



TOUR OF HOPE



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Duty-free, not hurdle-free

FROM PAGES 1

imported goods worth \$8.23 billion, which was 22 percent of the country's total imports in 2014-15. The import rose further to nearly \$9.8 billion in 2015-16.

So, the trade imbalance is heavily tilted to China with \$9 billion.

"LDCs that have minerals are getting the duty-free benefits to the Chinese market. What Bangladesh manufactures (garments), China does too," said Khandkar Golam Moazzem, additional research director of CPD, explaining the reason why exports to China are not

reaching the expected level.

According to him, Bangladesh can only take the duty-free advantage when China would phase out from making low-cost garments and relocate factories to Bangladesh. He said relocation will give Bangladesh double export benefits – first in the Chinese market and then in the world market where China is the number one supplier.

But a businessman has suggested differently.

"If China does not want to relax the rules of origin, it can ease the condition where raw materials of the products to be exported are imported from China,"

said Mahmud Hasan Khan, vice president of Bangladesh Garment Manufacturers and Exporters' Association (BGMEA).

Otherwise, Khan said it is tough for woven garment makers in Bangladesh to export their items to China with 40 percent local value addition.

According to a senior Bangladesh Tariff Commission official, China wants Bangladesh to sign a free trade agreement with her to boost bilateral trade. In recent past, the ministry of commerce has held several inter-ministerial meetings on the issue.

"FTA with China will be detrimental

to Bangladesh's interests. Our local industries will not be able to compete with Chinese products," said the official wishing anonymity.

He said the government will also miss out big on revenue income as over one-fifth of the country's total imports are from China.

Prof Rahman of CPD still sees a way out to increase exports from Bangladesh to China.

"If Bangladesh can attract more Chinese investments targeting the market of the Asian economic giant, Bangladesh's exports there will increase significantly," he said.

AL plays China card right

FROM PAGES 3

respond to stop the January 5, 2014 national polls. At that time China did not stand with BNP, said the BNP leader.

Another party leader said, though the relation is not good as in the past, CPC had invited senior and junior leaders of BNP as delegates several times.

BNP standing committee member

Lt Gen (ret'd) Mahbubur Rahman, however, claimed the relation between CPC and BNP is as good as it was in the past.

Meanwhile, BNP is desperately trying to get an appointment of Chinese president Xi Jinping for a courtesy call during his visit to Dhaka. Had the relation been good, BNP would easily get the appointment, commented some BNP leaders.

Destined to reign

FROM PAGES 1

Records say he was always tough on corrupt people. When he was the chairman of the standing committee of the Provincial People's Congress in Zhejiang province, he warned officials in 2004: "Rein in your spouses, children, relatives, friends and staff, and vow not to use power for personal gain."

The anti-corruption measures he initiated as head of the state has been lauded globally by many.

Bloomberg News in a report in March 4, 2014, said, "His campaign against corruption is growing into one of the broadest in China's modern history, snaring dozens of businessmen and government officials and positioning Xi as the country's most powerful leader in decades."

Forbes Magazine in 2015 said Xi has fought harder than his predecessors against corruption and in favor of greater economic and security alliances.

In Global stage, his vision is to take China to a new height. He is being moving with an assertive foreign policy for expansion of Chinese's influence on the global

stage particularly on Asia.

Soon after assuming the presidency, he began his world tour with his vision. He visited so far 40 foreign countries with his ambitious mission to build a new Silk Road economic belt under "One Belt and One Road" initiative.

This has been Xi's foreign policy priority and China has been pouring billions of dollars in large-scale infrastructure projects in foreign countries with the aim of building the network for connecting Asian countries with Europe and Africa.

Beijing looks to garner international favour through a massive investment effort in Europe and Asia to surpass the US on the world stage, said Sputnik in a report on June 3 this year.

In recent years, China planned infrastructure projects involving over \$200 billion for construction, and \$1 trillion for other projects are on the horizon, dwarfing US foreign investment by several orders of magnitude, mentioned the online news and radio broadcast service established by the Russian government-controlled news agency Rossiya Segodnya.



File photo taken in 1988 shows Xi Jinping, front, then secretary of the Ningde Prefecture Committee of the Communist Party of China (CPC), participates in farm work during his investigation in the countryside.

When he took the rein, China has become the second largest economy of the world, next to the US.

NOT AN EASY TRIP

Born in Beijing in 1953, Xi could have been an army officer as his

father had managed a job in Chinese army for him. But he was unwilling to do army job. He preferred to go to village. And in 1969 he was then sent to the remote village of Liangjiahe in Shaanxi province.

In an interview in 2004, Xi

recalled the moments he left Beijing for the remote village.

"Everyone was crying, there wasn't anyone on the train who didn't cry," he remembered in his interview posted on Sina.com and other websites. But he felt elated to escape the political stresses of Beijing, where his father has been purged by Mao Zedong.

His father Xi Zhongxun, one of the first generation of Chinese communist leaders and also a vice-prime minister under Mao Zedong, was purged from the post in 1962 prior to the Cultural Revolution and eventually imprisoned.

"But I was smiling, the only one smiling. Of course, my relatives beside the train asked me, 'Why are you smiling?' I told them that if I had to stay then I'd be crying, because I wouldn't even know if I'd survive," he remembered.

Xi described his seven rural years as a life-transforming immersion in poverty, hard work, spartan eating and bed fleas.

He left the village in 1975 to go to Tsinghua University in Beijing to study.

However, it was very difficult for him to get membership in the party. According to reports of the Associated Press, he tried to join the Communist Party at least nine times but was rejected because of his father's issues.

Finally, he was accepted into the party in 1974 when his father was still in prison. At the beginning, Xi served as a local party secretary in Hebei province and then went on to ever more senior roles in Fujian and then Zhejiang provinces.

He held regional leadership positions in four provinces before being appointed to the nine-man Politburo Standing Committee in 2007, and was named vice president in 2008.

In 2010 he became vice-chairman of the CPC Central Military Commission.

In 2012 he became general secretary of CPC. In March, 2013, he became China's president and chairman of the central military commission. In 2014, he became head of China's new national security commission. Xi thus emerged as the most powerful leader of China after Mao Zedong.

We all have a role to play

FROM PAGES 4

CHINA AND BANGLADESH FDI
China is also seeking to shift some industries as its own labour cost has gone up significantly; given Bangladesh's geographic proximity and close ties to China, it may be the ideal location for the shift.

The greater China region (Mainland China, Hong Kong and Taiwan) is also the largest source of net foreign direct investment (FDI) in Bangladesh. In FY 2015, \$198.3 million in FDI was channelled from that region. In general, the FDI contribution from Taiwan and Hong Kong has been higher than that from Mainland China. Given China's huge capital stock, there is a major upside there that Bangladesh can tap into. However, the good news is that in recent months, China has expressed interest in multiple mega projects in power, port, roads, bridges, refineries etc worth over US\$ 20 billion.

It is estimated that in the next five years, China will invest an additional

\$500 billion in other countries, import over \$10 trillion of products and send 400 million tourists abroad. Since Bangladesh is geographically located close to China, has cheaper labor force, friendly investment environment and beautiful landscape, it is likely to be in a strong position to capitalize on the economic opportunities offered by China.

Therefore, these are real opportunities for Bangladesh but there are many countries which will be pitching for these investments, hence we need to carve our niche to successfully negotiate which will be a win-win proposition for both the countries.

ROLE OF FINANCIAL INSTITUTIONS IN BANGLADESH

Financial institutions are not only helping to finance projects, but are also promoting the country as an investment destination. Investment advisory and facilitation services are important parts of the financial insti-

tution's product basket.

Recently established Asian Infrastructural Investment Bank (AIIB) will play a significant role along with China ExIMBank and Sinosure in facilitating investment and realizing development potential of the beneficiary of Chinese FDI to other countries. Therefore, Financial Institution of Bangladesh should start engaging in strategic partnership with these institutions.

To promote China – Bangladesh Trade and Investment Corridor, Standard Chartered has set up a dedicated China Desk to provide support to Chinese clients. The desk includes a Mandarin speaking relationship manager, and a publication translated in Chinese to guide Chinese corporations newly entering the Bangladesh market.

In facilitating the flow of investments and financing bilateral trade, the financial sector has a key role to play. Global banks with distinct footprints in these two markets, have a particular advantage, given their

ability to act as a conduit for such investments and trade flows across borders and markets.

As a case in point, Standard Chartered has been deeply involved in acting as a facilitator for Chinese investments into the Bangladeshi economy and has been acting as a matchmaker between Chinese investors and investment opportunities in Bangladesh. As a bank, we have been facilitating investments from China through commercial loans, syndicated finance, bonds and other instruments.

We are the banker to 34 Chinese clients in Bangladesh, and have helped secure Chinese funding for major infrastructure and power projects in Bangladesh.

REGIONAL INTEGRATION

In an effort to address the over-capacity in China, Government of China has undertaken an initiative called "One Belt One Road" which is targeted develop overseas markets for Chinese products. The initiative

makes effort to revive the old silk road and extend the same to ASEAN and South Asian Countries which includes Bangladesh, India and Myanmar which is known as BCIM Economic Corridor.

Intra-BCIM trade has shot up from \$ 6 billion in 2001 to \$ 90 billion in 2011, with the regional trade potential estimated at over \$ 130 billion. The infrastructural linkage proposed under the BCIM corridor would enhance accessibility between the two countries, which would make Bangladesh a more attractive investment option for Chinese investors and also improve scope of trade. China could also benefit from the further development of the Chittagong port under the BCIM initiative, which would enable the port to become a sea outlet for the land locked portion of southern China. The BCIM initiative would also benefit other sectors such as energy and tourism (China is world's largest outbound tourism market – \$ 128.7 million in 2013) in Bangladesh

and China.

China has already expressed serious interest to provide financial and technical assistance to Bangladesh over several major infrastructure projects including the deep sea port, the rail bridge over Jamuna River, Dhaka-Comilla train lines and multi-lane tunnel under Karnaphuli River among others.

Although China and Bangladesh find themselves at different stages of their development, each with its own set of challenges and opportunities, there is always the shared goal of progress. In achieving this goal, close coordination and alignment between private organizations, public bodies, regulators and financial institutions is paramount. Bilateral trade and investment will no doubt continue to grow; but if it is to rise to the greatest heights it possibly can, we all have our roles to play.

The writer is Managing Director & Head of Corporate Banking, Standard Chartered Bank, Bangladesh

Possibilities, Prosperities & Development Together

Heartiest greetings to his excellency
Mr. Xi Jinping,
Honorable President of China



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