US duties on Bangladeshi apparel an injustice

The way some governments reacted to the illegal migrant issue was appalling, says Bangladesh's permanent representative to the UN

REFAYET ULLAH MIRDHA

IMPOSING higher duties on apparel exports from Bangladesh to the US is not only inhuman, but also an injustice, as the US government receives lower tariff from other developing and developed countries, a UN official said.

Not only is the US imposing higher duties on Bangladesh at 16.72 percent, it also did not stand beside the nation after the Rana Plaza building collapse, the deadliest industrial accident that took the lives of more than 1,130 workers in 2013.

"Rather, as a punishment, the US suspended the GSP (generalised system of preferences) status for Bangladesh after the industrial accident," said AK Abdul Momen, ambassador and permanent representative of Bangladesh to the United Nations, in an interview with The Daily Star last month.

The suspension of the trade privilege for Bangladesh just after the accident does not put the US in good light; it is also not expected from them as they showed their generosity towards Bangladesh in many instances earlier, he said.

Momen, who is also the president of the High-Level Committee of the United Nations Office for South-South Cooperation, was in Dhaka to attend the 'High-Level Meeting on South-South Asia and Triangular Cooperation in the Post-2015 Development Agenda'.

"The magnitude of duty discrimination can be seen if we compare it to another country." For example, France pays 0.5 percent duty on exports to the US, but Bangladesh pays 16.72 percent, despite being a least developed country, he said.

After the Rana Plaza building collapse, members of the US Congress Grace Meng, Peter King and Joseph Crowley visited Bangladesh, but they did nothing positive for the country, he said. "I had hoped that the US would consider duty removal on garment exports from Bangladesh, in the interest of the poor workers."

Bangladesh paid $860 million as duty to the US government upon exporting apparel worth $5.59 billion last fiscal year.

Of the total annual exports to the US from Bangladesh, apparel items make up for 95 percent. Bangladesh paid $4.1 billion as duty to US customs over the last five years.

The US has allowed duty benefits to the African LDCs under the African Growth and Opportunity Act, but they left Bangladesh out from such a benefit, Momen said.

Moreover, many countries will enjoy duty benefits once the proposed Trans-Pacific Partnership, a trade agreement between Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, and the US, comes into effect soon, he added.

He praised the government's achievements in workplace safety after the Rana Plaza building collapse. A free trade advocate, Momen said the US was a stalwart for free trade, but in case of Bangladesh, they did not show their real spirit.

AK Abdul Momen

He also talked about the contemporary global issues and development initiatives taken by the governments and the UN bodies.

On the illegal migration issue, he said the way some governments had reacted was appalling.

Illegal migration is not a new phenomenon; people will migrate from one country to another for better opportunities, which had also taken place in the US, he said. "People from many countries in the world migrated to the US, either legally or illegally."

"If a small country like Bangladesh can offer shelter to more than 29,000 Rohingyas for years now, why can countries like Thailand, Malaysia and Indonesia not offer shelter to a few thousand people for a brief period, as the international communities are trying to resolve the crisis?" he asked.

The citizenship issue of the Rohingya people should be resolved as soon as possible, as people cannot remain stateless for long, he said.

On the issues of development and setting up the $100 billion worth BRICS Bank and $40 billion worth Asian Infrastructure Investment Bank, he said the Asian nations will grow further for these moves, as they will have more funds for the improvement of basic infrastructure.

The Southern Asian countries like China and India have the capital, while the Northern countries should come forward to participate in the global development agenda, which will be a win-win situation for the people of the world, he said.

He said $5 trillion to $11 trillion will be required a year to attain the Sustainable Development Goals, which identified 169 problems under 17 areas that need to be solved in the next 15 years, he said.

Bangladesh should also diversify its exports, and reduce dependence on only one product -- garment -- for exports, as the country aims to come out of the LDC status by 2021, he added.

"I believe if the political leadership is sincere and committed for a better world for all, human ingenuity will surely come up with solutions that we all can be proud of," Momen said.

The third Financing for Development Conference will begin in Addis Ababa, the Ethiopian capital, on July 13-16, and global leadership will hopefully determine the ways of mobilising resources, he said.

Britain to unveil plans to clean up markets hit by rigging scandals

REUTERS, *London*

BRITAIN'S regulators will unveil plans on Wednesday that aim to clean up behaviour in the financial markets, where banks have been fined billions of pounds for trying to rig currencies and interest rate benchmarks.

The Bank of England, Treasury and the Financial Conduct Authority will publish recommendations from their Fair and Effective Markets Review into conduct and operation of currency, bond and commodity markets.

"It is going to say some quite significant things about what the scope of regulation should be for asset classes that historically have not been heavily regulated," Martin Wheatley, FCA Chief Executive and co-chair of the review, told Reuters.

The review will focus on how to raise standards of behaviour among traders at banks, recommend tougher sanctions and give markets more detailed guidance on what are acceptable trading practices.

Finance industry officials expect the review to take on board some of their ideas, such as cracking down on traders known as "rolling bad apples," making it harder for a rogue trader to get a job unchallenged at another bank.

Some expect a new independent body to help with providing guidelines on market practices and enforce a new global code of conduct that central bankers are already working on.

Wheatley said, for example, there was a need to determine more clearly when legitimate hedging in markets becomes abusive "front-running," where banks use information to trade on their own account ahead of customers.

Guidance is also expected on when it is acceptable to pull out of a trade at the last minute in the currency markets, a practice known as "last look."

Given the global nature of forex, commodity and bond markets, Wheatley said international backing would be needed to make the review's recommendations effective in practice.

An industry official said British regulators could slap extra capital charges on banks that failed to apply the recommendations.

Bank of England Governor Mark Carney and British finance George Osborne, who ordered the review last year, are expected to touch on its findings in speeches on Wednesday evening at the Mansion House in the City of London financial district.

Economists are also waiting to hear if Carney will comment on the strength of sterling, which has risen 4 percent over the past year, and do not foresee a repeat of last year's warning that interest rates could rise sooner than expected.

REUTERS/FILE

Sahara Group Chairman Subrata Roy speaks at a press conference in 2013.

Jailed Indian tycoon seals deal to keep hotels

AFP, *Mumbai*

The Sahara Group of jailed Indian tycoon Subrata Roy said Monday it had reached a deal with Britain's billionaire Reuben brothers to avert the sale of three luxury hotels overseas.

Roy, who was jailed for contempt in March 2014, had tried to sell the properties -- the Plaza Hotel and the Dream Downtown in New York and London's Grosvenor House -- to raise the $1.6 billion he needs to secure bail.

The Sahara Group said David and Simon Reuben were "in the final stage" of negotiations to take over the company's loan portfolio.

"The negotiations that are already under way are expected to generate new money for meeting the group's immediate requirements in the Hon'ble Supreme Court of India," it said in a statement, referring to the bail money.

"It is a matter of great satisfaction to our chairman, Shri Subrata Roy Sahara, that the Indian flag will continue to fly on these three globally-renowned hotels."

Roy's Sahara media-to-finance empire has made several failed attempts to come up with the bail money since he was jailed for failing to comply with a court order.

The court had ordered him to repay 200 billion rupees ($3.2 billion) to millions of small savers through a bond scheme that regulators had declared illegal.

Sahara has always insisted it was only helping poor and mainly rural investors through the scheme, while Roy says he has been a victim of "character assassination".

Clock ticking, Ukraine downplays importance of elusive debt deal

AFP, *Kiev*

UKRAINE'S finance minister said Sunday her potential failure to reach an elusive debt restructuring deal with private lenders should not keep the IMF from approving an essential new payment for Kiev when its board meets later this month.

The war-torn and economically ravaged former Soviet country is trying to reach an agreement with some of the world's biggest investors that could save it $15.3 billion (13.8 billion euros) over four years.

But a deal has proven elusive. Kiev is up against seasoned financial world heavyweights such as Franklin Templeton and other creditors who believe that Ukraine has the funds stashed away in its central bank to pay out in full.

The International Monetary Fund had previously signalled that the sides' failure to find a compromise could once again force its executive board to delay dishing out the next slice of Ukraine's urgently-needed loan.

It has further warned that the entire $40-billion Ukrainian rescue -- an amount that includes the debt deal as well as $17.5 billion in IMF assistance and individual government and EU help -- could unravel should the restructuring talks fall apart.

Finance Minister Natalie Jaresko said nothing could be further from the truth.

A debt deal "is very important to the (IMF's) decision but is not an essential condition," she said in an interview published by Kiev's Dzerkalo Tyzhnia weekly on its website.

The US-born economist and investor -- handed her Ukrainian citizenship by President Petro Poroshenko just hours before her appointment as finance minister in December -- said the fund viewed the debt talks as just one component of a major economic overhaul Kiev had been delaying for years.

"The second goal is to see the debt not exceed 71 percent of GDP by 2020. And the third is to see the annual (debt) service payments not exceed 10 percent of GDP starting in 2019," said Jaresko.

"I am certain the IMF will support us if it sees substantial progress and understands have we intend to save these $15.3 billion and reach the other two goals."

She added that Kiev fully expected to receive the fund's hung up $1.7 billion payment in July.

But Jaresko's seeming bravado comes against the backdrop of talks that have failed to produce almost any evident progress for the past three months.

Ukraine's finance ministry said that a committee of Kiev's four main creditors had produced an "unacceptable" list of demands during a rare round of direct phone talks Friday.

"The committee's proposal to offload their sovereign claims into the books of the National Bank of Ukraine is unacceptable as it assumes using (central bank) reserves, in clear violation of Ukrainian law," Jaresko's ministry said in a statement.

Greece, creditors trade barbs over latest EU reform demands

AFP, *Elmau Castle, Germany*

GREECE and the European Union traded barbs Sunday over Brussels' latest demands for economic reforms in Athens, with EU commission chief Jean-Claude Juncker accusing Greece's premier of misrepresenting the proposals that Athens has termed "absurd".

Speaking at a Group of Seven summit in Germany, European Commission President Juncker accused Greek Prime Minister Alexis Tsipras of failing to respect "minimal rules" in their negotiations on the country's towering debt burden.

Juncker also said Tsipras had failed to deliver a promised list of alternative reforms.

"Alexis Tsipras, my friend, had promised that by Thursday evening, he would present a second alternative proposal... I have never received this alternative proposal," said Juncker. Athens appeared determined that a 47-page blueprint it put forward this past week should serve as the basis for the talks.

"The Greek government...awaits with interest the observations (of the creditors) on its proposals, and is prepared from now on to continue the effort to reach further political convergence," a government source in Athens said after Juncker's comments.

Greece's radical-left government and its creditors -- the International Monetary Fund, the European Union and European Central Bank -- have been negotiating for five months on reforms needed to unlock 7.2 billion euros ($8 billion) in rescue funds that Athens desperately needs.

With the clock ticking down on Greek loan repayments totalling 1.6 billion euros over three weeks, the Commission last week presented Greece with a five-page list of proposed reforms, including sales tax hikes and cuts to civil servants' salaries and pensions.

Greek Finance Minister Yanis Varoufakis on Sunday called the

AFP

A smashed sign hangs at the entrance to the National Bank of Greece in Athens yesterday.

proposals "borderline insulting".

"It was an aggressive move designed to terrorise the Greek government," Varoufakis told Proto Thema daily.

Tsipras also came out swinging against the proposals, telling parliament on Friday they were "absurd" and insisting Athens would not accept a deal unless it included a restructuring of its massive debt.

Juncker said Tsipras did not give a complete picture of the talks.

The prime minister had presented the EU's proposal as a take-it-or-leave-it offer, said Juncker, even though he "knew perfectly well that I was willing to discuss the main points of disagreements".

The EU chief therefore spurned Tsipras's request for a telephone conversation on Saturday, with a spokesman reportedly saying that there was "nothing to discuss".

"Alexis Tsipras is my friend but friends have to observe minimal rules," Juncker said.

He added that he would welcome a Greek counter-proposal ahead of an EU summit with Latin America and Caribbean leaders next week, where he could discuss it with Tsipras. EU President Donald Tusk also spoke out on the side of the creditors.

"If someone says I'm willing to lend money and says I hope you'll pay me back, this person is not a ruthless robber. It's not true that debtors are always moral and creditors always immoral. It's more sophisticated than what some politicians want to show today," said Tusk.

Greece's bailout agreement with the creditors expires at the end of June. Should Greece miss its loan payments and default, many fear that this would set off a chain of events that could lead to a messy Greek exit from the euro.

Many within the ruling Syriza party, including a number of cabinet members, say the PM should call early elections rather than accept further austerity measures.

"I do not think there is much room for a positive deal with the creditors... they probably seek submission," the cabinet's chief eurosceptic, Energy Minister Panagiotis Lafazanis, told To Vima weekly.