

Bangladesh expresses worry over US trade bill

DIPLOMAT CORRESPONDENT

Bangladesh has expressed concern over the USA's planned international trade agreement with 11 Pacific Rim countries, as least developed countries like Bangladesh may lose market shares in the US if the pact is passed.

Mohammad Ziauddin, Bangladesh's ambassador to the US, expressed Dhaka's worry over the Trans-Pacific Partnership or TPP while meeting separately with US Congressmen Brad Sherman and Tom Marino at the Capitol Hill on June 15 and 16 respectively.

Sherman is the ranking member of the subcommittee on Asia and the Pacific of the US House Foreign Affairs Committee and Marino is the chairman of the subcommittee on Regulatory Reform and Commercial and Antitrust Law.

As a least-developed country, Bangladesh does not receive any special or preferential treatment from the US in trade and commerce, Ziauddin said.

The US is a major destination for Bangladeshi products, mainly garments, receiving nearly one fourth of the country's total exports.

Bangladesh apparel is subjected to high tariffs in the US as opposed to zero tariffs to almost all other least-developed countries.

Of the four million garment workers, about 90 percent are women, whose employment accelerated the process of women empowerment and socio-economic development in Bangladesh.

At this juncture, to encourage the women empowerment and socio-economic growth partner, the US should grant the same preferential market access for Bangladeshi products as accorded to other developing countries of the Sub-Saharan Africa and the Caribbean, Ziauddin said.

The US should reinstate the GSP benefits for Bangladesh, he said in a statement. Talks are ongoing between the US and 11 other Pacific Rim nations for the deal.

The group comprises Australia, Brunei, Canada, Chile, Mexico,

New Zealand, Peru, Japan, Malaysia, Singapore and Vietnam.

The TPP will make Vietnam's apparel exports to the US more competitive, at the expense of Bangladesh and Sri Lanka, Standard Chartered said in an analysis in January.

The analysis focused on the apparel sector as the garment sector is the mainstay of all three economies' industrial output and export revenue.

The apparel sector is critical for Bangladesh as it accounts for more than 80 percent of exports, 35 percent of industrial production, and 60 percent of foreign direct investment inflows to the manufacturing sector. It also employs 40 percent of the industrial workforce.

The extent of the impact will depend on how sourcing requirements are structured. Flexible sourcing rules could enable Vietnam to overtake Bangladesh in apparel market share by 2024, according to the StanChart analysis.

On Friday, Democrats in the US

House of Representatives derailed the passage of the trade package by voting down a provision to aid American workers displaced by trade deal, despite supporting it on principle.

The goal was to slow down the broader legislative package, which includes the fast-track negotiating authority for which President Barack Obama has been calling for nearly two years.

The US is negotiating the TPP to boost its economic growth, support American jobs and manufacture Made-in-America products for exporting to some of the most dynamic and fastest growing countries in the world.

As the cornerstone of Obama administration's economic policy in the Asia Pacific, the TPP reflects the US's economic priorities and values.

The TPP not only seeks to provide new and meaningful market access for American goods and services exports, but will also set high-standard rules for trade and address vital 21st-century issues



Third from right, Rizwanul Islam, former special adviser at International Labour Organisation, poses with other noted economists at the unveiling of his book -- Unnoyon Bhabnay Kormosongshan O Shromobazar -- at the Policy Research Institute office yesterday. Story on B1

Half of employed people earn less than \$1.25 a day

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The author explored the reasons behind the high level of youth unemployment, the link between unemployment and level of education, factors behind the high level of employment in informal sectors and the nature of jobs in informal sectors.

Islam pointed to the role of macroeconomic policies and direct schemes to generate jobs and dedicated a section to share his analysis on the types of challenges that Bangladesh faces in generating employment.

He suggested diversification of economic activities to ensure creation of more decent jobs. The economy is dependent on the apparel sector for employment at present.

Akbar Ali Khan, a former adviser to the caretaker government, said the major problem in Bangladesh is unemployment.

Bangladesh's unemployment rate is 4.5 percent as per Bangladesh Bureau of Statistics, while the rate is 8.3 percent in the US. BBS should not give such misleading data, he added. "It is an excellent work," said Selim Raihan, a professor of economics at the University of Dhaka, while commenting on the book.

"Employment will not be diversified without diversification of the economy."

Raihan however said the increased participation of women in the labour

market should have been included in the book.

Nazneen Ahmed, senior research fellow of Bangladesh Institute of Development Studies (BIDS), said it would have been better if the book also dealt with the migration of workers.

"There are some serious problems in our labour market. We should pay attention to those issues," said Ahsan H Mansur, executive director of PRI. Rushidan Islam Rahman, research director of BIDS, said adequate jobs are not being created.

"It would be nice if the number of jobs grew faster than the rate of economic growth. It is also important to find out why one in three youths in the labour force migrates abroad."

Zaidi Sattar, chairman of PRI, said the author repeatedly stressed the need for inclusive growth, poverty reduction and equity and suggested strategies in the book.

Shaheen Anam, executive director of Manusher Jonno Foundation, said a section of the youth is frustrated. "They don't see any future at home, so they go abroad by any means as they believe that their lives will change for the better once they get there."

Kamran T Rahman, former president of Bangladesh Employers Federation, and Quazi Mesbahuddin Ahmed, former mem-



Kazi Akram Uddin Ahmed, chairman of Standard Bank, cuts a cake to mark the bank's 16th anniversary at a programme in Dhaka yesterday. Md Nazmus Salehin, managing director, was also present.

MasterCard's special dining offer for Ramadan

STAR BUSINESS DESK

MasterCard has launched a "buy-one-get-one-free" dining offer during iftar or sehri for its clients throughout the month of Ramadan.

The campaign aims to promote use of MasterCard cards by rewarding the cardholder, MasterCard said in a statement yesterday.

Under the campaign, every time a MasterCard user pays food bill with the card at 14 partner restaurants, food for the customer's companion will be absolutely free, according to the statement.

During Ramadan, people tend to eat out a lot during iftar and sehri after a long day of fasting and cardholders can take this offer at partner restaurants for a safe, secure and convenient spending experience, said Syed Mohammad Kamal, country manager of MasterCard Bangladesh.

The offer is available at the partner restaurants, including Amari Dhaka, Cream & Fudge, Emmanuels Inn, Galesia Hotel and Resort, Hotel Bengal Blueberry, Long Beach Hotel, Moka Café and Bistro, Hotel Sarina, The Peninsula Chittagong, Platinum Suites and Residence, Dhaka Regency Hotel and Resort, Six Seasons Hotel and The Olives.

Nestle chief wants Maggi noodles back in India fast

AFP, Milan

Nestle chief Paul Bulcke said Wednesday he wanted to see its hugely popular Maggi brand of instant noodles back on the Indian market as soon as possible after it was banned over a health scare.

India's food safety regulator on June 5 banned the product after tests that it said showed the noodles contained excessive levels of lead.

"The only thing that interests me is to have the product back as soon as possible and that things are cleared up," he told AFP in an interview while visiting the Milan expo.

"We are doing all we can to make contact with Indian authorities at the earliest," he said, adding: "The product is safe."

Bidders lobbying hard to win satellite work

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The government plans to launch Bangabandhu Satellite, a communication and broadcasting satellite, by December 2017. The BTRC is the designated agency to deal with satellite related work.

The country will launch its first satellite on the 119.1 east longitude orbital slot, which was earlier purchased at \$28 million from the Russian company Intersputnik.

The Executive Committee of the National Economic Council approved a Tk 2,967 crore project last September to help set up the satellite.

Of the amount, Tk 1,652.44 crore will be provided by the winning bidder, while the rest will come from the government.

VAT on e-commerce draws flak from business leaders

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Speaking at the seminar organised by Bangladesh Association of Software and Information Services, Islam said e-commerce is a victim of NBR's revenue target.

BASIS President Shameem Ahsan said the proposed VAT will put the sector in big trouble and give the foreign-owned e-commerce players an upper hand, as it would not be applicable to them.

"There are already some multinationals in the e-commerce market. They do not have any registration in Bangladesh, so they wouldn't have to pay this VAT."

Different service sectors such as telecoms have already gone into the multinationals' grip; if the government fails to take proper steps e-commerce too will go to their control, Ahsan, also a director of FBCCI, said.

At present, the annual e-commerce market size is about Tk 100 crore, and if VAT and other taxes are imposed the volume will shrink, BASIS e-Commerce Alliance said in a presentation during the seminar.

Even if the government goes ahead with the proposed VAT, it will only collect Tk 4-5 crore, which is not a big sum for the government but has the potential to destroy the industry, it added.

If the government is serious about collecting VAT from e-commerce, the foreign-owned companies should also be included into the tax bracket, said Habibullah N Karim, former president

of BASIS.

Sarwar Alam, a former president of BASIS, sought policy support for e-commerce so that the sector can flourish.

"From our side we can't urge the government not to allow multinationals in the e-commerce sector but the policymakers need to think about the market scenario," he added.

Fida Haq, chief executive officer of Shurjomukhi, a leading software maker, said if the proposed VAT is implemented, it will create some gray areas in the sector, which will ultimately lead to a black market.

To avoid paying VAT, the buyers will opt for the 'cash on delivery' option, meaning the whole market will revert to cash and the electronic payment system abandoned, Haq added.

If that happens, the government will not get any revenues, regardless of the VAT amount.

Khandakar Ali Kamran Al Zahir, deputy director of Bangladesh Bank, said it is very unfortunate that e-commerce is being penalised.

They need to be rewarded as they have created more than thousands of new jobs in the economy.

At present, there are 250 e-commerce sites in the country.

MA Hakim, country manager of MasterCard; Susanta Kumar Saha, joint secretary of ICT Division; Saiful Islam, vice-president of BASIS, also spoke.



Taufiqur Rahman, director of Brac Dairy and Food Enterprises, poses at the annual sales conference and award giving ceremony of Brac Artificial Insemination in Bogra recently. AQM Shafiqur Rouf, deputy general manager of Brac, was also present.

Greece could exit euro and EU without bailout deal: central bank

AFP, Athens

The Greek central bank warned Wednesday that the country could crash out of the eurozone and even the European Union if it fails to reach a bailout deal with international creditors.

In one of the starkest warnings so far from a Greek institution, the Bank of Greece said: "Failure to reach an agreement would... mark the beginning of a painful course that would lead initially to a Greek default and ultimately to the country's exit from the euro area and -- most likely -- from the European Union."

Analysts have long warned that a default may set off a chain of events leading to a messy exit from the eurozone, a so-called Grexit, but not the country leaving the EU altogether.

Negotiations over the release of the last 7.2 billion euros (\$8.1 billion) in rescue funds from Greece's massive bailout from the International Monetary Fund, European Union and European Central Bank are deadlocked as payment deadlines loom.

Yet while the atmosphere between

Greece and its creditors has deteriorated in recent days, the Bank of Greece insisted that the two sides were not that far apart, with only "little ground" between them before a deal could be struck.

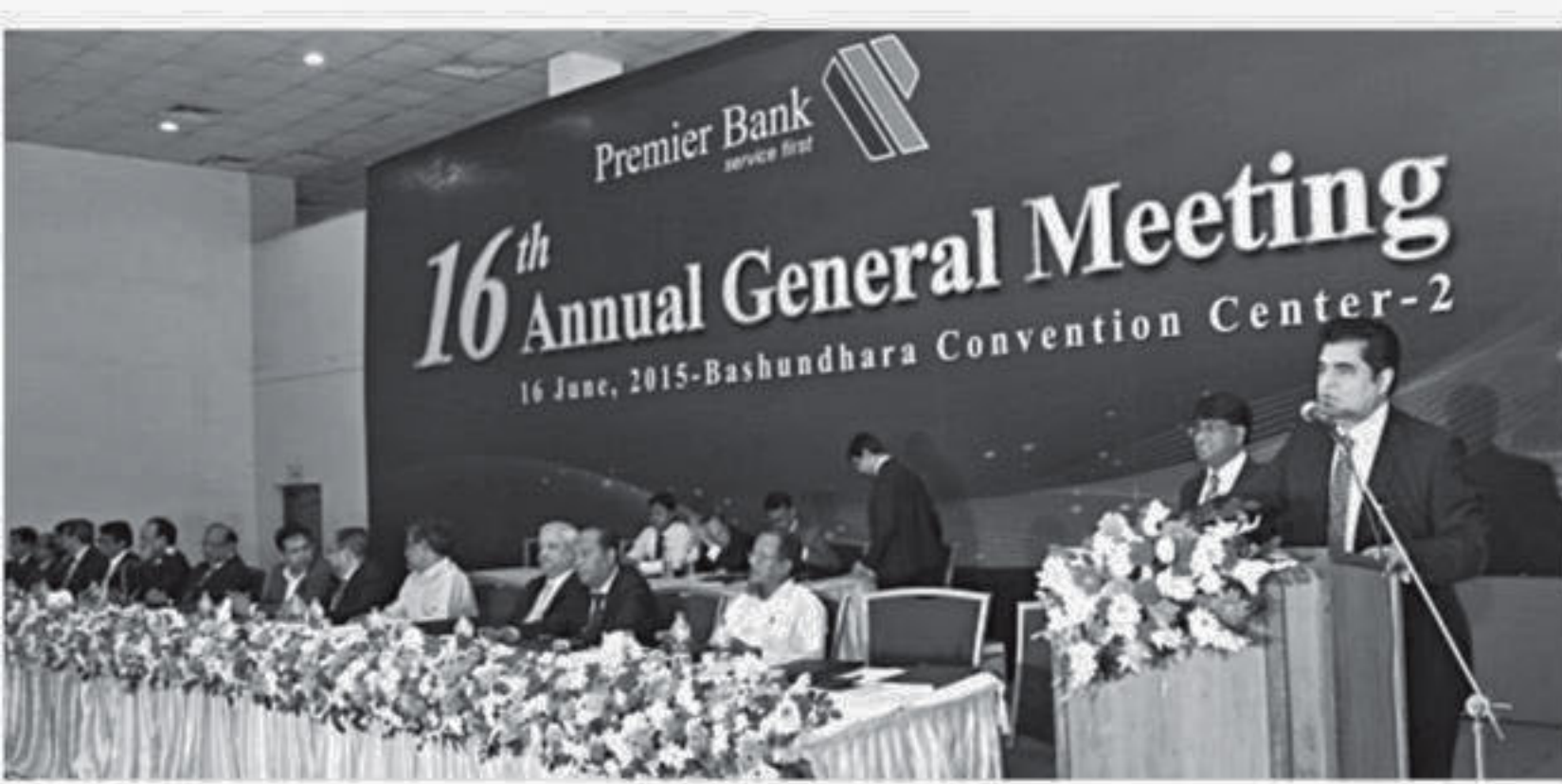
Greece is due to make a 1.6 billion euro payment to the IMF at the end of the month, with another 6.7 billion euros due to the ECB in July and August -- payments which Greek officials have said the government cannot afford.

With his options running out and his creditors saying his reform proposals are insufficient, Prime Minister Alexis Tsipras on Tuesday angrily accused creditors of trying to "humiliate" his Greece.

Elected on an anti-austerity platform in January, Tsipras has been reluctant to accept any further tax hikes and spending cuts.

European Commission head Jean-Claude Juncker hit back by accusing Tsipras of misleading his own voters.

"I think the debate in Greece and outside Greece would be easier if the Greek government would tell exactly what the Commission ... are really proposing," Juncker said.



HBM Iqbal, chairman of Premier Bank, presides over the bank's 16th annual general meeting at Bashundhara Convention Centre on Tuesday. The bank declared 10 percent stock dividends for 2014. The bank's eighth extraordinary general meeting was also organised on the same day.



Shaikh Abdul Aziz, managing director of Uttara Bank, and Mohammad Ali Sikder, a director of Australia-based SBX Money Pty Ltd, attend the signing of a remittance drawing deal, at the bank's head office in Dhaka recently.



Anis A Khan, managing director of Mutual Trust Bank, poses with the residential students of Blind Children who secured excellent grades in the SSC examination this year. The bank presented gift cheques to five students of ABC.