Develop Ctg to boost garment exports: economists

STAFF CORRESPONDENT, *Ctg*

BANGLADESH will not be able to emerge as a middle-income country and achieve the $50 billon garment export target without prioritising development of Chittagong, a leading economist said yesterday.

"We cannot achieve the $50 billon export target without opening and widening a second hub for the sector in Chittagong after its huge growth in Dhaka and its adjoining areas," said Hossain Zillur Rahman.

A former adviser to caretaker government, Rahman made the comments while addressing a roundtable on "realising $50 billion target for the garment sector: the Chittagong mission".

Bangladesh Garment Manufacturers and Exporters Association or BGMEA and the Chittagong Research Initiative jointly organised the event.

Chittagong has the growth potential to attain such goal, he said.

Plans are underway to build alternative ports in Payra and Matarbari, although the Chittagong port still has comparative advantages, said Salehuddin Ahmed, former governor of Bangladesh Bank.

Ahmed thinks it will be difficult for Payra port to reach the same level as the Chittagong port. Payra would rather serve only the southern region, he said.

Saifuzzaman Chowdhury, state minister for land, described proper connectivity as the key to Chittagong's development.

"Chittagong would remain technically isolated from the capital if connectivity is not properly improved. We cannot just let it go like that."

Fouzul Kabir Khan, former power secretary, said the potential of Chittagong should be utilised not only for the sake of the region, but also for the national development.

While presenting his keynote paper, Rahman emphasised improving productivity of garment factories, including enhancement of workers' skills.

STAR

Hossain Zillur Rahman, former caretaker government adviser, speaks at a roundtable on the garment sector, in Chittagong yesterday.

Bangladesh should go for a twofold market strategy: wider access to the existing primary markets in the US, UK and Canada and looking for new markets in China, Japan and India, he said.

Deep-sea ports and other ports like the one in Payra will become a reality after 20 to 30 years, he said.

He stressed the need for capacity enhancement of Chittagong port, as it would be a core part to boost garment exports.

Rahman pointed out six obstacles preventing Chittagong from becoming a garment hub.

The obstacles are: unfriendly attitude of businesses toward new entrepreneurs, image crisis of the port, unplanned infrastructure, energy crisis, shortage of land and stagnant efficiency of the port.

He termed the ongoing flyover projects in the port city as "white elephant projects" as they are not linked with the needs to cut the intensifying urban chaos.

Garment growth in Dhaka has been driven by individual entrepreneurs with factories on individual lands, while there is an acute scarcity of land in Chittagong, he said.

Garment villages could be built in the port city, according to Rahman.

Ahmed said the efforts to establish a deep-sea port in Sonadia of Chittagong is not a priority project anymore.

The existing facilities of Chittagong, including its port, roads, railways and others, need to be utilised; otherwise the comparative advantages would be lost, he said.

Chowdhury, the state minister for land, said the Sonadia port is still a priority project of the government.

Prof M Tamim, a panel discussant, said the best solution for the Chittagong industrialists is to search for alternative fuel and improve efficiency.

He said the entrepreneurs should sit with the government on alternative energy resources as the country's natural gas storage is declining.

SM Fazlul Haque, former BGMEA president, and Sufi Mohammed Mizanur Rahman, chairman of PHP Group, were also present.

India's dream of borderless trade grinds to a halt at checkpoints

REUTERS, *Walayar/New Delhi*

At the Walayar checkpoint in southern India, lines of idle trucks stretch as far as the eye can see in both directions along the tree-lined interstate highway, waiting for clearance from tax inspectors that can take days to complete.

Delays are so bad that textile entrepreneur D Bala Sundaram has stopped sending his trucks to the international container terminal at nearby Cochin, instead diverting them hundreds of kilometres to a smaller regional port and onwards via Sri Lanka.

"Our containers would get stuck for four to five days," said Sundaram, who runs a firm with an annual turnover of $150 million. "Officials at the checkpost are finicky."

The rollout of a nationwide goods and services tax (GST) from April was supposed to sweep away hundreds of checkpoints on India's state borders, paving the way for the seamless movement of goods from the tropical south to the Himalayas in the north.

But political opposition and the dilution of some of the tax's key tenets mean hopes are fading that the checkposts will be demolished any time soon, a major blow for Prime Minister Narendra Modi's reform agenda - and for India's economy.

The rollout of the long-delayed GST regularly tops the list of demands made by CEOs of Indian and foreign companies.

Finance Minister Arun Jaitley calls the new sales tax a "game changer" that will subsume a slew of federal and state levies, making Asia's third-largest economy one of the world's largest single markets and bumping up economic growth.

But opposition parties prevented a vote on the GST in the last session of parliament, making a rollout next April unlikely.

Even when the tax is eventually implemented, concessions made to win support from states mean many of the obstructions to a customs union will stay.

For example, while the GST will be collected on goods and services in states where they are consumed, Jaitley allowed a 1 percent additional levy on the cross-border transport of goods, to please states with large manufacturing bases.

Items such as alcohol, tobacco and petrol have been kept out of the new tax bill.

Over 20 countries on 'waiting list' to join AIIB: China

AFP, *Singapore*

More than 20 countries are waiting to join the China-initiated Asian Infrastructure Investment Bank (AIIB), its designated president said Saturday as he allayed concerns it was aimed to challenge US and Japanese influence in the region.

The number could bring the AIIB on a par with or even surpass membership in the Japan-led Asian Development Bank (ADB), which currently has 67 members, 19 of them outside of the Asia Pacific, according to its website.

"We have 57 countries (which are potential founding members) and to my knowledge...more than 20 countries are on the waiting list," AIIB president-designate Jin Liqun told delegates of the Singapore Summit conference, without naming them.

"That makes it more than 70. I'm sure there will be more countries which will be interested," added Jin, a former Chinese vice finance minister who was put forward by Beijing to head the bank and was elected in August by the prospective founding members.

The AIIB has been viewed by some as a rival to the Washington-based World Bank and the Manila-based ADB, which has been headed by Japan, its biggest donor, since it was founded in 1966.

The US and Japan -- the world's largest and third-largest economies, respectively -- have notably declined to join the AIIB although they are members of the ADB, but Jin said the door is open to both. "It takes longer for some countries to reach their internal consensus in making their decision," he said.

"We've been very much patient. As you know, the door is open to all of the countries and if they make a decision just pick up the phone, make a call and we can handle the rest of the business," he said, referring to the US and Japan.

Of the 57 AIIB potential founding members, 50 have already signed, including Australia, while the seven others have until the end of the year to affix their signatures.

The bank will be based in Beijing and will have a capital of $100 billion, with $20 billion paid initially. It is expected to start operations next year.

China will be the biggest shareholder with 30 percent. Among non-Asian participants, Germany is the largest shareholder with 4.5 percent, followed by France with 3.4 percent and Brazil on 3.2 percent.

Jin said the AIIB is not aimed at challenging the ADB and the World Bank for influence in Asia as the region's funding requirements are so massive.

US further eases trade, travel restrictions on Cuba

AFP, *Washington*

THE United States further eased restrictions on business and travel with Cuba Friday, as it presses forward in rebuilding long-frozen relations with its former Cold War foe.

Two months after formally restoring diplomatic relations with Havana, the US made it easier for Americans to establish and operate businesses in Cuba, removed remittance limits and widened travel opportunities to the Caribbean island nation.

It also cleared up small, irksome restrictions like ones that had prevented representatives of US businesses working in other countries from taking their own computers into Cuba, and which blocked the use in the United States of Cuban-developed apps for mobile phones and computers.

"A stronger, more open US-Cuba relationship has the potential to create economic opportunities for both Americans and Cubans alike," said Treasury Secretary Jacob Lew.

"By further easing these sanctions, the United States is helping to support the Cuban people in their effort to achieve the political and economic freedom necessary to build a democratic, prosperous, and stable Cuba."

The new moves further erode the sanctions that were in place since the early 1960s until President Barack Obama reversed course by announcing an opening to the communist country last December.

And taken together, they make it easier for US companies, including those of the large community of Cuban-Americans, and Cuban entrepreneurs to begin building businesses in the communist-run economy.

But many of the allowed activities still apply to a limited list of "authorized" travelers and businesses, as Washington continues to move cautiously and Obama administration policy remains hamstrung by the sweeping 1996 Helms-Burton law, which toughened the original 1960 embargo on Cuba.

In Friday's announcement, the Treasury and Commerce departments removed limits on remittances from the United States to Cuba, as well as on the amount of money people can hand-carry to Cuba.

Authorized US travelers to Cuba will be able to open bank accounts there, form joint ventures with Cuban firms, and open offices, warehouses and retail outlets.

The new rules allow Cubans traveling to

REUTERS/FILE

US Secretary of State John Kerry, *left*, touches Cuba's Foreign Minister Bruno Rodriguez during a joint news conference in Havana, Cuba.

the United States to open bank accounts; allow any American to do business with Cubans outside of Cuba; and further ease restrictions on companies providing air and sea travel services to Cuba.

And they clarify that those authorized to open offices and businesses in Cuba include US exporters of permitted goods like farm products and construction materials; providers of telecommunications and Internet services; news bureaus; and education and religious groups.

In a phone call with Obama on Friday, Cuban President Raul Castro "emphasized the need to deepen the reach" of the measures taken so far and reiterated his call to end the full embargo, his office said in Havana.

The White House confirmed the call and said the leaders had discussed ways to "advance bilateral cooperation, even as we will continue to have differences on important issues and will address those differences candidly."

The new moves expand on earlier easings of trade and travel restrictions begun in January. But the ban on general US tourist visits to Cuba remains in place, and the government continues to restrict visits to 12 categories of US travelers. And there are many categories of goods that cannot be traded with Havana.

Washington said its action aims to charge up the island's emerging private business sector.

"In addition to expanding our commercial engagement with the Cuban people, these additional adjustments have the potential to stimulate long overdue economic reform across the country," said US Commerce Secretary Penny Pritzker.

In Havana, Cubans cheered the move.

"I think it's great," said Gonzalo Perez, 69. "We've all been waiting for a new opening in relations."

The Washington Office on Latin America, a US human rights group, also applauded the removal of restrictions.

"These regulations create new opportunities for business in the United States and in support of emerging entrepreneurs in the island, who are leading the way towards a new economic model in Cuba," said Marc Hanson, the group's senior associate for Cuba.

But the White House was strongly condemned by US Senator Marco Rubio, a conservative Cuban-American from Florida who is running for the Republican nomination for the presidency.

"The Obama policy of pouring more American money into the Castro regime's coffers won't make America safer or the Cuban people freer," he said in a statement.

IMF welcomes Myanmar currency reforms, says more needed

REUTERS, *Washington*

The International Monetary Fund welcomed Myanmar's "bold move" to liberalise its foreign exchange rules in a report published on Friday and warned that the poor Asian country would need to tighten monetary policy and reduce credit expansion.

The Fund cautioned that without further reforms, which could lower growth in the short term, Myanmar risked a run on its foreign exchange reserves, which cover just three months of imports, and a burgeoning fiscal deficit.

The Fund said that while the official deficit was estimated at 3 percent of gross domestic product, its real number was closer to 5.5 percent of GDP once one-off receipts from telecommunications and gas companies are excluded.

The Fund forecast the Myanmar economy would grow 8.5 percent this year.

"The projected increase in the fiscal deficit in the 2015/16 budget -- amounting to almost 2 percent of GDP -- will provide an expansionary stimulus and contribute to strong credit growth and a rising current account deficit," the Fund said.

That would result in the Central Bank of Myanmar likely needing to finance part of that shortfall, something the Fund said needed to be reined in.

It forecast that inflation would rise to 13 percent and the current account deficit would also rise to around 9 percent of GDP, causing the central bank's reserves to fall further to 2-1/2 months' worth of imports.

While it welcomed reforms in the currency market that have seen the kyat exchange rate move closer to that of the parallel market, the Fund said more reforms were needed.

"The current downward pressure on the kyat is largely a result of macroeconomic policy inconsistency. Monetary and fiscal policies are too loose to anchor the exchange rate expectations, although external shocks have also played a role. Under the current macroeconomic policy settings, resisting depreciation pressure could lead to a quick rundown of reserves," it said.

The Fund report said that the kyat had depreciated about 20 percent against the dollar since September 2014.