of the Covid-19 pandemic and the changing nature of its economy, Bangladesh should try and lure them towards its direction. At the recent Economic Reporters Forum, Japan External Trade Organisation's country representative Yuji Ando said that "although more Japanese companies are expected to come to Bangladesh every year, the investment environment needs to be further congenial." Citing one annual study, he said that 70 percent of Japanese companies in Bangladesh were keen on expanding their businesses, which is the highest among other countries. And it seems that the government is quite aware of that. According to reports, the government is looking to simplify its foreign direct investment policy and corporate tax system with the aim of increasing foreign investment in Bangladesh. And China, as is well known, is an excellent model on how to effectively do that—to the point where it can now focus much more on domestic investment.

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Saudi rushes to improve its image in advance of G20 and Biden



JAMES M DORSEY

SAUDI Arabia has taken multiple steps to polish its tarnished image in advance of this weekend's hosting of the virtual summit of the G20 that groups the world's foremost economies and in anticipation of an incoming Biden administration in the

United States that is expected to be critical of Riyadh and potentially more conciliatory towards Iran and non-violent Islamists.

The initiatives target US and European criticism of the five-year old war in Yemen that has produced one of the world's greatest humanitarian crises and concerns the Biden administration may adopt less Saudi and United Arab Emirates-centric policies than its predecessor headed by Donald J Trump.

The steps further seek to project Saudi Arabia as being helpful in normalising relations between Israel and the Muslim world even if it is not yet ready to do so itself and build links with Democrats in Washington as they prepare to take office in January.

Like other countries that fear a Biden administration may be less friendly than its predecessor, Saudi Arabia is looking for Washington PR and lobbying firms that can get it access to the president-elect and his entourage.

Saudi officials and Saudis close to Crown Prince Mohammed bin Salman are counting on the fact that despite criticism US President-elect Joe Biden sees Saudi Arabia in line with long-standing US policy as a crucial partner. "I am very confident that will continue," said Finance Minister Mohammed Al-Jadaan.

The kingdom, betting that the Biden administration would accept that Saudi Arabia as the custodian of Islam's two holiest cities, Mecca and Medina, would recognise

Israel only once recognition was more widely accepted in the Muslim world, has sought to curry favour by pressuring others to normalise relations with the Jewish state.

Pakistan Prime Minister Imran Khan charged last week that the United States and another unidentified country were pressing him to establish diplomatic relations. Pakistani and Israeli media named Saudi Arabia as the unidentified country. Representing the world's third most populous Muslim nation, Pakistani recognition,

kingdom was unlikely to bow to demands for the release of detained activists, clerics, and professionals and transparency on the 2018 killing of journalist Jamal Khashoggi in response to Biden's insistence that he would restore human rights as an important element of US foreign policy.

Former Saudi intelligence chief and ambassador to London and Washington Prince Turki Al Faisal suggested that the absence of human rights in the kingdom's efforts was no coincidence.



The G20 summit will be virtual, depriving this year's host, Saudi Arabia, of a prime platform for projecting an orchestrated image.

PHOTO: BANDAR ALGALOU/REUTERS

following in the footsteps of the UAE and Bahrain, would be significant.

Missing from the Saudi menu is any effort to fend off criticism of the kingdom's problematic human rights record. In fact, senior Saudi figures signalled that the

Addressing an American audience this week, Prince Turki said: "As far as human rights is concerned, we admit that we have issues to improve and we're working on that. It is a work in progress. But respectfully, your country also has issues of human rights to

improve upon. Witness the turmoil during your elections and the police shootings. We did not...invent waterboarding. Your issues are also a work in progress... Your elections are a wonderful spectacle from which we can learn. They also include elements which we will not learn."

To drive the point home, a Saudi human rights group asserted this week that Khaled al-Oudeh, a brother of prominent cleric Salman al-Oudeh, who has been held in prison since 2017 and potentially faces the death penalty, had been sentenced to five years in prison on charges of "inciting sedition and destabilising security."

The Saudi Council of Senior Scholars last week, in the first official statement from the kingdom since Saudi Arabia and the UAE banned the group in 2014, labelled the Muslim Brotherhood a terrorist organisation. The council said the group did not represent Islam, seeks "to grab the reins of power," wreaks havoc, and commits "violence and terrorism."

The council's statement came as France and Austria were cracking down on Islamist groups, including the Brotherhood. The crackdown was in response to several attacks in Europe, including the gruesome murder of a French schoolteacher.

The statement, implicitly calling into question Saudi Arabia's alliance in the Yemen war with Al-Islah, a Yemeni party aligned with the Brotherhood, came as the kingdom said it would honour a ceasefire if the Houthis rebels accepted a buffer zone along the Saudi-Yemeni border. The offer was designed to show that the kingdom was seeking a way out of the quagmire.

At the same time, Saudi authorities have stopped just short of blaming the Brotherhood for recent attacks on the French consulate in Jeddah, the Saudi embassy in The Hague and a French-sponsored World War One commemoration at a cemetery in the Red Sea port city, the first attack with explosives in years targeting foreigners in the kingdom.

The kingdom and the UAE fear that "Democrats can (re)create an atmosphere that enables the rise of the Brotherhood in the Sunni world like a decade ago. This is, in my view, what they see as a threat similar to the threat from Iran, if not a bigger one," said Eran Segal, a research fellow at the Ezri Center for Iran & Gulf States research at the University of Haifa.

Segal was referring to former US President Barack Obama's support for elections in Egypt and Tunisia in 2012 in the wake of the 2011 popular revolt that toppled Egyptian President Hosni Mubarak and his Tunisian counterpart, Zine El Abidine Ben Ali, longstanding US allies, despite the likelihood of Brotherhood electoral victories.

In Egypt, the victor, Mohammed Morsi, a Brotherhood leader, was removed from the presidency a year later in a UAE and Saudi-backed military coup that brought general-turned-president Abdel Fattah Al-Sisi to power.

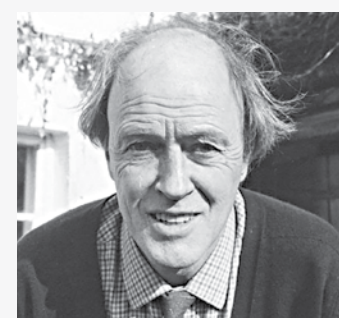
Saudi Arabia's G-20 presidency has sparked discussion on what the best approach to the kingdom would be: criticism and boycott or engagement. It is a debate that also confronts the incoming Biden administration.

The mayors of London, New York, Los Angeles, and Paris boycotted in September a G20 summit of urban leaders. Members of the European parliament and the US Congress have called on European leaders and Trump to not participate in this weekend's summit.

It is an approach that David Rundell a US foreign service officer who served half of his 30-year career in the kingdom argues is doomed to failure. "Saudi Arabia needs encouragement for its economic reforms as well as in addressing its human rights record," Rundell said, advocating greater engagement with rather than isolation of the kingdom.

Dr James M Dorsey is an award-winning journalist and a senior fellow at Nanyang Technological University's S Rajaratnam School of International Studies in Singapore and the National University of Singapore's Middle East Institute.

QUOTABLE Quote

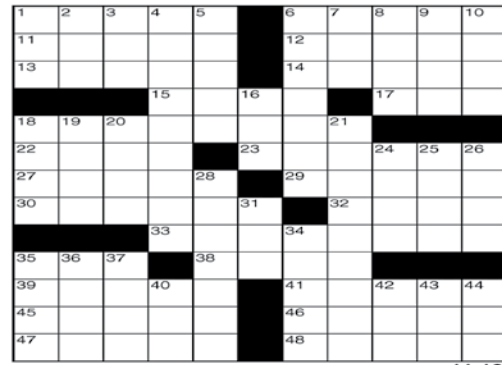


ROALD DAHL (1916-1990) British author

Somehow inside all of us is the power to change the world.

CROSSWORD BY THOMAS JOSEPH

- ACROSS**
- 1 Alehouse quaffs
 - 6 Components
 - 11 Surrounding glows
 - 12 Love to peices
 - 13 Ease up
 - 14 Bad kind of situation
 - 15 Stared at
 - 17 Lawn material
 - 18 Bearnaise sauce ingredient
 - 22 "Like that'll ever happen!"
 - 23 Like sandpaper
 - 27 King with a golden touch
 - 29 Concur
 - 30 Saffron-flavored dish
 - 32 Pile
 - 33 Match alternatives
 - 35 Bunny move
 - 38 Blunder
 - 39 Dublin natives
 - 41 Tennis star
 - Rafael
 - 45 Unspoken
 - 46 Select group
 - 47 Strikes with the palm
 - 48 Winter weather
- DOWN**
- 1 Sheep call
 - 2 Massage
 - 3 Stretch of years
 - 4 Cascade
 - 5 "Bye!"
 - 6 Famed box opener
 - 7 Hoopla
 - 8 Uses oars
 - 9 Half a sextet
 - 10 Dispatch
 - 16 Nest item
 - 18 Pack down
 - 19 Tibet setting
 - 20 Take the bus
 - 21 Dusk
 - 24 Spruce or sequoia
 - 25 Eye drop
 - 26 Informal OKs
 - 28 Insults
 - 31 In the past
 - 34 Sharpens
 - 35 Successful songs
 - 36 Vaccine type
 - 37 Print measure
 - 40 Tentative taste
 - 42 Game cube
 - 43 Stopped fasting
 - 44 Rent out



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BY MORT WALKER



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