# Foreign firms target thriving garment

## They display machineries at Gapexpo to attract Bangladeshi apparel makers

ANJA BURRI

MERCHANTS from Europe and Asia try to jump on the bandwagon of the garment industry in Bangladesh, which already secured its position as the second largest apparel exporter.

At Gapexpo-2013, the four-day exhibition on garments accessories, packaging and related machinery in Dhaka, they try to introduce automatic gears to Bangladeshi factories.

The Turkish businessmen, Hüseyin Akar and Burak Uysal, were handing out their business cards to the crowd of the Bangladeshi garment experts passing by.

"As the Bangladeshi market is picking up quickly, we want to contribute and try to sell our automatic sewing machines," said Hüseyin Akar to The Daily Star on Monday.

They expect their sales to increase in 20 percent after the exhibition. But the two men from New-tech Sewing Systems in Istanbul must make some efforts to achieve this goal on their first business trip to Dhaka.

As labour cost is low in Bangladesh, garment factories still produce with the very basic sewing machines that need a lot of manpower, Akar said.

In his country, a sewer earns around $1,000 per month. With personal costs in that height, investing in machines is much more profitable than in Bangladesh, where manpower is available at an explicit lower price.

"We have to convince the factory owners that machines increase the product quality," he said. But complex machines must be well maintained.

"There is a need for technically well educated people," said Akar.

The lack of technological knowledge is considered widely as a challenge in the Bangladeshi garment sector.

"People often don't know about technology," said Abu Taleb Bhuiyan, the local CEO of another Turkish company -- Best Tex International.

The firm sells machines to produce jeans. Engineers from Turkey have been brought to install the full gear at the Gapexpo. The company has realised the need to show and explain its machines to the customers.

Japanese brand Juki wants to increase its sales of technically more complex gears, said Shamsul Alam, its CEO in Bangladesh.

Juki is also the market leader of industrial sewing machines in Bangladesh.

"Old factories are about to change their machines." So Alam expects increasing sales from 10 percent to 15 percent per year.

The trend towards automation of technical processes brings also a further division of labour. So Juki presents, for example, an Automatic 1-needle Belt-Loop Attaching Machine, which is only used to attach belt-loops to trousers.

On the other hand, it offers an improved productivity and allows inexperienced operators to sew various types of belt-loops, as it is said on an advertisement at the fair.

Other machines on display at the fair are great time-savers. For example, the Monpura Group showed a device consisting of 15 sewing machines that stitch all the same ornament.

For a typical ornament on a kameez, this machine needs two hours -- much less than a sewer. As there are 15 machines working automatically at the same time, they produce 15 ornaments during this time.

Foreign businesses want to gain ground not only in the machinery sector, but also by selling fabrics to Bangladeshi garment factories.

Italian businessman Enzo Gravela has come with his Bulgarian associate partner Ivo Ivanov. Their fabrics are designed in Italy and produced in Bulgaria.

"A lot of our European customers get their clothes made in Bangladesh," said Gravela. He expects that many of the factories will come up with fresh funds and start to invest. "We want to be here early."

However, at the moment, the European fabric producers are facing a tough competition with the Chinese producers.

"We are a bit more expensive than the Chinese," the Italian said. So he is still about to find a market niche. "It will be tough, but profitable," he said.

In addition to finding local partners, new participants also face other challenges while starting business in Bangladesh.

As various sources complain, they have to bring not only good offers to sell, but also gifts or cash to the key players, to finally enter into a deal.

However, foreigners from more than ten countries crowd the show where a total of 350 companies are displaying their products at 560 booths. The fair at Bangabandhu International Conference Centre ends today.

AMRAN HOSSAIN

A stall attendant demonstrates the functions of a garment machine at a four-day exhibition on apparel accessories, packaging and technology at Bangabandhu International Conference Centre. A total of 350 companies are showcasing their products at 560 booths.

# Myanmar plans telco boom, opens bids to foreign firms

AFP, *Yangon*

MYANMAR on Tuesday announced plans for a dramatic increase in telephone and Internet access as it opened the door for foreign firms to enter one of Asia's last untapped markets.

The communications and information technology ministry said it was launching tenders for two nation-wide telecommunications service licences, to be awarded in the first half of this year.

It said it wanted both domestic and overseas operators to compete in the sector, seen as having major growth potential in a country where mobile phones are the preserve of a tiny proportion of the population.

The ministry said in a notice on its website the aim was to "make the telecommunications services available to the public at affordable prices, and to give the public the capability of choice".

The move is part of a plan to expand telephone penetration to between 75 and 80 percent by 2016, from the current level of around 10 percent. Htay Win, chief engineer from the ministry's mobile department, told AFP the tender was open to foreign firms because "their experience in other countries means they are more capable".

Communications are seen as a key obstacle to development in Myanmar, one of the world's poorest countries. Mobile SIM cards cost from around $250 while the Internet is mainly the preserve of the urban elite.

Analyst Sachin Gupta, of Asian telecoms research at Nomura, said the target could be achieved if the terms and partners were right, but that the "devil will be in the detail". "Given the lack of infrastructure in the country, this will be an uphill battle, but upside could be significant too," he said.

Companies are hungrily eyeing Myanmar after a number of international sanctions were eased or lifted in response to political reforms under a quasi-civilian government that took power in 2011.

Changes aimed at invigorating an economy ravaged by decades of military rule and mismanagement have also been set in motion, including unifying the country's multiple exchange rates and passing a law to help smoothe foreign investment.

In a report in March Nomura called Myanmar "one of the last untapped telco markets in the region".

On Monday Taiwan's leading smartphone maker HTC opened its first store in Myanmar to sell handsets with Burmese-language characters.

# Why public debt is not like credit card debt

ROBERT KUTTNER, for *Reuters*

ONE big part of the well-financed campaign for economic austerity is the contention that the public debt is like a national credit card. If we keep charging on it, the argument goes, we'll get overwhelmed with interest costs, suffer a reduced standard of living and, pretty soon, go bankrupt.

As David Walker, a prominent budget hawk and the former head of the billion-dollar Peter G. Peterson Foundation, has contended, "Both Republicans and Democrats in Washington have charged everything to the nation's credit card, including tax cuts and spending increases, without paying for them."

The Peterson Foundation is the leading sponsor of this brand of bogus economics. It is a spurious metaphor on so many levels that it's hard to know where to begin.

Most important, this credit-card metaphor is a totally false analogy because, unlike a consumer on a spending spree who later has to pay the piper, government's borrowing strategy directly affects economic growth. When deficit spending helps increase growth, that, in turn, makes the debt less burdensome. The Federal Reserve also has the power to buy public debt -- a prerogative not available to consumers.

The US economy has vast productive potential that remains idle in a deep recession. When everyone who wants a job has one, and people use their purchasing power to buy goods and services, the economy is maximising that potential.

When the economy is in a prolonged slump, however, there are literally trillions of dollars' worth of idle people, factories, buildings and purveyors of services.

The worst slumps typically occur after a financial collapse -- true for both 1929 and 2008 -- because so much asset value is wiped out. The whole economy goes into a self-reinforcing tailspin.

Employers are then too risk-averse to hire enough workers, consumers are too traumatized to buy everything the economy is capable of producing, banks are awash in money but won't lend to any but the most blue-chip borrowers. The whole economy remains stuck in second gear.

That's where government borrowing comes in. Unlike private credit-card debt, public borrowing can improve a depressed economy's performance.

When government borrows, it invests in projects that cycle right back into the private economy. These are usually things the economy needs, anyway, that make it more productive or are necessary services curtailed by the recession, like schools and road repair. Superstorm Sandy, for example, made clear the need for massive public outlays to protect our coasts.

But doesn't increased borrowing add to the government's long-term load? Not in a severely depressed economy.

Today, the debt keeps going up because the economy is underperforming. Get unemployment rates down and growth back up, and more consumers and business pay more taxes. The ratio of the public debt to overall economic output (gross domestic product) starts coming down in a healthier economy.

In World War Two the government borrowed massive sums to win the war. By the end of the war the debt ratio was about 120 percent of gross domestic product, compared with 72 percent today. But the war turned out to be the greatest unintended economic stimulus of all time: GDP increased by about 50 percent during the war.

After the war, far from sandbagging the recovery, all that debt-financed prosperity propelled the postwar boom. The Fed kept interest rates low, so government could afford the interest payments. The economy grew so much faster than the debt that by 1978 the debt ratio was down to about 27 percent.

But what about interest costs today? Doesn't the public debt frighten money markets and cause interest rates to rise?

Not in a depressed economy. The private sector now sees so few profitable places to invest that the government can sell its bonds at record-low rates. Investors are willing to lend Washington money for 10 years at less than 2 percent, and for 30 years at less than 3 percent. If investors were worried about the debt driving rates, they would demand higher returns now.

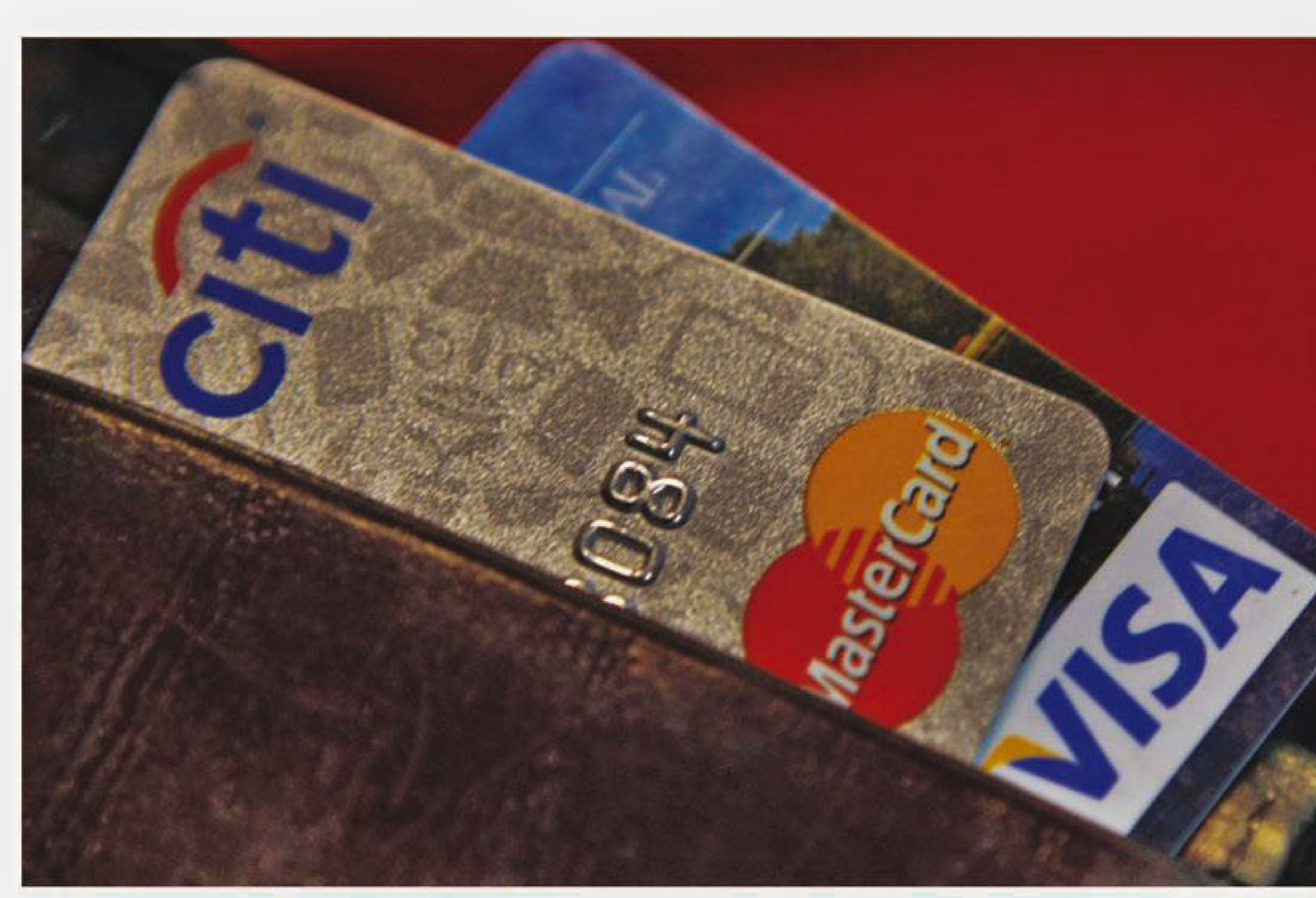
So the analogy between the government and the family fails on all levels. If our government listens to the austerity-mongers, it will tighten the national belt and make a bad situation worse.

The idea that the debt inflicts a burden on our grandchildren and depresses their standard of living has it backward. What is destroying the prospects of future generations is our failure to generate a recovery with decent jobs.

The clouded future of our children and grandchildren is compounded by our failure to alleviate private debts, which are the fruit of bad government policy. By failing to adequately finance public universities, we've compelled non-wealthy kids who want college educations to take on $1 trillion of student debt.

That's a real hit to living standards. Recent graduates, unlike government, do have to worry about maxing out their credit cards. So public borrowing (and taxing) to alleviate that burden-some private borrowing would be smart policy.

The next time you hear someone compare the public debt to your credit cards, keep your hand on your wallet.




Robert Kuttner is co-editor of The American Prospect and a senior fellow at Demos.