Bangladesh presses Turkey to lift curbs on fabrics imports

STAR BUSINESS REPORT

Bangladesh has urged the Turkish government to withdraw proposed measures to restrict imports of fabrics and garment items to boost trade between the two countries.

The demand was raised at a discussion meeting between a business delegation from Turkey and the Bangladeshi businessmen at the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) yesterday.

Turkey plans to impose a 17 percent duty on imports of fabrics and ready-made garment products from all least developed countries from July of the year as a measure to protect its own garment industry.

Currently, garment exports to Turkey from Bangladesh are duty-free.

As a result, Bangladesh as an LDC will be liable to pay the duty while exporting garments to Turkey, a major garment export destination for the country, said Jashim Uddin, first vice-president of FBCCI, who led the Bangladesh team to the meeting.

He said if Turkey does not change its decision or exempt Bangladesh from paying the levied duty, the targeted trade between Bangladesh and Turkey of $3 billion by 2015 might not be possible to attain, because the exporters will not feel much encouraged by such a move.

"We will take up the issue with the Turkish government again when Prime Minister Sheikh Hasina visits Turkey next month to attend at the LDC meeting," he added.

Mohammad Hatem, vice-president of Bangladesh Knitwear Manufacturers and Exporters Association BKMEA, told the meeting that a team led by Commerce Secretary Ghulam Hussain attended a hearing on the issue on March 7-8.

"During the hearing, the Turkish government agreed to reduce the duty from the earlier proposed 27 percent to 17 percent for the LDCs, but we demanded a total waiver or further reduction of the duty to around 10 percent," he said.

Hatem said the Turkish government can adopt temporary safeguard measures to protect the local industry, but it is going to impose the measure without the approval of the World Trade Organisation (WTO).

At the meeting, Ahmet Cakir, general secretary to the Confederation of Businessmen and Industrialists of Turkey (TUSKON), said he will raise the issue of the safeguard measures to the Turkish government for necessary actions in this regard.

"The Turkish government is trying to save the local industry by imposing the safeguard measures. The tenure of the safeguard will be reduced gradually and at one stage it will be eliminated," Cakir said.

The data from the FBCCI shows that trade between the two countries is in favour of Bangladesh. During the July-December period of fiscal 2010-11, Bangladesh exported goods worth $323.35 million and imported goods worth $75.29 million.

Bangladesh mainly exported knitwear, woven items, jute goods, raw jute and agri-products. The imported items include machinery and mechanical appliances, base metals, textiles and textile articles and medical and surgical instruments.

During his visit to Bangladesh in November last year, Turkish Prime Minister Recep Tayyip Erdogan expressed hope that the trade between the countries will cross the $3 billion mark by 2015.

TNT

Rajiv Bhattacharya, country manager of TNT Express, Bangladesh, inaugurates the 15th service centre of the company at Hemayetpur in Savar yesterday.

SAMSUNG

Md Jakaria Alam, winner of Samsung's countrywide consumer campaign, Kuala Lumpur Calling You, poses for photographs in Dhaka recently. Alam won a trip to Kuala Lumpur by purchasing a C3200 mobile.

IMF warns of inflation in red-hot Asia

AFP, Hong Kong

The International Monetary Fund on Monday warned a number of Asian economies were showing signs of overheating and that soaring food and energy prices were threatening to stoke higher inflation.

But in its latest World Economic Outlook, the Fund also lowered its 2011 growth forecast for Japan after last month's enormous earthquake and tsunami, warning of "large uncertainties" over the world's number-three economy.

And the IMF lent its weight to global calls for China -- which last year overtook Japan in economic size -- to allow the yuan to strengthen. The currency was "substantially weaker" than it should be, the report said.

"Signs of overheating are starting to materialize in a number of economies in the Asian region. Continued high growth has meant that some economies in the Asian region are now operating at or above potential," it cautioned.

Powered by China, Asian economies have led the recovery from the world economic crisis but the IMF warned that stellar rates of growth were feeding price pressures.

"The risk that food and energy price increases will start an inflationary spiral is much greater in emerging and developing economies than in advanced economies," it said.

Households in developing economies spend a comparatively larger share of their incomes on food and energy.

The IMF warned that "many emerging market economies will need to tighten policies to lower the risk of a hard landing".

Several countries -- including South Korea, Indonesia and India -- have tightened policy to try to head off huge inflows of foreign capital from investors seeking better returns on their money than in the lagging West.

The IMF said Japan's economy, which was already struggling with a massive debt mountain and plodding growth, would be further hurt by the earthquake and tsunami that struck the north-east on March 11.

It forecast Japan's gross domestic product would grow 1.4 percent in 2011 compared to an earlier forecast of 1.6 percent made before the twin tragedy hit industrial production and supply chains.

Japan grew 3.9 percent in 2010 after contracting 6.3 percent in 2009 as a result of the global financial crisis.

The IMF warned that the full economic impact of Japan's worst post-war disaster had yet to emerge, adding: "There are large uncertainties associated with the 'Tohoku' earthquake."

Tokyo has said the cost of rebuilding could reach as much as 25 trillion yen ($295 billion).

IMF world growth forecast

Annual change in GDP %	2009	2010	Forecast 2011	Forecast 2012
World	-0.5	5	4.4	4.5
Advanced economies	-3.4	3	2.4	2.6
United States	-2.6	2.8	2.8	2.9
Eurozone	-4.1	1.7	1.6	1.8
Germany	-4.7	3.5	2.5	2.1
France	-2.5	1.5	1.6	1.8
Italy	-5.2	1.3	1.1	1.3
Spain	-3.7	-0.1	0.8	1.6
Britain	-4.9	1.3	1.7	2.3
Japan	-6.3	3.9	1.4	2.1
Canada	-2.5	3.1	2.8	2.6
Emerging and developing economies	2.7	7.3	6.5	6.5
Central and eastern Europe	-3.6	4.2	3.7	4
Russia	-7.8	4	4.8	4.5
Developing Asia	7.2	9.5	8.4	8.4
China	9.2	10.3	9.6	9.5
India	6.8	10.4	8.2	7.8
Latin America/ Caribbean	-1.7	6.1	4.7	4.2
Brazil	-0.6	7.5	4.5	4.1
Mexico	-6.1	5.5	4.6	4
Middle East and North Africa	1.8	3.8	4.1	4.2
Sub-Saharan Africa	2.8	5	5.5	5.9

Source: International Monetary Fund (IMF) AFP

BEDL

Faisal Ahmed Chowdhury, chairman of Barakatullah Electro Dynamics Ltd, and Gulam Rabbani Chowdhury, managing director, attend the IPO lottery draw programme at Bangabandhu International Conference Centre in Dhaka recently.

Gordon Brown admits 'big mistake' over banks

AFP, London

Britain's ex-prime minister Gordon Brown admitted Sunday that he made a "big mistake" in not seeking tighter regulations on banks in the lead up to the financial crisis.

The former British leader told a conference in the US that he had not fully appreciated how "entangled" the global financial system had become when establishing the Financial Services Authority (FSA), the country's regulatory body.

"We set up the FSA believing the problem would come from the failure of an individual institution," Brown said. "That was the big mistake. We didn't understand just how entangled things were.

"I have to accept my responsibility."

New British finance minister George Osborne has announced plans to break up the FSA and hand more regulatory power to the country's central bank, the Bank of England.

Brown said he believed the will to tighten regulation was weakening in the face of lobbying by the financial sector.

"I do believe we're going back to a race to the bottom," he warned.

"There should be an international agreement, otherwise you'll just have banks threatening to move from one country to another," continued Brown.

Iran plans currency reform, seeks dollar parity

AFP, Tehran

Iran plans to slash four zeros from its national currency in "one to two years", seeking parity between its rial and the US dollar, Central Bank Governor Mahmoud Bahmani has said.

"The new rial (...) will be equal in value to one (US) dollar," the official IRNA news agency quoted Bahmani as saying late Sunday. He added the plan would take "one to two years" to be implemented.

Bahmani did not indicate whether the authorities would try to maintain a fixed parity beetween the greenback and the Iranian currency following the planned reform.

Mulled by the government since 2007 and announced by President Mahmoud Ahmadinejad in January 2010, the plan was originally to redenominate the rial by knocking three zeros to recover the value it has lost in recent years.

The Iranian rial has dropped drastically since the Islamic revolution, from 70 to the dollar in 1979, to around 11,000 today.

Bahmani said that the name of the new currency would not change, and that it would be "introduced gradually so that people can get used to it".

"Some people think removing the zeros will weaken the national currency ... but it will instead cut inflation. Removing four zeros will also facilitate trade," IRNA quoted him as saying.

Ahmadinejad has been criticised for pumping excessive liquidity into the economy to fund infrastructure projects and for causing huge money supply growth by giving loans, triggering high inflation.

The official inflation rate, which has been slowly falling in recent months, stood at 12.4 percent for the previous Iranian calendar year which ended on March 20.

US recovery expected to gain momentum

AFP, Washington

The US economy is expected to consolidate its recovery this year despite a slowdown in the first quarter, according to a survey published Monday by The Wall Street Journal.

The newspaper said that on average, the 56 economists polled downgraded their estimate of first-quarter growth in gross domestic product to 2.7 percent at a seasonally adjusted annual rate from 3.6 percent forecast two months ago.

The economy grew at a 3.1-percent rate in the fourth quarter. The respondents cited the still-weak housing market, severe weather, declining confidence and the earthquake in Japan as factors contributing to the pull-back, the paper said.

The single biggest factor named by 35 economists was the rising price of oil sparked by Middle East unrest.

"High oil prices usurp confidence and erode spending by consumers still struggling with lost wealth," The Journal quoted Sean Snaith of the University of Central Florida as saying.

But the economists expect the problems in the first quarter to be transitory, the paper said.

They forecast growth to pick up to 3.6 percent by the fourth quarter of the year and predict oil prices will fall back below $100 a barrel by the end of 2011, The Journal noted.

Respondents also forecast the unemployment rate will fall to 8.3 percent by December 2011 from the 8.8 percent rate recorded in March.