



## DENIM EXPOSITION DRAWS CROWDS

**Clockwise from left, Potential customers browse around a stall at the third Bangladesh Denim Expo at Bashundhara Convention Centre in Dhaka yesterday. A foreign buyer checks quality of denim fabrics at another stall at the expo, which comes to an end today. David Hasanat, managing director and CEO of Viyellatex Group, a leading garment exporter, moderates a seminar on the sidelines of the show. A foreign participant registers the names of the visitors at her stall. Finished denim trousers are on display at a stall.**

PHOTO: PALASH KHAN



# New IMF economist sees major challenges to global economy

AFP, Washington

JUST a few months into the job, the challenges are already piled high for the International Monetary Fund's new chief economist Maurice Obstfeld.

There's the Federal Reserve's plan to raise interest rates -- which poses a deep test to economies worldwide. There's Europe's migration crisis. And not to be forgotten is Britain's threat to leave the eurozone when the region's economy is already frail.

That's all on top of slow global economic growth and climate change.

In an interview with AFP, Obstfeld, an economic advisor to US President Barack Obama before being named to the IMF, spoke of a "nightmare scenario" in which various pressures conspire to weaken the economic bonds of Europe.

"I worry a lot about the strong trend in Europe to pull back from market integration," he said.

"One factor is the refugee crisis, where there's a lot of pressure on open borders and workers' mobility," he added.

"There is a lot of political pressure coming from the extremes, which could undo a lot of the economic integration that has occurred."

Speaking in his IMF office just a few blocks from the White House, Obstfeld, 63, said other pressures were also stressing the 28-country EU bloc.

"Another obvious one is Britain wanting to possibly leave the European Union," he said, raising the "Brexit" issue that is increasingly making headlines in Europe.

Obstfeld arrived at the Fund in September to replace French economist Olivier Blanchard, who held the chief economist job throughout the unprecedented financial crises in the United States and Europe.

Obstfeld, whose position entails advising the management and member countries of the global crisis lender on economic conditions, faces some different challenges from Blanchard, particularly the impact of

the sharp slowdown in the world's second largest economy, China.

An international economics specialist who studied at Cambridge and MIT and taught at Harvard and the University of California, Berkeley, Obstfeld has to keep watch on multiple hot issues and broader long-term trends. "Climate change is a major economic threat. Warming reduces productive efficiency, climate disasters can be deeply disruptive to economic activity," he said.

The Fund looks at how climate change will hit the economies and budgets of countries impacted the most, and tries to help them prepare.

With an upcoming global summit in Paris on action against warming, Obstfeld said countries need to understand it is a collective action problem.

If it isn't solved, he said, warming "can threaten their population and impose macroeconomic risks."

The focus of the COP21 summit is obtaining pledges for carbon emissions. Obstfeld said limits can have adverse effects for some industries.

But, for one, many industries essentially get a subsidy by being able to pollute without paying for it, he

added. In addition, he said, implementing carbon dioxide limits "stimulates a lot of innovation and a lot of investment."

He said incentives need to be changed to favor emissions reduction, including essentially putting a tax on carbon. That "would be the most efficient way to reduce emissions at the lowest cost," he said.

"Unfortunately, many countries, especially the United States, don't want to put in taxes. But that's really the efficient way to do it."

At the same time, Obstfeld has his eye on US plans to tighten monetary policy even while elsewhere, including Japan and the EU, central banks need to loosen theirs, he said.

He said the US Federal Reserve, expected to raise interest rates in December for the first time in nine years, might be better holding off a little longer.

The risks of the Fed acting sooner "are certainly higher," he said, adding: "I don't see huge risks at all to waiting."

"If for any reasons the Fed had to reverse that first interest rate increase, markets would interpret it as a big deal."

## Apple Music aims for beat on Android phones

AFP, San Francisco

Apple's freshly launched music service became available Tuesday on rival mobile devices powered by Google-backed Android software.

"Welcome Android users to @AppleMusic," Apple senior vice president of internet software and services Eddie Cue said in a message fired off at Twitter.

Apple Music applications tuned for Android-powered gadgets became available on the virtual shelves of Google's online Play Store.

Android versions of Apple Music applications were made available everywhere the service is offered, except China.

Apple's new music service had previously been available on devices powered by the technology giant's own iOS software.

The expansion to Android, the world's most widely used mobile operating system, promised to ramp the ranks of people signed up for the service.

Apple chief executive Tim Cook said in October that the music service had some 6.5 million subscribers.

"It is going really well," Cook during an on-stage chat at a Wall Street Journal technology forum on the Southern California coast.

"Lots of people are liking it."

People have begun ending free trials of the music service, which launched at the end of June in more than 100 countries, according to Cook.

He credited a human curation element -- actual people who fashion playlists -- for creating listening experiences superior to that delivered by "zeroes and ones" of computer algorithms.

## 'Sharing economy' firms urge safety net for workers

AFP, Washington

A coalition of "sharing economy" startups joined labor activists and others Tuesday to endorse efforts for a "flexible safety net" for workers without traditional job protection.

A statement signed by the founders of ride-sharing startup Lyft, the delivery group Instacart and leaders of think tanks and venture capital firms said more should be done to ensure social protection for the growing ranks of people in the so-called on-demand economy.

"As our country has at prior moments of workplace change, we must find a path forward that encourages innovation, embraces new models, creates certainty for workers, business, and government and ensures that workers and their families can lead sustainable lives and realize their dreams," the statement said.

The initiative aims to ease concerns that workers are being forced into new jobs without protections such as health and disability insurance and retirement benefits.

While the letter offered no specific policy recommendations, it said on-demand workers should have access to

benefits which are "flexible," "portable" and "universal."

While the numbers are difficult to estimate, millions of people are believed to be shifting from traditional employment to freelance "gig" work, giving them more independence but without the social safety net of employees.

Critics say these workers are being exploited by well-funded startups.

The letter said that "by some estimates, as many as 53 million Americans are now self-employed. Yet our understanding of the relationship between businesses and workers -- and the benefits and protections that evolved to support this relationship -- have not kept pace with the rapid changes in the economy."

Uber, which is the largest of the "sharing economy" startups, was not among those endorsing the letter.

Other companies endorsing the statement included the craft marketplace Etsy and home chores service Handy.

It was also signed by academics, leaders of think tanks including the New America Foundation and the Institute for the Future and members of the Service Employees International Union.

## Pakistan to sign economic zone deal with China

AFP, Quetta

PAKISTAN'S poorest province is set to sign a deal with China Wednesday allotting thousands of acres of land for Beijing to develop a massive special economic zone in the deep sea port of Gwadar, officials told AFP.

The 40-year lease will see the government of Baluchistan hand over a 923-hectare (2,300-acre) swathe of tax-exempt land as part of the China-Pakistan Economic Corridor, an ambitious \$46 billion investment plan linking western China to the Arabian Sea.

The contract assigning the land to the China Overseas Port Holding Company is being signed on Wednesday in Gwadar, according to Dostain Khan Jamaludini, chief of the Gwadar Port Authority.

The contract will allow China to build an export zone and an interna-

tional airport, Baluchistan's top provincial official said Tuesday.

"China has asked us to provide land for building an export processing zone and a modern international airport in Gwadar," Baluchistan Chief Minister Abdul Malik Baloch told AFP.

China is also building a road network to link the zone to the airport and a sea port, and the provincial government will provide the land according to their requirements, he said.

As part of the wider plans, work on the Gwadar International Airport would start in the next couple of months.

Pakistan is also raising a special security force of between 10,000 and 25,000 men to protect the port.

Desperately poor Baluchistan has been roiled since 2004 by a separatist insurgency aimed at seeking greater control over the province's rich oil, gas and mineral resources.



Maurice Obstfeld