African textile exports may reach $4b under US trade deal

REUTERS
Africa should be able to quadruple its exports, literally without a lot of trouble, creating another 500,000 new jobs.

REUTERS, *Cape Town*

Africa's textile and apparel exports to the United States could quadruple to $4 billion over the next decade through an extended duty-free trade treaty, a US official said on Wednesday.

The trade program known as the African Growth and Opportunities Act (AGOA), currently before American lawmakers, provides eligible sub-Saharan countries duty-free access to the world's top apparel market, giving Africa a competitive edge over suppliers such as Bangladesh and Vietnam.

The US administration has already called for Congress to renew the program well ahead of its expiry date of Sept. 30, 2015. The program, in which about 40 African countries are eligible to take part, could be extended another 10 years.

"Ten years is a game-changer," said Gail Strickler, assistant United States trade representative for textiles and apparel, adding the extension could be passed "imminently".

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Established in 2000, AGOA has already been renewed past its original 2008 expiry date.

Last year, US clothing imports from sub-Saharan countries reached $986 million, up nearly six percent from 2013, as countries such as Lesotho, Kenya, Ethiopia and Tanzania participated in the program.

Analysts said Africa had lower labour costs and abundant raw materials, such as top-quality cotton from Uganda, but congested ports, a poor road network, lack of skills and old technology were a hindrance.

"While the costs may be rising in Asia, they are still way more competitive than Africa, especially on productivity, quality and product range," said Joseph Nyagari, an official at the Nairobi-based African Cotton and Textile Industries Federation.

African officials and Asian firms with factories in Africa welcomed AGOA's extension, saying investment would follow.

Kelebone Leisanyane, chief executive of the Lesotho National Development Corporation, said the land-locked southern African nation, a top exporter under AGOA, plans two new fabric mills.

"I think for Lesotho AGOA is critical and its renewal means the survival of many families, with around 35,000 workers in the apparel and textile industry," he told Reuters.

Taiwanese firm New Wide Garment, which has six factories in Kenya and one each in Lesotho and Ethiopia, also aims to expand.

"Now with a ten-year extension it means most of the investors will jump into Africa. We intend expanding more in Africa," Heman Boodia, its Africa vice president told Reuters.

New Zealand, S Korea cut rates to counter slowing China

REUTERS, *Sydney*

New Zealand and South Korea cut interest rates on Thursday to counter the effects of sluggish global demand, and in particular subdued exports to China, their largest export market.

An outbreak of a deadly respiratory virus, Middle East Respiratory Syndrome, was another factor that prodded the Bank of Korea into its fourth easing in less than a year as anxiety over a spate of deaths has hit demand in the South Korean economy.

Worries aired on Thursday by central bankers in both New Zealand and South Korea over China's slowdown, however, reflected concerns held in all 120 countries worldwide that count China as their largest trading partner.

Fixed asset investment in China grew at its slowest rate in over 14 years last month, according to data that suggested the slowdown had longer to run in the world's second largest economy.

"Investment is vital for stabilising growth in the short term and the poor performance of investment is putting pressure on the economy," said Li Huiyong, an economist at Shenyin & Wanguo in Shanghai.

In other data released on Thursday, industrial output and retail sales growth at least showed signs of steadying, and were largely as expected. Cutting interest rates for the first time in four years, the Reserve Bank of New Zealand flagged several risks to China's growth, including doubts about the steps taken by Beijing so far to boost growth.

AARONG DAIRY
Sir Fazle Hasan Abed, chairperson of Brac, launches Brac Dairy's Aarong Dairy Laban, a ready-to-serve drink, during a distributor conference of Aarong Dairy at Brac Centre in Dhaka recently.

ACI FORMULATIONS
M Anis Ud Dowla, chairman of ACI Formulations, attends the company's 19th annual general meeting at Officers' Club in Dhaka yesterday. The company declared 30 percent cash dividends for 2014. Shusmita Anis, managing director, was also present.

BAY LEASING
Maswooda Ghani, chairperson of Bay Leasing and Investment, presides over the company's 19th annual general meeting at IDEB Bhaban in Kakrail, Dhaka recently. The company declared 15 percent cash dividends for 2014. Iftekhar Ali Khan, managing director, was also present.

STAR
Zaidi Bin Jantan, assistant manager of Sony Southeast Asia, speaks at the Sony Professional Camera Seminar 2015, at The Daily Star Centre in the capital yesterday.

EU pushes Greece for deal as protests erupt

AFP, *Brussels*

EU Commission chief Jean-Claude Juncker impatiently pushed Greek Prime Minister Alexis Tsipras for a debt deal Thursday after talks with the leaders of Germany and France ended without a breakthrough.

Fresh protests erupted meanwhile in Athens at the prospect of new austerity cuts demanded by Greece's international creditors in return for money to stave off default.

Late-night talks in Brussels between Tsipras, Angela Merkel and Francois Hollande Wednesday failed to produce a deal that would unlock the remaining 7.2 billion euros ($8.1 billion) of Greece's bailout, which expires at the end of June.

"People are gradually beginning to lose patience. And I'm only human, so I share their impatience," Juncker told reporters as he arrived for the second day of an EU-Latin American summit.

"We must get the cow off the ice", he said, using a folksy German phrase for solving a difficult problem -- and added that "the cow keeps on slipping, we try to push her again today."

European Commission spokesman Margaritis Schinas confirmed Juncker would meet Tsipras at 1200 GMT Thursday, after a "brief encounter" on the summit sidelines on Wednesday "where their personal relationship was reestablished."

Radical leftist leader Tsipras and former Luxembourg premier Juncker fell out at a meeting in Brussels last week, when the Greek PM rejected the EU's "absurd" reform proposals.

The Athens stock market however soared by 6.9 percent on the belief that a bailout deal was imminent.

Merkel on Thursday said three-way talks with Tsipras and Hollande had been "very intensive".

"There was absolute consensus that Greece now will work further with emphasis and high intensity with the three institutions in the next days, to clear as far as possible all open questions," she told reporters.

In Athens there was a repeat of the protests that have erupted throughout the five-year debt crisis as Communist trade union protesters occupied the finance ministry in the landmark Syntagma Square.

"We have bled too much, we have paid, stop the new measures," said a huge banner that they draped across the building after taking down the EU flag.

Unions called for further protests later Thursday against a government "that no longer understands the real need of workers," a statement said.

Ratings agency Standard & Poor's on Wednesday further cut its junk rating for Greek government bonds after the cash-strapped country delayed a debt payment to the International Monetary Fund last week.

Only a few hours earlier Merkel and Hollande left the EU summit building without comment, but a German government statement said the leaders had agreed the talks "must be intensified".

A European source close to the negotiations said Merkel "acted as someone who is looking for a solution. Everyone is being careful not be the reason for a failure."

Greece's creditors, with the strong backing of hardline Germany, have refused to release the last 7.2 billion euros remaining in its EU-IMF bailout unless Athens agrees to tougher reforms.

The bailout expires on June 30 and without the cash Greece will be unable to pay its foreign debts, having already had to ordered local authorities to turn over their cash reserves to help it meet earlier commitments.

A default could send it crashing out of the euro, with the head of the German central bank warning Thursday that the dangers of contagion from a possible Greek insolvency could not be underestimated.

The impact from such a scenario was "certainly better contained than they were in the past, though they should not be underestimated," said Bundesbank chief Jens Weidmann.

"But the main losers in that scenario would be Greece and the Greek people," he insisted.

The Greek premier's anti-austerity Syriza party won elections in January with a promise to end to five years of austerity imposed under two international bailouts since 2010.

Leftist-led Athens has strongly rejected many reforms, such as pension reforms and changes to Greece's sales tax, but on Thursday officials seemed ready to make concessions on fiscal targets.

"People have to realise that these measures are temporary and target economic recovery," junior minister Georges Katrougalos told the public broadcaster ERT.

Time is now running out for a deal as any agreement must be approved by finance ministers from the 19-country eurozone at a meeting in Luxembourg on June 18, and then voted on by several national parliaments.

AFP
A communist-affiliated PAME workers union protester sprays "No" on the ground as demonstrators block the entrance to the finance ministry in Athens yesterday.

EU opens anti-trust probe into Amazon e-book business

AFP, *Brussels*

The European Union's anti-trust watchdog opened a formal investigation on Thursday into Amazon's e-book distribution, in the latest Brussels inquiry to target the US-based Internet retailer.

The European Commission, the EU executive's arm, is probing clauses Amazon has with publishers which may shield the company from competitors, including an obligation to be informed of more favourable terms being offered by rivals.

Competition Commissioner Margrethe Vestager said in a statement that the inquiry did not call into question Amazon's "successful business" offering customers goods such as e-books.

"However, it is my duty to make sure that Amazon's arrangements with publishers are not harmful to consumers by preventing other e-book distributors from innovating and competing effectively with Amazon," Vestager said in a statement.

"Our investigation will show if such concerns are justified," she added.

Brussels is already conducting a separate investigation into Amazon's tax arrangements over its tax deals in Luxembourg, one of a series of such probes targeting major global firms. Amazon said its e-book business did not breach EU rules.

"Amazon is confident that our agreements with publishers are legal and in the best interests of readers. We look forward to demonstrating this to the Commission as we cooperate fully during this process," it said in a statement to AFP.

A European Commission spokesman said the new probe was "not related to the previous investigation of Amazon".

"These (inquiries) relate to the business model, including of course for e-books. We are investigating certain clauses Amazon concludes with certain publishers," spokesman Ricardo Cardoso told reporters.

Former Danish minister Vestager has taken a hardline approach to the job that she started in November, opening a series of anti-trust initiatives in recent weeks.

US-based tech firms have been a particular target for Vestager amid concerns that companies across the Atlantic are distorting the 28-nation bloc's cherished single market.

Kazakhstan to join WTO after 20yrs of talks

REUTERS, *Geneva*

Kazakhstan has completed the negotiations needed to join the World Trade Organization, the Geneva-based trade body said in a statement, and is on track to become the 162nd WTO member by the end of the year.

Kazakhstan has spent the entire life of the 20-year-old WTO trying to join the body, and its candidacy gathered pace after its neighbour and close trade partner Russia joined in 2012.

Kazakhstan is part of the Eurasian Economic Union, a regional trade grouping that includes Russia, Armenia, Kyrgyzstan and Belarus and has common tariffs for imports from outside the bloc.