

# Trump orders on trade puzzle Asia

ANN NEWS DESK

US President Donald Trump's executive order on what he describes as trade "cheaters" has many countries in Asia scratching their heads and questioning US policy in the region.

Trump signed an order late last week that he promises will stop "foreign importers that cheat." Under the executive order, countries with large trade imbalances with the United States will be closely scrutinized for a 90 day period while the administration holds talks with manufacturers, service providers, farmers and consumers to identify ongoing problems.

Among the Asian countries singled out by Trump as the largest abusers of free trade were China, Japan, Thailand, Korea, Malaysia, India, Taiwan and Indonesia. "They're cheaters! From now on, those who break the rules will face the consequences and they'll be very severe consequences," the president said.

Trump is due to meet the President of China, Xi Jinping, later this week at his Florida estate. Long singled out as a country that has taken the most advantage of trade loopholes, Trump's trade agenda will likely be a major talking point along with North Korea and the fight against extremism.

## Uncertainty in Asia

But for the rest of Asia, Trump's trade order has officials baffled and unsure of what steps to take. Some have chosen to ignore the executive order altogether while others have blasted the move and said it would affect US companies operating

in Asia.

In Indonesia, Coordinating Economic Minister Darmin Nasution said that the country had nothing to worry about regarding the order because it exported commodities and manufactured goods to the US that did not compete with those produced in that country.

"What we produce are not goods that compete with theirs, not like those from China. [The US] might think that the things they import are goods that beat out their own products, but the products from Indonesia are not the same as they make," he said.

Malaysian International Trade and Industry Minister Ong Ka Chuan said that his country was neither responsible for nor taking advantage of the United States' trade deficit.

"Perhaps US president Donald Trump does not know there is a huge presence of American manufacturers in Malaysia such as Intel and Western Digital due to the low production cost here," he said. Ong added that American firms based here would be affected if the administration led by US president Donald Trump were to punish Malaysia for its low production costs.

"If Trump were to punish us for this, the American firms will be the ones dealt a severe blow," he said.

Meanwhile senior officials from Thailand and the United States held a meeting in Bangkok on Monday to discuss the executive order according to Commerce Minister Apiradi Tantraporn.

Apiradi said that problems between Thailand

and the United States could be thrashed out in ongoing negotiations on a trade and investment partnership known as the Trade and Investment Framework Agreement.

But exporters in Thailand continued to express their concern that protectionism by the United States could threaten their business.

"What concerned me the most is that the image of Thai products in the US market could be tarnished in the eyes of consumers, should they be misled into believing that Thai traders cheat their counterparts," said Nopporn Thepsitha, president of the Thai National Shippers' Council.

Nopporn added that all businesses and trade groups should be prepared to review their policies regarding exports to the United States.

## The way forward

Speaking at a Association of Southeast Asian Nations summit in the Philippines, Lord Desai, professor of the London School of Economics and Political Science, said President Trump's protectionist policy may have shaken the world but eventually, he will need to work with economic players. "Nobody can control an economy as large as America," he said.

Danny Quah, professor at the Lee Kuan Yew School of Public Policy at the National University of Singapore, added that Asia believes in a world of full of win-win propositions. This narrative should be shared to President Trump.

"Trump thinks that America is losing because Asia is winning. We need to tell him of this win-win proposition," said.

## BSTI goes online to collect fees for services

STAR BUSINESS REPORT

Bangladesh Standards and Testing Institution (BSTI) yesterday went online to collect fees for various services given to the businesses, said a press release.

"We are giving importance to the matter so that service seekers can get services easily. The automated billing system is part of that effort," said BSTI Director General Md Saiful Hasib while inaugurating the services at the BSTI office.

The automated billing system will eliminate the problems related to submitting bills manually, said BSTI.

The national standards organisation said it has made the bill management software to provide better services from its one-stop service centre. Auto billing services will be introduced soon at its regional offices.

## New DMD for Brac Bank

STAR BUSINESS DESK

Chowdhury Akhtar Asif has joined Brac Bank Ltd as deputy managing director and chief risk officer.

Prior to joining Brac Bank, he worked as the head of credit risk management at One Bank.

Asif has more than 24 years of experience in the banking sector. He started his career as a probationary officer at IFIC Bank and became its head of CRM in 2012. Later, he moved to Eastern Bank where he headed different units.

He completed bachelor and master's degrees in finance from Dhaka University. He also obtained MBA in finance from the same university.



## One Bank gets new DMD

STAR BUSINESS DESK

Mahmoodun Nabi Chowdhury has joined One Bank as deputy managing director and head of corporate asset marketing.

Prior to joining One Bank, he worked as the head of corporate banking at Brac Bank, according to a statement.

Chowdhury started his career as an investment analyst at Equity Valuation Research and Distribution in 1995 and banking career at Standard Chartered in 1997. He has 20 years of experience in the banking sector.

He obtained MBA from the Institute of Business Administration of Dhaka University.



**ANNUAL GENERAL MEETING (AGM)**  
Date: 28 Mar 2017 | Time: 10pm | Venue: Grand Ballroom, Pan Pacific Sonargaon  
**REAL ESTATE AND HOUSING ASSOCIATION OF BANGLADESH (REHAB)**

The annual general meeting and extraordinary general meeting of Real Estate and Housing Association of Bangladesh (REHAB) was held in Dhaka on March 28. REHAB President Alamgir Shamsul Alamin presided over the AGM and EGM.

REHAB

## India, UK talk up post-Brexit trade prospects

REUTERS, New Delhi

India and Britain on Tuesday talked up their prospects of developing a new trading relationship, as their finance ministers met in New Delhi to prepare for the United Kingdom's exit from the European Union.

British finance minister Philip Hammond flew in to New Delhi for talks with Indian counterpart Arun Jaitley, days after Prime Minister Theresa May triggered the start of the Brexit process after last June's referendum vote to quit the European Union. Hammond played down the risks of a so-called "hard Brexit", in which Britain would lose access to the markets of the bloc's other 27 nations if the two sides cannot reach a consensus deal within a two-year deadline.

"We have made the decision that we will not be part of the structure of the European Union, but we've also made very clear that we want to negotiate the maximum possible open trade relationship with the European Union," Hammond told a news conference after a joint economic and financial dialogue.

"We hope to be able to negotiate a deep and special relationship with the European Union that will allow us to go on trading and investing in each other's economy, but at the same time allow us to rebuild our relationships with our partners and allies around the world."

## Govt declines WB funds for ensuring security of state firms

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However, for training the manpower external know-how can be taken, he said, adding that if low-cost fund is available for the project it can be accepted. But the government must attach condition that it will have the absolute authority in selection of foreign consultants.

It is difficult for the government-owned institutions to implement the projects with own funds as the excess liquidity lying with the banks is depositor's money, said an official of another state-owned bank.

"Most of the government-owned financial institutions are loss-making concerns, so it is difficult for them to implement projects of such scale," he added.

At the yesterday's meeting, seven new and revised projects involving a total of Tk 7,890 crore were passed. Of the amount, more than Tk 4,000 crore will be provided by the development partners.

## Regulator prepares 4G guideline for govt nod

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Currently, 4G services are available in all the neighbouring countries, except Bangladesh. As of February there are around 6.67 crore mobile internet users in Bangladesh, 3 crore of whom use 3G services.

## Janata weighed down by restructured large loans

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The Janata CEO said it is not that these business groups which are not paying installments regularly are really in bad shape; rather they think they may be able to get the preferential treatment again.

Maksudur Rahman, managing director of Ratanpur Group, said the company has requested the central bank to reduce the installment amount.

"The installment amount is too high for us to pay regularly. But still we have continued to pay the installment."

Rahman said banks were supposed to lend to the large borrowers to enable them to run businesses smoothly but the lenders did not do it. "As a result we have not been able to expand our business, which has made us defaulter again," he added.

Among the seven business groups, Beximco is the largest client of Janata Bank with the conglomerate has had Tk 1,800 crore of loans restructured.

Under the central bank's restructuring policy, different banks have restructured over Tk 4,800 crore of loans of Beximco.

Some other banks are also in trouble after restructuring large loans as the borrowers do not repay their loans regularly. Some borrowers are paying some money

only to keep their loans regular, said a senior executive of a private bank.

The banking sector regularised loans amounting to Tk 113,775 crore from July 2013 to December 2015. Of the amount, Tk 82,392 crore was rescheduled and Tk 31,383 crore restructured.

Of the rescheduled amount, Tk 30,000 crore was regularised taking advantage of the relaxed policy while Tk 52,244 crore in compliance with the rescheduling policy.

According to BB, the recovery of the rescheduled loans under the relaxed policy is unsatisfactory.

The recovery rate of the loans regularised under the special policy was only 11.48 percent while it was 31.50 percent for the loans rescheduled under the existing policy, according to BB.

Of the total rescheduled amount, 17.33 percent or Tk 5,116 crore were default loans.

The central bank relaxed its loan rescheduling policy in December 2013 to help businesses overcome losses inflicted by political turmoil. Though the policy expired in June 2014, the central bank continued to allow the rescheduling until December of the year in the face of pressure from influential business people.

## Revisit EPZ law to sustain trade privileges to EU

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The ILO adopted this paragraph upon observations during several visits of the ILO's expert committee members in Bangladesh in the last two years.

The EU threat came at a time when the country is redeeming itself after massive reforms following the Rana Plaza building collapse in April 2013.

A four member delegation led by Arne Lietz, a member of the European Parliament of the Socialists and Democrats Alliance, visited Bangladesh last week and suggested the same reforms.

At a press conference in Dhaka to mark the end of the visit, Lietz suggested Bangladesh improve labour conditions under the ILO provided special paragraph before mid June.

He expects progress by the third round of the Sustainability Compact meeting to be held on May 18 in Dhaka between the EU and Bangladesh.

After the Rana Plaza building collapse, Bangladesh hurriedly signed the Sustainability Compact with the EU in 2013, committing to responsible business behaviour and improvement of labour rights.

Bangladesh should mull the issue with seriousness as the EU is the most important trading partner and the garments sector is the country's economic lifeline.

In the meantime, exports to the UK, the third largest destination, have been faltering for Brexit.

Moreover, labour practices in

Bangladesh would also be considered in allowing the GSP Plus benefit to Bangladesh once the country graduates to middle income status by the end of 2021.

Bangladesh saw the growth of a large band of entrepreneurs since the country's independence for the garment sector, where the EU played a vital role.

If the EU trade privilege continues, the local small and medium enterprises will become giants in future, as they will be able to be more competitive.

So, Bangladesh can revisit the draft act of EPZs that was finalised by the cabinet in February in 2016 for bringing a little change and simplification of freedom of association in the EPZs law.

Workers in the EPZs should be allowed to elect their representatives. The Department of Inspection for Factories and Establishments should also be allowed to inspect factories inside the EPZs.

The election of representatives in the Workers' Welfare Association in the EPZs should be free of gender bias as female workers should be given preference in election. The introduction of the widely practiced social dialogues can be in place to resolve labour disputes as well.

Bangladesh should hold a dialogue between the government, EU and ILO well ahead of the Sustainability Compact to resolve the crisis. It can take place under the Bangladesh - EU business climate umbrella.

## Crisis in apparel sector to be solved through discussion

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Any problem at the factory level dents buyers' confidence, said Siddiqur Rahman, president of Bangladesh Garment Manufacturers and Exporters Association, adding that they don't want to face such problems.

He said they would solve problems on their own through discussion with all, including workers.

Delwar Hossain Khan, general secretary of Bangladesh Labour Federation, recommended monthly meeting of factory management with the workers to

make them feel an essential part of the supply chain.

The number of inspectors is insufficient for some eight million establishments across the country, he said.

A commerce ministry official told the meeting that the EU and the US want to see more progress in ensuring labour rights. The labour ministry is responsible for addressing three concerns -- amendment to labour law, trade union registration and protection of labour leaders from violent reprisals, he said.

## Keep VAT low for gas and electricity: economists

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He went on to suggest the NBR to gradually increase the VAT rate to 15 percent for goods and services like electricity and that too with advance warning.

"It will be helpful for consumers and investors to plan ahead," Khan added.

At the programme, PwC Bangladesh, led by its Managing Partner Mamun Rashid, submitted its recommendations for fiscal 2017-18's budget.

There should be no doubt that the VAT law will be implemented from July,

said NBR Chairman Md Nojibur Rahman.

"We have already started the countdown," he said, adding that a debate will be held in the capital soon between the VAT department and businessmen regarding the VAT law.

Basic food, education and healthcare have been kept out of the purview of VAT in the new law, said Jahangir Hossain, member of NBR's VAT Policy. Also, businesses whose annual turnover is less than Tk 30 lakh will remain out of the VAT umbrella.

"Such a waiver prevails nowhere in the world," he added.



Prime Bank recently organised an annual programme for its corporate and institutional banking team at Palace Luxury Resort in Habiganj. Ahmed Kamal Khan Chowdhury, managing director of the bank, inaugurated the programme as chief guest.

PRIME BANK