

# Mirsarai economic zone to be ready by 2018

Beza chief gives an update on the status of economic zones

SOHEL PARVEZ

**M**IRSARAI economic zone is set to be the first state-owned industrial enclave to see industries operating, said Paban Chowdhury, executive chairman of Bangladesh Economic Zones Authority.

None of the 60 announced state-owned economic zones is yet to become operational although seven years have passed since the formation of Beza. But at the private economic zones, industrial units have been set up and production is going on.

"You will see the wheels rolling in 2018," he said, adding that it would not be right to see the state-owned economic zones and private economic zones separately.

The private economic zones are also Beza's initiative, he told The Daily Star in an interview recently.

"We approached the leading businesses to popularise the private economic zones and they came on board one by one," he said, adding that nearly Tk 10,000 crore has been invested in the private economic zones.

Beza has so far given the final clearance for establishment of five private economic zones.

"We worked day and night to develop this. I even visited a private economic zone at 4.30am. So it would not be like if you say those economic zones have come out of nowhere."

Asked about the delay in state-owned zones, he said land acquisition is not an easy task.

Already 16,000 acres of land has been acquired for the Mirsarai economic zone; acquisition of additional 7,000 acres is underway to establish the zone on 30,000 acres. Beza has also acquired 12,000 acres in Cox's Bazar and is in the process of getting hold of another 16,000 acres.



Paban Chowdhury

The Mongla economic zone is completely ready but it cannot start production because of a stay on construction of factories near the Sundarbans.

And plots have been given for the establishment of 24 factories at the state-owned economic zones at Sreehatta and Moulvibazar.

"How could you say we have not developed any? When I first went to Mirsarai, there were only buffaloes grazing. Today, you will see vehicles plying on the paved roads."

Chowdhury said he and his team worked tirelessly over the last three years to get things in order to attract investment, mainly from abroad.

One of the main targets of Beza is to attract foreign investment for job creation, technology transfer and skills development.

A number of foreign investors are showing interest in getting plots at the Mirsarai economic zone, he said, citing the Indian paint company Asian Paints as an example.

Asian Paints has already put in a

deposit to confirm its plot at the economic zone, according to Chowdhury, who holds an MBA from Bangladesh's premium business school, the Institute of Business Administration.

"They have full confidence in us. We are very much hopeful that a huge amount of foreign investment will come to the Mirsarai economic zone."

Over the next 15 years, \$25-30 billion of investment would flow in to Mirsarai, he said.

Chowdhury also elaborated on the reasoning behind the government's shift in focus from establishing export processing zones to economic zones.

Bangladesh's economy and people's purchasing power have increased over time, creating a large domestic market.

"It is not possible to cater to the huge domestic demand without large scale industrialisation. And this it is not possible through EPZs -- they are built to facilitate establishment of factories to make goods for exports."

Besides, it is not possible for EPZs to create huge employment opportunities

that can have a good impact on the society. But in terms of export, the EPZs definitely have a large impact as shipment from the zones accounts for 19 percent of the total, he said.

"But it is meagre in terms of investment," he said, citing that only eight EPZs have been established in the last 37 years through the development of 2,200 acres of land.

The EPZs could create four lakh jobs and attract \$3 billion plus investments, according to the Beza executive chairman.

"But we have received an investment proposal of \$4 billion at Mirsarai from an iron and steel company."

Most importantly for investors, the economic zones give them the flexibility to both export and cater to the local market. Bangladesh is a late entrant in establishing economic zones compared with its neighbours.

For example, India took the initiative of setting up special zones in 2005, whereas Bangladesh went for it in 2010.

Before India, Indonesia, China and the Philippines have established economic zones.

"Bangladesh has moved to establish economic zones based on the success of others," he said, adding that the government wants to set up 100 such industrial enclaves by 2030.

As of now, Beza has earmarked 79 sites for economic zones. Of those, 19 are private ones.

The Beza chief said the government is working on six types of economic zones: state-owned, private, special ones for particular products or countries and zones under public-private partnership.

And the leasing rates of land have been determined based on decision of the Beza governing board to ensure transparency and level playing field.

A lower rate has been fixed for the least-developed areas.

## European business deals with Iran are safe: US

AFP, Washington

The United States does not intend to disrupt European business deals with Iran, Secretary of State Rex Tillerson said in comments published Friday.

Tillerson, speaking one week after President Donald Trump refused to certify the Iran nuclear deal and left its fate to the US Congress, said that he would address European allies' business concerns.

"The president's been pretty clear that it's not his intent to interfere with business deals that the Europeans may have under way with Iran," Tillerson told The Wall Street Journal.

"He's said it clearly: 'That's fine. You guys do what you want to do.'"

Tillerson said that after working with the Europeans for six months, "we will start a more formalized process with them now that the policy's been adopted."

Trump has threatened a "total termination" of the landmark 2015 nuclear deal with Iran unless Congress tightens sanctions on the country and European allies address US concerns.

A week ago, he announced new sanctions on Iran's powerful Revolutionary Guards (IRGC), describing them as "the Iranian supreme leader's corrupt personal terror force and militia."

On Thursday, two top American intelligence officials suggested that European or other companies who are seen doing business with entities tied to the Guards could themselves run into US sanctions problems.

"The (US) intelligence community struggles mightily to figure out which companies are controlled by the IRGC," CIA Director Mike Pompeo said at a forum organized by the Foundation for Defense of Democracies.

"It is a difficult, complex intelligence undertaking to sort out which entities are controlled by the Guards, which ones have shareholders," Pompeo said, estimating the Guards control as much as 20 percent of the Iranian economy.

"But imagine you're a European CEO, or board of directors or a lender.... Imagine that you're a businessperson deciding whether it was appropriate to take that risk or not, whether the return was there for your company. I think we can make it even more difficult."

At the same forum, White House National Security Advisor HR McMaster echoed that point, saying the United States is working hard to investigate the IRGC networks and money flows.

"The message would be: don't do business with the IRGC; don't enrich the IRGC, don't enable their murderous campaign, don't enable their threat to our friends in the region," McMaster said.

## China still on track to hit growth target: state planner



Workers walk at the construction site of new Daxing Airport on the outskirts of Beijing, China on October 16.

REUTERS, Beijing

**C**HINA'S economy is on track to meet its official growth target for 2017, the head of the state planning agency said on Saturday, despite a punishing war on pollution which is expected to slash industrial output over the winter months.

China has forced 28 cities in smog-prone northern regions to reduce emissions of airborne particles known as PM2.5 by at least 15 percent from October to March 2017, with some cities expected to cut steel production by as much as 50 percent. But officials with the National Development and Reform Commission (NDRC) said the world's second-largest economy will remain on track.

"We expect to achieve the full-year growth target of about 6.5 percent," He Lifeng, chairman of the National Development and Reform Commission (NDRC), told a briefing on the sidelines of China's Communist Party Congress.

Most economists believe China's actual growth should easily beat the target. The economy grew 6.8 percent in the third quarter of the year, and 6.9 percent in the first half. Last year's growth rate of 6.7 percent was a 26-year low.

China's economy has surprised global markets and investors with robust growth so far this year, driven by a renaissance in its long-ailing "smokestack" industries such as steel and stronger demand from Europe and the United States.

But economists with Societe Generale said in a recent note that the winter output cuts could slash industrial production growth by 0.6-0.8 percentage points and GDP growth by 0.2-0.25 percentage points

in the next six months.

Industrial growth slowed to 6.3 percent in the third quarter, from 6.6 percent in the previous period, data showed last week, with the services sector taking up much of the slack.

Prices of commodities like steel, copper and iron ore have turned wildly volatile in China and in global markets recent weeks on fears of possible winter shortages.

China's steel output dropped 3.7 percent in September from a record high the previous month as mills reduced production in line with Beijing's campaign, and analysts predict further declines as winter curbs set in.

However, Zhang Yong, vice-chairman of the NDRC, told reporters that the direct impact was likely to be limited.

"Measures to fight pollution don't have a big impact on economic growth," he said. "Measures to treat pollution have a positive impact on economic development in the long term."

The government has been pushing a restructuring program designed to "upgrade" its heavy industrial economy, cut pollution and tackle profit-sapping capacity gluts in sectors like steel and coal.

China says it has cut annual crude steel capacity by as much as 110 million tonnes over the last five years, with coal capacity slashed by as much as 400 million tonnes, though some analysts say much of the outdated, inefficient plants are merely being replaced with leaner, cleaner ones.

Ning Jizhe, vice head of the NDRC and also head of China's National Bureau of Statistics, said the country would continue to crack down on steel overcapacity, prevent obsolete plants from restarting and promote more mergers in the sector.

## What happens if Brexit talks don't succeed?

AFP, London

**H**IGHER food prices, grounded flights and City job losses: catastrophic predictions of Britain crashing out of the EU with no deal in place abound despite the more upbeat tone from Friday's EU summit.

Prime Minister Theresa May has not ruled out walking away from the talks and some hardliners in her own party are urging her to do so to avoid paying a "divorce bill" and for a cleaner, simpler Brexit.

But many warn that leaving the EU with no agreement on future ties could damage the British economy.

So what could a worst case "no-deal" scenario look like?

Britain and the EU would have to fall back to World Trade Organization rules to trade with each other, meaning a series of tariffs on imports and exports which are particularly high for farm products.

The British Retail Consortium has estimated that the price of cheese could rise by more than 30 percent.

A slice of Italian parmesan selling for £5 in a British supermarket would jump to £6.50.

The BRC estimated the average cost of food imported by retailers from the EU would increase by 22 percent.

Britain imports around 60 percent of its food from the EU, particularly fruit and vegetables.

With no deal in place, airlines based in Britain would no longer be allowed to fly to the European Union. Carriers such as British Airways would be required to obtain European authorisation individually to be able to fly, potentially affecting a flow of hundreds of thousands of passengers a day.

"It is theoretically conceivable in a no-deal scenario that there will be no air traffic moving between the UK and the EU on March 29, 2019," Finance Minister Philip Hammond said earlier this month when asked about the prospect by a committee of MPs.

But he added: "I don't think anybody seriously believes that is



A demonstrator holds up a placard saying "Stand together Stop Brexit" at an anti-Brexit protest in Trafalgar Square in central London.

AFP/FILE

where we will get to."

Imports and exports of cars would face 10 percent tariffs. That could hurt foreign carmakers with UK operations such as Nissan, whose plant in Brexit-voting Sunderland employs around 7,000 people and exports more than 80 percent of its vehicles.

Costs are likely to be passed on to consumers.

"Import tariffs alone could push up the list price of cars imported in the UK from the continent by an average of £1,500," the Society for Motor Manufacturers and Traders said in a report.

Financial institutions would lose "passporting rights" that allow for cross-border services to clients across the bloc. Tens of thousands of jobs would be lost in the City finance hub as banks and insurers are forced to transfer EU-linked business to subsidiaries in the EU.

Many financial institutions have already started enacting contingency plans in case of a no-

deal, with offices in Amsterdam, Dublin or Frankfurt opening up.

Oliver Wyman, a consultancy, estimates up to 75,000 jobs could be lost in Britain's financial services industry.

Customs declarations required at British ports would rise from the current 55 million to 255 million a year if there is no separate deal.

The British Retail Consortium said this could mean delays at ports of "up to two or three days".

In an interview with The Times last month, Hammond warned the port of Dover was "clearly not" equipped as "the volumes of trade at Dover could not be accommodated if goods had to be held for inspection".

Checkpoints would return to the 499 kilometre (310-mile) border between British-ruled Northern Ireland and the Republic of Ireland.

The checks would be hugely disruptive for the 30,000 people who cross it every day, often to work.

It could also revive smuggling, once a lucrative income for militia groups and revive sectarian tensions that have been largely dormant since a 1998 peace deal put an end to three decades of conflict.

Irish Prime Minister Leo Varadkar said earlier that customs posts would be "a brutal physical manifestation of historical divisions and political failure... a place of bloodshed and violence."

Once Britain leaves the Euratom treaty, other countries would no longer be able to send nuclear materials or components for its power plants unless a separate arrangement is agreed.

Britain's Nuclear Industries Association has warned of the "risk of significant disruption" as nuclear power accounts for around 20 percent of the country's electricity production.

Leaving Euratom without any other kind of deal in place would also stop the supply of radioactive isotopes used to diagnose and treat cancer patients, which are not produced in Britain.