

# No poverty after 2024: Muhith

REAZ AHMAD, from Yokohama, Japan

POVERTY would no longer exist in Bangladesh after 2024, Finance Minister AMA Muhith said in his speech at the 50th annual meeting of the Asian Development Bank in Yokohama yesterday.

"Only about 7 to 8 percent of the population (the disabled, mentally challenged and elderly) will be under state care. This growth process, however, has to be accompanied by employment growth and rising labour productivity, both of which are presently lacking, meaning that we still have to work hard in these areas."

He noted that the increased requirement for foreign resources, especially investment, would pose a challenge before Bangladesh during the transformation of its economy.

Muhith hoped that the ADB and other development partners would join Bangladesh like before to help overcome these challenges.

"In the period from 2015 to 2020, we foresee an outlay of \$398 billion for real sectors, of which, public and private sector shares will be 23 and 77 percent respectively. The share of external financing in the total outlay will be 9.6 percent.

"In 2020, we are targeting investment as a percentage of GDP to reach 34.4 percent. This will require creating a friendly investment climate by removing deficiencies in provision of infrastructure and services and attuning public sector policies and institutions for private investment."

He said the government of Bangladesh is aware of bringing further reforms in various areas for promotion of private investment. Implementation of the annual performance agreement (APA), e-filing management, electronic government procurement (e-GP), second generation citizens charter and right to information act are expected to improve transparency, accountability and the overall quality of governance in Bangladesh.

He said the ADB recently launched its Country Partnership Strategy (CPS) 2016-2020 aligning it with the Seventh Five-Year Plan (FY2015-2020). The CPS aims to scale up lending to Bangladesh to \$8 billion in 2016-2020 from \$5 billion in 2011-2015.

Muhith said projects to be implemented in this period would enhance infrastructure and human capital toward diversifying the economy, boost climate and disaster resilience, develop economic corridor, improve rural livelihoods, and strengthen regional trade links, especially for energy.

The finance minister requested ADB President Takehiko Nakao to take proactive steps on operational issues. "I think efficiency in project preparation and implementation, reduction in time delays and cost overruns, internal process reforms, procurement and contracting reforms, strengthening of resident missions through decentralisation and greater delegation of power, are some key changes whose implementation can no longer be delayed."



AMA Muhith

Amid talk of prosperity and growth, no one should forget that 1 in 10 people or nearly 800 million people in the world live on less than \$1.90 a day, he said, quoting a WB report -- Poverty and Shared Prosperity.

Muhith said half of the world's extreme poor now live in Sub-Saharan Africa, and another third in South Asia.

"Unless we can foster faster global growth and reduce endemic inequality, we risk missing our SDG target of ending extreme poverty by 2030. To

end poverty, we must make growth work for the poorest, and one of the surest ways to do that is to reduce unacceptable income disparity."

He said the ADB is playing an important role in supporting investments and reforms in key sectors like energy and power, transport, education, urban infrastructure, agriculture and natural resources of Bangladesh.

The finance minister said global economic growth is picking up with a long-awaited cycli-

cal recovery in investment, manufacturing, and trade (World Economic Outlook) as worldwide economic growth is expected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018.

He said growth picking up in two-thirds of economies in developing Asia, supported by higher external demand, rebounding global commodity prices, and domestic reforms, makes the region the largest single contributor to global growth at 60 percent (Asian Development Outlook 2017 of the ADB).

Developing Asia continues to drive the global economy and South Asia remains the fastest growing of all sub-regions.

Claiming that Bangladesh has been in the global spotlight for many of its remarkable achievements, Muhith said rapid poverty reduction is one of them.

"Bangladesh made impressive gains in reducing the poverty level from more than 70 percent of its population in 1971, the year we became independent as a nation, to 56.7 percent in 1991-1992 and to 23.4 percent in 2016."

Despite the ongoing sluggishness and crisis in the global economy, Muhith said economic growth in Bangladesh is quite robust as the average GDP growth rate for the last ten years has been 6.24 percent.

Bangladesh has been able to successfully break through the 6 plus percent growth ceiling as the GDP growth was 7.1 percent in FY2016 and is projected to be more than 7.2 percent in FY2017, he added.

## Japan to provide \$40m to ADB to back high-level technology

REUTERS

Japan will provide \$40 million to the Asian Development Bank to promote high-level technology as part of efforts to boost quality infrastructure in Asia, Finance Minister Taro Aso said on Saturday.

"Japan has been promoting quality infrastructure in Asia in close collaboration with the bank," Aso told the ADB's annual gathering in Yokohama. "Enhancing quality of infrastructure in terms of lifecycle cost and environmental and social considerations is important."

The money will be provided over a two-year period to a newly created fund of the ADB, he said.

Aso's remarks came as China's increasing presence in infrastructure finance has alarmed some Japanese policymakers, who worry that Beijing-led Asian Infrastructure Investment Bank (AIIB) may overshadow the Japan-U.S.-led ADB.

The AIIB is viewed by some as a challenger to both the Western-dominated World Bank and the ADB, which is primarily funded by Japan and the United States.

Partly to differentiate itself, the ADB has broadened its activities beyond infrastructure such as financing of steps for poverty reduction, healthcare and education.

## Canada jobless rate hits near-decade low

AFP, Ottawa

Canada's unemployment rate fell 0.2 percentage points to 6.5 percent in April -- the lowest it has been since 2008, the government statistical agency said Friday.

The actual number of people working in April changed very little from the previous month, said Statistics Canada, falling short of economists' expectations that a net 20,000 new jobs would be created.

Analysts had also forecast the jobless rate would remain unchanged.

Statistics Canada said the rate's decrease was "mostly the result of fewer youth searching for work."

It noted that employment increased among people 55 and older, while it declined among men aged 25 to 54.

Employment rose in British Columbia and Prince Edward Island, but was flat in other regions.

According to Statistics Canada, more people were employed in educational services, health care and social assistance, and transportation and warehousing in April.

## 'Smart' denim promises touchscreen tech clothes



People touch specially woven Project Jacquard fabric being used in new 'smart' Levi denim jackets.

AFP, Paris

A young man in a white t-shirt pulls on a dark blue denim trucker jacket, tucks his smartphone in an inside pocket and puts in-ear headphones in his right ear.

He mounts a fixed-gear bike with flat, slightly curved wide handlebars. Riding through the streets of San Francisco, he occasionally taps or swipes his right hand over the left cuff of his jacket, as the directions he's listening to continually pop up on the screen of this advertisement.

It's an ad from iconic US jeans maker Levi Strauss for Project Jacquard, an initiative with Google that the companies started two years ago for so-called "smart" denim. The future of the popular fabric was the focus at a recent international fashion fair in Paris -- after all most believe the word denim derives from the French "serge de Nimes", a serge from the city of Nimes.

The fair featured many wearable innovations such as a waterproof jacket with sunscreen bands and a cable in the pocket to recharge a cellphone, or jeans that keep your body temperature stable.

Once mainly the purview of athletic gear -- with moisture-wicking shirts and trousers and then clothing that can track motion, heart rate, and body temperature -- the new trend for fashion designers is to take everyday wear and transform it using new technologies.

This is clothing made from specially woven fabric with touch-screen control capabilities that can be designed in such a way to visually stand out or go unnoticed depending on designers' wishes.

French-based fashion company Spinali Design, for example, has created jeans that can give wearers directions without having to whip out the mobile at every single

intersection. Through blue tooth sensors stitched into the jeans' waistband, the smart phone stays out of sight.

"You put a destination into the pap (and) sensors will vibrate right if you need to turn right, left if you need to turn left," Spinali innovation director Romain Spinali told AFP.

In 2015, the company from the eastern French town of Mulhouse designed a bikini that tells women when it's time to apply more sun screen.

The two-piece retails for 149 euros (\$163) and comes with a small detachable ultraviolet sensor that, through a smart phone or tablet, sends a "sun screen alert" when the sunbather's skin needs more protective cream.

The detector is calibrated to the wearer's skin type and how much of a tan she wants to get, and is "virtually devoid of any radiation," Spinali said. The Spinali jeans, made in France, cost 150 euros and also have email notification capabilities.

"They will vibrate differently depending on whether the message received is from your family, your friends or work, in a way that you won't have to constantly check your email on weekends or on vacation," Spinali said.

On their end, Google and Levi expect to release their denim jacket sometime this year, but it will come with a hefty \$350 price tag due in part to its special interactive fabric that allows the jacket's wearer to order various products online.

Other international etch and fashion companies have also jumped on the "smart" denim bandwagon.

Using thermo-regulated fabric and microfiber cloth popular in athletic wear, Brazilian textile maker Vicugna Tex til has designed denims that will keep the wearer's core temperature stable.

## Vietnam textile sector growth surges

VIETNAM NEWS, Hanoi

THE textile and garment sector of Vietnam is forecast to grow further this year with promising signs from new import markets.

The sector enters the second quarter (Q2) of this year with promising signs from new export destinations, said General Director of the Vietnam Textile and Garment Group (Vinatex) Le Tien Truong.

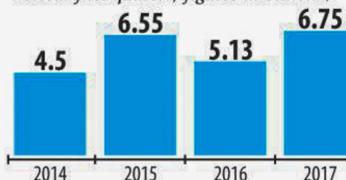
Truong made the observation following the sector's good results in the first quarter thanks to rapid growth from new markets such as Eurasian Economic Union (EAEU), which saw a growth rate of 115 percent in Russia; and the Asian Economic Community (AEC) with growth of 17 percent, 11 percent, 38 percent, 24.5 percent, 36 percent and 5 percent from Thailand, Indonesia, Singapore, Laos, Cambodia and Myanmar, respectively.

Statistics showed that the sector earned \$6.75 billion from exports in the first quarter of this year, growth of 12.4 percent compared with the same period last year.

Although the sector faced many challenges in exports to key markets, including low growth rates of exports to the European Union and the United States of between 6.3 percent and 6.4 percent, traditional markets such as South Korea, Brazil and India, maintained high growth between 14 percent and 34 percent.

### TEXTILE & GARMENT EXPORTS OF VIETNAM

Period: first quarter; figures in billion \$



REUTERS/FILE

Vietnam's garment exports will continue to grow amid promising signs from new markets.

Truong said the sector saw good growth in exports of many new products including swimsuits and raincoats with 29 percent and 41 percent, respectively.

"We can see that our efforts in using initiatives to access markets and exploiting bilateral and multilateral trade agreements have produced results, mostly in the EAEU and AEC," said Truong.

Insiders said that firms in the textiles and garment sector, particularly Vinatex, had performed well in recent years. They had foreseen difficulties of European markets and the failed Trans-Pacific Partnership agreement before devising their own ways to promote business overseas with new products.

New markets and new products have developed strongly since June last year when the businesses saw the advantages of trade agreements under negotiation between Viet Nam and other countries. They concentrated on improving capacity, cutting costs and production prices even though domestic basic expenditures con-

tinued rising while the forex rate was stable.

In exports, the stable forex rate is a problem for businesses, particularly with Vietnam's rivals, including China, India, Bangladesh, Pakistan, Indonesia and Malaysia, devaluing their domestic currencies in order to keep their market shares.

"We textile and garment businesses always expect that in macro policies, there would be calculations to balance the Vietnamese dong's forex rate and the currencies of other countries to raise their competition in exports," Truong said.

The businesses also hoped to enjoy a proper loan interest rate, similar with that of other countries, to help businesses cut costs, said Truong.

Truong said he believed that the sector could reach the growth rate target of 10 percent this year. This was a high target but with efforts from the entire sector it's a reachable figure.

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## India moves resolution of \$150b bad debt problem into RBI's court

REUTERS, New Delhi/Mumbai

INDIA on Friday tweaked its laws to help tackle a record \$150 billion in troubled bank debts, giving the Reserve Bank of India (RBI) greater power to identify and enforce resolution on specific soured loans.

In an executive order that alters a Banking Regulation Act, the government authorized the RBI to direct banks to initiate an insolvency resolution process in the case of a default under provisions of the bankruptcy code.

The ordinance, which goes into effect immediately, also said the RBI may specify one or more authorities, or panels to advise banks on resolution of stressed assets.

"The object of this act is that the present

status quo can't continue and the present status quo is that not much was moving," Finance Minister Arun Jaitley told a news conference.

The move marks the latest attempt to tackle the record 9.64 trillion rupees (\$150 billion) in stressed loans accumulated as of the end of December that have choked new credit and hurt economic growth.

"The ordinance is a welcome step, but there is a long road ahead. Until the capital actually comes in, things are likely to remain a bit difficult," said Tirthankar Patnaik, Mizuho Bank's India Strategist.

Including "unrecognized" problem loans, total stressed debt in the system could be as high as \$191 billion, or 16.6 percent, of total

loans as of Sept. 30, 2016, the finance ministry has estimated.

Jaitley said other steps were also in the works to tackle bad debt, but said they would be communicated later.

State-run lenders, who dominate India's banking sector, carry the bulk of the soured debt. Bankers, however, have been reluctant to decide on haircuts or move on resolutions rapidly for fear of being charged by law enforcement agencies on write-offs taken by them.

With the RBI now explicitly being given powers to intervene and guide banks towards resolutions, a part of that "concern or fear will be mitigated", said Saswata Guha, a director at Fitch Ratings.