



Rokia Afzal Rahman, president of Metropolitan Chamber of Commerce and Industry, and Kei Kawano, country representative of Japan External Trade Organisation (Jetro), exchange documents after signing a memorandum of understanding at the chamber's conference hall in Dhaka yesterday.

MCCI inks deal with Jetro to promote bilateral trade

STAR BUSINESS REPORT

JAPAN External Trade Organisation (Jetro) and Metropolitan Chamber of Commerce and Industry (MCCI) have teamed up to promote bilateral trade and investment.

Jetro, a Japanese government organisation, signed a memorandum of understanding with Bangladesh's leading chamber yesterday.

Kei Kawano, country representative of Jetro, and Rokia Afzal Rahman, president of MCCI, signed the deal at the MCCI office on behalf of their respective organisations.

Speaking on the occasion, Kawano said 30,000 Japanese firms have operations in China and the number is 8,000 in Thailand, but only 183 Japanese entities are in Bangladesh so far.

"We are yet to reach the potential level, as 183 companies is not a big number (for Japan)," said Kawano.

"Japanese companies operate in various sectors and they will be able to contribute to diversify Bangladesh's products."

Bangladesh is still an untapped market for Japanese investors, said the country chief of Jetro. A new era of bilateral business relationships has opened up with

recent visits from the two countries' prime ministers, he added.

However, he emphasised friendly business policies to attract Japanese investors to Bangladesh.

The president of MCCI said Japan is a time-tested partner and the single largest donor country for the country.

Rokia said the Japanese government and businesses have been showing greater interest in Bangladesh.

"The recent visit by the Japanese premier and business delegates is a sign of this increase in interest," she said.

Also, the interest is reflected in different joint activities; for example, MCCI and IDE (the research wing of Jetro) have successfully completed a survey on selective industrial sub-sectors in Bangladesh, she said.

The survey's purpose was to find industrial sub-sectors in Bangladesh that are fit for global markets. It also focused on what development outlook Bangladeshi entrepreneurs are harbouring to take their industries to the global market, said the MCCI chief. She said the purpose of the deal was to formalise the existing relation and cooperation between the two countries.

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Bangladesh is a growth model for its resilience

ICC Secretary General John Danilovich talks about the country's role in global trade

REFAYET ULLAH MIRDHA

BANGLADESH is a model country for the rest of the world thanks to its resilience and the continuous economic growth in the face of crisis, said the secretary general of the International Chamber of Commerce (ICC).

"Bangladesh is no longer a test case for development as suggested by economist Just Faaland a few decades ago," John Danilovich said. Faaland had said, if Bangladesh can develop, any country could.

In the recovery path of the global economy from recession, the Asian nations, especially Bangladesh, played a vital role, Danilovich told The Daily Star in an interview in Dhaka recently.

The former US diplomat came to Bangladesh to join the celebration of the 20th anniversary of the International Chamber of Commerce-Bangladesh (ICC-B), the local unit of the world business organisation.

During the conversation on the global economy's recovery from recession that started from the US sub-prime mortgage in 2007, Danilovich said the whole world has not recovered yet.

"The recovery is still patchy, but the South Asian nations have played a key role in the recovery process," he said.

"Bangladesh performed extraordinarily even during the recession riding on its garment exports."

He said most Asian nations remained unhurt from recession for their excellence in exports. "Exports of the Asian nations were very strong."

On sustainability of the export-led growth model, the ICC top official said exports would grow further as the Western economy is



John Danilovich

recovering gradually from the slowdown.

"The governments of the Asian countries should invest more in job creation and infrastructure for the sustainability of the export-led economic growth," Danilovich said.

Regarding China, the world's second largest economy after the US, he said the country has a big role to play in lifting the rest of the world out of the crisis, as the country is still growing at a healthy pace.

"China is a member of the World Trade Organisation (WTO). So it is an advantage for the rest of the world as the country will be able to show the path to boost global trade," he said.

For a balanced global economic growth, the gap between the developed countries and the least developed countries (LDCs) has to be narrowed through the application of different trade tools.

However, there is no quick fix for the problems, he added.

As part of the measure to trim the gap, trade facilitation, an agenda that was adopted by the member states of the WTO in its ninth ministerial conference in Bali last year, can be a good tool to boost economic growth in the LDCs, he said.

"The implementation of the trade facilitation will save \$1 trillion globally through simplification of the customs and administrative costs worldwide."

Such a huge saving will create jobs for 21 million people worldwide, especially in the LDCs.

Danilovich also touched upon the discriminatory duty structure in the US market for Bangladesh's garment items.

Currently, Bangladesh pays 15.61 percent duty on the export of apparel items to the US, whereas China pays only about 3 percent duty on its exports of apparel items

to the world's largest economy.

The US customs allows duty-free entry to 97 percent Bangladeshi products, but the offer does not cover garment, which accounts for 80 percent of the country's incomes from exports and is a lifeline of the economy.

As a result, garment exporters paid nearly \$828 million in 2013 and \$3.41 billion in the last five years as duties to the US, according to the commerce ministry.

"Bangladesh has been paying the duty to the US market despite being an LDC. This is not good," said Danilovich.

"The WTO should address the issue of duty on the export of garment items to the US. If the WTO members agree to trade facilitation, such a disparity might be minimised to some extent," he said.

He said the effective adoption of trade facilitation by the WTO member countries would remove the bureaucratic tangles in global trade.

Danilovich also opined for a true free trade regime in the world for balanced economic growth.

"The main objective of establishing the ICC was to ensure peace in the world through trade. Through free trade, we can ensure inclusive growth and more peace."

On formation of the Trans-Pacific Partnership (TPP) trade agreement that the US is negotiating with 11 other countries throughout the Asia-Pacific region (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam), he said if the deal is struck, Bangladesh can join later with the trade bloc.

"It is believed that a new order in the world trade scene would be in place with the signing of the TPP."

Modi's 'Make in India' to depend on Chinese steel

REUTERS, New Delhi

INDIA'S steel consumption is expected to grow at its fastest pace in five years next year on Prime Minister Narendra Modi's infrastructure push, but a scarcity of raw materials means it will be at the expense of another key goal - curbing imports.

In his triumphant election campaign, Modi criticised the last government for exporting iron ore but importing steel. But his first five months as the prime minister has coincided with a surge in imports of both, denting his high-decibel drive to make India an export powerhouse.

India's steel imports from China, the world's biggest producer of the alloy, doubled in April-September from a year ago though the country has enough capacity to meet its demand.

While India's consumption is expected to rise, China will continue to see a downtrend, likely leading to a flood of cheap steel from China just as Modi pushes ahead with a signature 'Make in India' initiative to boost industry.

Charged by the strongest electoral mandate in three decades, Modi has staked his reputation on making India an export hub, launching his pet campaign with much fanfare in September with a lion as its logo.

Soaring steel imports, however, underscore the challenges Modi faces in realising his dream. Steelmakers, such as JSW, are clamouring for higher import tariffs.

"The 'Make in India' slogan has to be true for steel also," said Ravinder Bhan, deputy general manager of marketing at state-owned Steel Authority of India. "Let steel firms get iron ore and other raw materials. But that's not happening."

India, Asia's third-largest economy, has become a major importer of iron ore and coal



From left, India's President Pranab Mukherjee, Prime Minister Narendra Modi, new cabinet ministers Manohar Parrikar and Suresh Prabhu pose after a swearing-in ceremony at the presidential palace in New Delhi on Sunday.

despite having big reserves of both at home. Once a top exporter, India is now bringing in shiploads of iron ore due to court action against illegal mining that has stifled supply, while coal behemoth Coal India is struggling to boost production.

The shortages mean that India's steel industry is running at 80 percent of capacity. But the World Steel Association expects Modi's pro-business plans - building 100 new 'smart' cities, creating new logistic hubs and residential townships - to spur steel demand that has been weak in recent years.

World Steel expects India's demand to rise 3.4 percent to 76.2 million tonnes in 2014, after growth of 1.8 percent in 2013. Structural reforms and improving confidence will support a further 6 percent growth in 2015, it said.

Indian steelmakers such as JSW, Tata Steel and Jindal Steel and Power Ltd, however, run the risk of being priced out by their Chinese competitors.

"The global market is such that the only thing that you can do is take some protective action to save the (Indian) industry," said A.S. Firoz, chief economist at a Steel Ministry unit. "Otherwise you can't decide what the global prices will be or at what price China will export steel."

A Steel Ministry spokesman said he had no immediate comment on whether authorities would consider raising tariffs, although a government official who spoke on condition of anonymity said the issue was being looked into.

China, the world's largest steel producer, rolls more steel in a month than India, the fourth largest producer, manages in nine months. But a slowdown in China means it is set to end with a surplus of about 100 million tonnes a year.

A tonne of reinforcement steel produced in India for use in buildings can cost up to 15,000 rupees (\$244) more than that from China, according to Firoz.

India plans new push at airport sell-off

REUTERS, New Delhi

The Indian government has rekindled plans to privatise four airports and will also list Airports Authority of India, the state-owned airport operator, on the stock market, the civil aviation ministry said on Monday.

The announcements form part of a draft set of reforms which the ministry hopes will aid growth in the aviation sector.

Millions more Indians are flying each year in one of the world's fastest growing aviation markets, but the government wants to speed up the process by expanding airports and boosting air connectivity in remote areas.

The ministry said airports in the cities of Chennai, Kolkata, Ahmedabad and Jaipur will be developed under a public-private partnership (PPP) model, without setting a timeline for when they will tender out contracts to the private sector.

Four airports - Delhi, Mumbai, Hyderabad and Bangalore - have already been privatised.

"Government's objective is to develop more airports in the PPP mode, with appropriate modifications to ensure competitiveness in costs," the ministry said.

The UPA government, which lost power in May, sought bidders in 2013 for the privatisation of six airports, but disagreement among government officials over the terms of a PPP deal, opposition and missed deadlines scuppered the plans.

The ministry said it will list the Airports Authority of India, which operates 46 domestic and 15 international airports, to improve efficiency and transparency, and sell shares in state-owned helicopter company Pawan Hans.



REUTERS/FILE

BlackBerry Chief Executive John Chen uses a Passport smartphone following the official launch event in Toronto on September 24.

BlackBerry CEO sees fewer new devices, focuses on profitability

REUTERS, Toronto

BLACKBERRY, which has completed the first phase of its two-year turnaround plan, is now focused on profitability and will not spread itself thin by attempting to launch too many new devices, its chief executive said.

John Chen, who took the reins at the struggling mobile technology company in November 2013, has moved rapidly to try to get the one-time investor darling back on track. The company has sold assets, struck partnerships to lower manufacturing costs and broaden app offerings, and raised cash via the sale of real estate holdings in its hometown of Waterloo, Ontario.

"Once we turn this company to profitability again, I will do everything I can to never lose money ever again," Chen told Reuters in an interview this week. "That is definitely something I am very focused on doing."

The Hong Kong-born executive, 59, made his name at Sybase, a struggling database software firm that he rescued and sold a decade later to SAP for \$5.8 billion in 2010.

"If you look at my track record at Sybase, I think we made money for some 60 quarters in a row, even when the

dotcom bubble blew up we were profitable. I like that philosophy," said Chen, who added he believes the worst is now behind BlackBerry.

"We will survive as a company and now I am rather confident," he said. "We're managing the supply chain, we are managing inventories, we are managing cash, and we have expenses now at a number that is very manageable. BlackBerry has survived; now we have to start looking at growth."

A year ago, the smartphone industry pioneer was in the midst of a painful restructuring, scrambling to find a suitor and trying to play down media reports of its "death spiral."

A year after Chen stepped in as CEO, BlackBerry may have regained some of its lost swagger. The company is hiring again and though it has yet to turn steady profits, Chen has begun acquiring small companies and investing in growth.

"He stepped in to catch a falling knife, which is what BlackBerry was at the time losing \$1 billion plus," said Prem Watsa, a major shareholder and which helped bankroll a debt recapitalization that led to Chen's arrival.

"He came in and very quickly stabilized it and very quickly laid out a roadmap to breakeven."