

Bangladeshi plans to launch commodities exchange in Myanmar

SARWAR A CHOWDHURY

A Bangladeshi capital market expert is about to set up a commodities exchange in Myanmar, a resource-rich Southeast Asian country that is opening itself up to international investors.

"It will take at least nine months to begin commercial operations of the commodities exchange in Myanmar," said Wali-ul-Marooof Matin, who initiated the move to set up the exchange six months ago. The Myanmar commerce ministry has recently permitted him to complete his project.

A commodity exchange is a marketplace where various commodities and derivatives products are traded. Agricultural products and other raw materials such as wheat, barley, sugar, maize, cotton, cocoa, coffee, milk products, pork bellies, oil and metals are traded in most commodity markets across the world.

"Resources in Myanmar are extra-ordinary with a huge variety and quantity, such as rice, wheat, lentil and timber," he said.

Myanmar is opening up. "The Myanmar government and the business bodies are excited about allowing new ventures in their country," he said.

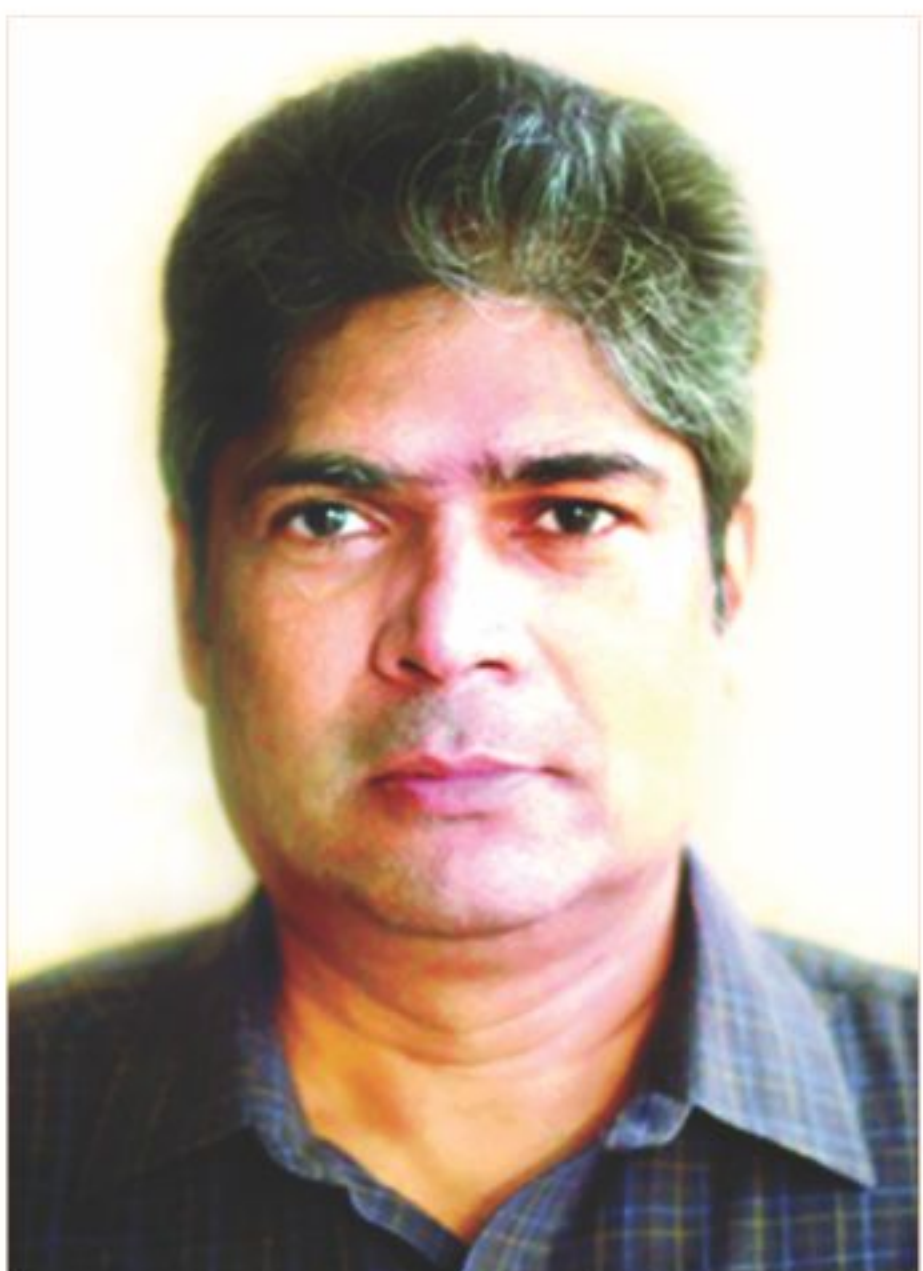
Matin is presently the managing director of Alliance Capital Asset Management, a local asset management company. He has years of experience in capital and commodities markets.

After initial talks with the Myanmar government, he incorporated a company -- Myanmar International Commodity Exchange -- in Myanmar to set up the commodities exchange.

Matin owns a 98 percent stake in the firm, while a Hong Kong-based investor owns 2 percent.

However, he will require a huge capital to set up the commodities exchange and he left Dhaka for Myanmar yesterday to share his project with prospective financiers and investors as well as the government.

Massive reforms from politics to private sector investment are changing the picture



Wali-ul-Marooof Matin

Matin owns a 98 percent stake in the firm, while a Hong Kong-based investor owns 2 percent. For more capital to set up the commodities exchange, he is looking for investors

of Myanmar, according to international media reports.

The reforms include scrapping media censorship, legalising trade unions and protests, enacting a new foreign investment law and allowing more freedom for political activists and parties.

"Seeing the opportunity, I took the initiative individually six months ago," said Matin, who has also been trying to set a commodities exchange in Bangladesh since early 2008.

Germany fights losing battle with low birthrate

AFP, Berlin

CHANCELLOR Angela Merkel's conservatives are trumpeting an electoral pledge to bump up child benefits but admit that the power of their family policy to boost the low birthrate that threatens to take the shine off the German economy is limited.

German women have on average 1.3 children, among the lowest rate in the industrialised world, resulting in a shrinking and ageing population that threatens long-term finances and the ability of companies to find workers.

However Family Minister Kristina Schroeder does not see the government's annual 200 billion euro (\$264 billion) family policy as a failure.

"I am sceptical about the capacity for politics to manage families," she told reporters Thursday, adding that in terms of encouraging women to have more babies "my ambitions are modest."

However Germany's policies have often been criticised by the Organisation for Economic Cooperation and Development in Europe for hindering women being able to combine work and motherhood.

And the chancellor herself, who is childless, has highlighted several times that Germany's family policy is wanting compared to that of neighbouring France for example.

Michaela Kreyenfeld, of the Max Planck Institute for Demographic Research, said Germany's family policy "lacks coherence".

"Certain mechanisms support women who work, others encourage them to stay at home, for instance," she told AFP.

Nevertheless Merkel's conserva-



Angela Merkel

tives, who are seeking re-election in three months time, plan to stay on the same path -- their platform includes more tax advantages for families, and a still unspecified hike in child benefits.

Schroeder, who was the first cabinet minister to give birth while in office, argues that, if people do not have children, it is often because they have not found the right partner "and on that, the state can't do anything for them".

But her critics say there is no reason to suppose Germans are any unluckier in love than the French, British or Icelanders who all have substantially higher birth rates.

"Germany still tries too much to solve problems with money

and not enough with infrastructure" such as more creches, complained Friday's Sueddeutsche Zeitung newspaper.

Mass circulation Bild scoffed at the government having judged its family policy a success and pointed to the system in Scandinavian countries, Iceland and France. "It's actually quite simple. It works everywhere where there are many women working and where there is good childcare."

"Why is that so difficult to understand?"

-- Small families now seen as the norm --

In Germany, more than one woman out of three with a university education is childless, which,

according to Kreyenfeld, is "because they have to choose between children and career, they don't manage to reconcile the two".

Juggling home and work life and the need to get more women back to work after having children is a problem the government is keenly aware of and has been seeking to address for nearly a decade.

From August 1 every child from the age of one will have the right to a childcare spot, although the promise currently looks set to be difficult to achieve given a lack of spaces in creches, which are run by local authorities.

Another problem is that German couples with children are unlikely to have more than two, unlike in France where families with three or four children are more common, according to Kreyenfeld.

"France conducts a proactive birth policy and that is not the case in Germany due to historic factors," she said. Spurring people to have lots of children has negative connotations after the Nazi regime's idealisation of large German families.

Vera Kreuter, of the Berlin Institute for Population and Development, said not having lots of children had now become "the social norm" and was not going to change any time soon.

But she said that was no reason to stop trying to foster a turnaround.

"To stimulate the birthrate by encouraging people to fulfil their wish for a child must be an aim of family policy, not the only one, but one of them," she told AFP.

Merkel has warned that demographics is one of the biggest challenges that Germany faces this century as the motor of Europe's economy faces labour shortages and its pension system becomes strained.

New US trade chief focused on India, striking deals

REUTERS, Washington

NEW US Trade Representative Michael Froman said he expected growing trade problems with India to be a major early focus of his tenure, but stopped short of saying the United States should cut off benefits for that country.

"We have a number of concerns about the investment and innovation environment in India," Froman said in a wide-ranging interview on Friday, shortly after being sworn into office. "It's something that we're very focused on."

Other top priorities are completing trade deals with 11 countries in the fast-growing Asia-Pacific region and with the European Union, and ensuring that countries live up to their existing trade obligations, he said.

Froman, who won Senate approval on Wednesday by a vote of 93-4, said he agreed with Senator Elizabeth Warren that the public should have a better understanding of the issues that countries negotiate in trade agreements.

"We'll take a look at a number of ideas and proposals that people have about how to improve transparency. But we also want to make sure that we can negotiate a deal that is in the best interests of American workers, farmers and ranchers," he said.

Warren's concern that trade talks are overly secretive prompted the Massachusetts Democrat to vote against Froman, even though she is an ally of President Barack Obama on many other issues.

Members of Congress and business groups have urged the Obama administration to take a tougher line on India's trade policies, including its use of compulsory licenses to suspend patents on US drugs, barriers to US agricultural exports, restrictions on foreign investment and local content policies that discriminate against foreign goods.

Froman, who until recently was Obama's chief international economic affairs adviser, said he expected to raise the issues next month in Washington at a US-India CEO Summit, and potentially in a future meeting of the US-India Trade Policy Forum, which has not met since 2010.

Some lawmakers have suggested removing India from Washington's generalised system of preferences programme, which helps developing countries export goods to the United States.

Froman treaded carefully on that question, noting that many US companies also benefited from the program, since it lowered their production costs by waiving duties on imports.

"We need to take a careful look at that ... This is something we want to work with Congress on," he said.



REUTERS

US President Barack Obama announces Michael Froman (L) as his nominee for US Trade Representative at the White House in Washington. Froman was sworn into office on Friday.

Froman, whose friendship with Obama goes back to their days together at Harvard Law School, takes over the top trade post at one of its busiest times in recent years.

The United States hopes to wrap up trade talks with Japan and 10 other countries in the Asia-Pacific region by the end of the year, and will hold the first round of talks on a proposed US-EU agreement the week of July 8.

"It's a very full agenda that all revolves around creating jobs in the United States," Froman said.

Finishing talks on the proposed Trans-Pacific Partnership, or TPP, by December 31 is "an ambitious timetable, but that is the objective we have set out," he said.

One of the TPP countries, Vietnam, complained this week that the United States was continuing to shield the US textile industry from substantial market openings while making tough demands on other participants in the talks.

"All I would say is this is intended to be a comprehensive, high-standard agreement, which means there will be hard steps for every country to take," Froman said.

"With regard to textiles in particular, we want to make sure we balance the interests of our domestic producers, importers and consumers appropriately," he said.

In its separate talks with the EU, the United States is pushing for "the broadest, most comprehensive agreement we can get," despite France's insistence on excluding cultural indus-

tries from the negotiations, Froman said.

"There are sensitivities on both sides that will have to be addressed in the agreement."

When asked if the pact would make it easier for US farmers to sell genetically modified crops in Europe, Froman said: "We think the prospect of a broad and comprehensive agreement gives us our best opportunity for achieving something that has eluded us before."

He repeated his intention to work with lawmakers to pass a "trade promotion authority" bill, which would allow the White House to submit trade agreements to Congress for an up-or-down vote without amendments.

Many lawmakers want the bill to include a provision requiring the administration to negotiate rules against currency manipulation in trade pacts. Asked about that, Froman said that was an issue that needed to be worked out during discussions.

Froman declined to comment on concerns raised by several senators about Shuanghui International's proposed \$4.1 billion purchase of Smithfield Foods, which would be the biggest Chinese takeover of a US company to date.

Those lawmakers have argued that the tie-up poses a potential threat to both US food security and food safety, and they want the administration to consider those issues before deciding whether to sign off on the deal.

"I would only say as a general matter the US is open to foreign investment provided it meets our overall statutory standard," he said.

Ethiopian diaspora, back home to boost economy

AFP, Addis Ababa

WHEN Tadiwos Belete moved to Ethiopia from the United States a decade ago to open a luxury spa, his relatives thought he was crazy.

He built an office block on a crumbling congested thoroughfare in the centre of Addis Ababa, where there were few other businesses and seemingly few opportunities for a successful entrepreneur.

Now from his fourth floor office overlooking the newly-refurbished, six-lane Bole Road, today crammed with cafes, hotels and shopping centres -- a sign of Ethiopia's thriving economy -- Tadiwos recalls almost despairing of finding other businesses to rent space in his office block.

"I remember, we were almost praying whether we could get someone to rent this building," Tadiwos said.

"It's amazing, I never believed it would grow this much, but it's happened," he added, looking down at the busy street below.

Tadiwos is part of a burgeoning diaspora community returning to Ethiopia to invest in its booming economy.

Tadiwos' business has blossomed, along with his Boston Day Spa, he has opened a restaurant and a wine bar in Addis Ababa, along with two luxury resorts outside the capital.

He employs 1,500 people, and goes out of his way to use Ethiopian materials and products throughout his business empire.

For him, Ethiopia offered opportunities that did not exist in Boston, where he already owned a successful spa business.

He said he was drawn back not only because he thought he could make a living here, but also because he wanted to take part in Ethiopia's development.

"The profitability is here, you can see it, you can feel it, you can touch it. But as well ... as a human being you can make a difference here," he said.

With an estimated four million diaspora living overseas, almost one in every 20 Ethiopians either lives outside the country or has returned home recently.

Most of them fled Ethiopia's military regime in the 1970s to settle in the United States. Today, many are leaving flailing economies in the West to take advantage of Ethiopia's rapid growth.



AFP

Boston Day Spa owner Tadiwos Belete poses in Addis Ababa. Belete who moved to Ethiopia ten years ago from the US said he "can barely believe the building boom he has seen in the city in the last decade".

The economy here is growing at an annual rate of 8.5 percent, and was ranked the twelfth fastest growing economy in the world in 2012 by the World Bank.

Like Tadiwos, most returnees are involved in the service sector, though investments in agriculture and real estate are also growing fast.

Returning diaspora offer hard cash investments, but also invaluable skills, education and experience acquired in the West.

But their influence is not only economic, according to Shanta Devarajan, head of the Africa region at the World Bank.

"The diaspora might bring strengthened governance to African societies. These are people who have been outside the system and are able to observe it from afar, and that might actually strengthen government that we need so badly," he said.

Ethiopia's main pull seems to be the drying up economic possibilities in recession-hit Western countries.

"It's the opportunities here, in many respects it's beyond low hanging fruit, it's so obvious," said Zemedeneh Negatu, a managing partner at Ernst and Young.

Zemedeneh, who returned to Ethiopia after 14 years abroad, said the payback is enormous.

"It's a combination of the financial reward, but also these touchy-feely, fuzzy kind of things. You can quantify the contribution you make here, definitely it's measurable," he said.

Though statistics are not available, Zemedeneh said the number of successful businesses established by returnees has grown in recent years, which builds confidence among other diaspora Ethiopians contemplating a move back.