FTA with Malaysia back on the table

Commerce minister says govt will sign the deal

STAR BUSINESS REPORT

Bangladesh's signing of a free trade agreement (FTA) with Malaysia should not be just for the duty free benefits on export but also for securing massive investments, according to economists.

Bangladesh should also focus on making use of low-cost industrial materials that can be imported from Malaysia aside from collecting revenue from import duties to promote domestic and export markets, said Khondaker Golam Moazzem, research director of the Centre for Policy Dialogue (CPD).

KEY POINTS

- Bangladesh is Malaysia's 30th largest trading partner
- In 2019, bilateral trade was about $2.6b
- Bangladesh's total export to Malaysia was $236.37m in FY2020
- About 11 years ago Malaysia called upon Bangladesh to sign FTA
- Malaysia's first FTA was with Japan in 2006
- Malaysia now has FTAs with Pakistan, New Zealand, India, Chile, Australia and Turkey

Besides, the FTA's signing should aim to develop into a comprehensive economic partnership agreement (Cepa), he said.

Moazzem was addressing a webinar on "Bangladesh-Malaysia FTA: Challenges & Opportunities for Business Community" organised by the Bangladesh-Malaysia Chamber of Commerce and Industry (BMCCI).

Commerce Minister Tipu Munshi, diplomats, exporters and importers from both countries attended the event.

Malaysian High Commissioner to Bangladesh Haznah Md Hashim said if signing FTAs were a mistake, the country would not have repeated it and so it has penned 16 since 1993.

The latest agreement was signed amidst the ongoing coronavirus pandemic properly documenting the benefits, she said. In 2020, Malaysia's trade with all its FTA partners stood at 1.185 trillion Malaysian Ringgits, or 66.7 per cent of its total trade, she added.

Of its total trade for the year, Malaysia's exports to its FTA partners was valued at 667.46 billion Malaysian Ringgits, or 68 per cent of the total exports, which mainly consist of electronic components, petroleum and chemical products that account for 53.2 per cent of its exports to FTA markets.

Bangladesh is Malaysia's 30th largest trading partner and second in overall among South Asian nations. Bangladesh is also Malaysia's 20th largest export destination, signifying the country's growing importance as an economy.

In 2019, trade between Malaysia and Bangladesh was recorded at around $2.6 billion, up from $2.4 billion the previous year. For the period between January and July 2020, trade has lessened but remains robust despite the ongoing pandemic, Hashim said.

In fiscal 2019-20, Bangladesh's total export to Malaysia was $236.37 million, according to data from the Export Promotion Bureau.

As for the proposed FTA, it has been on the table for 11 years and therefore, it is about time for Bangladesh to revisit the process given its status as one of the fastest growing economies in the world today.

Besides, its impending graduation from the group of least developed countries also makes it crucial to secure such deals.

"I wish to begin by reiterating that as an open economy, Malaysia is a firm believer of not only free, but also fair trade policies," she added.

Hashim went on to say that since the conclusion of its first FTA with Japan 15 years ago, Malaysia has implemented FTAs with six other nations, namely Pakistan, New Zealand, India, Chile, Australia and Turkey.

The country has also implemented seven regional FTAs since 1993, namely the ASEAN Free Trade Area (AFTA), ASEAN-China, ASEAN-Korea, ASEAN-Japan, ASEAN-Australia- New Zealand, ASEAN-India and ASEAN-Hong Kong.

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Ctg trade bodies want more funds for dev projects

About 90 per cent of the country's imported consumer goods arrive on large vessels but they are unable to dock at the existing jetties of Chattogram port due to the absence of adequate draft in the port channel. PHOTO: STAR/FILE

RUN-UP TO BUDGET FOR FY2021-22

MOHAMMAD SUMAN, *Chattogram*

Various trade bodies in Chattogram have urged the government to increase its special allocation for the port city's development projects in the national budget for fiscal 2021-22.

Besides, traders of the Khatunganj-Chaktai wholesale market demanded that the 300-year-old marketplace be declared a commercial zone.

They also asked the government to consider the pandemic-induced losses and subsequent debt when levying tax on annual turnover.

Several development projects, including the construction of a Patenga terminal and bay terminal at Chattogram port, are underway, according to Mahbubul Alam, president of the Chattogram Chamber of Commerce and Industry (CCCI).

However, these projects are yet to benefit import-export activities due to the slow implementation process.

"So, the special allocation for these projects needs to increase so that emphasis can be given for speedy completion," Alam told The Daily Star.

After the Bay terminal is completely constructed, the mega-expansion project could nearly double the port's operational capacity.

As a result, the cost of imports and exports will fall significantly since large ships will be able to dock at the terminal jetty.

About 90 per cent of the country's imported consumer goods arrive on large vessels but since they are unable to dock at the existing jetty due to the absence of adequate draft in the port channel, smaller ships have to sail out to the outer anchorage to unload them.

"This is both time consuming and an added expense," said the CCCI president.

The government has initiated a number of mega projects in the greater Chattogram area, including Matarbari, Cox's Bazar, Anwara, Banshkhali and Mirsharai.

Many domestic and foreign investors are eagerly awaiting the completion of these projects, which will bring a huge change to the overall economy.

"This makes it necessary to increase the allocation in the upcoming budget in order to quickly finish these projects," he added.

Alam believes that the local businesspeople could play a leading role in implementing the government's Vision-2041.

He also emphasised on the need to focus on poverty alleviation, generating employment, enhancing investment and increasing revenue collection while formulating the upcoming budget.

Meanwhile, traders of the Khatunganj-Chaktai market in Chattogram want the commodity hub to be declared as a commercial zone in order to address a number of longstanding issues.

The 300-year-old market is slowly losing its lustre due to narrow roads, waterlogging and a gas crisis.

Sagir Ahmed, general secretary of Khatunganj Traders Association, told The Daily Star that the market used to account for 50 per cent of the country's consumer goods demand just two decades ago but at present, it is just 30 per cent.

"If the market is declared a commercial zone and the facilities are increased, small-scale industries of essential items will also be set up in the area," he said.

As a part of their demand, the traders also asked for the establishment of a truck terminal, widening of the roads, dredging of the Karnaphuli river, and expansion of the Chaktai canal.

GLOBAL BUSINESS

US consumer confidence holds steady

Soaring prices slowing housing momentum

REUTERS, *Washington*

US consumer confidence hovered at a 14-month high in May as optimism over jobs tempered concerns about rising inflation and diminishing government financial support.

Though the survey from the Conference Board on Tuesday suggested the pace of economic growth remained robust in the second quarter, the recovery from the Covid-19 pandemic recession, which started in February 2020, is bumpy.

The housing market, one of the star performers, is showing signs of fatigue, with new single-family homes sales dropping in April amid a dearth of properties, which is boosting prices at the fastest pace in more than 15 years.

"Economic activity is getting back to where it was before the pandemic hit," said Joel Naroff, chief economist at Naroff Economics in Holland, Pennsylvania.

"So why aren't people more exuberant? We might want to start blaming inflation."

Shoppers visit Macy's flagship store in New York City, New York, US on May 20. PHOTO: STAR/FILE

The Conference Board said its consumer confidence index slipped to a reading of 117.2 this month from 117.5 in April, the highest level since February 2020. Economists polled by Reuters had forecast the index at 119.2.

Effective May, the Conference Board switched to an online from a mail survey.

Data from January through April was revised to reflect the results of the online survey. The dip mirrored other sentiment surveys, which were pulled down by worries that rising inflation would erode consumers' purchasing power.

Inflation is bubbling as the economy's reopening after coronavirus-related restrictions and massive fiscal stimulus unleash pent-up demand, which is pushing against supply constraints, leading to price hikes for most goods.

The survey's present situation measure, based on consumers' assessment of current business and labor market conditions, increased to a 14-month high of 144.3 from 131.9 last month.

But the expectations index, based on consumers' short-term outlook for income, business and labor market conditions, fell to 99.1 from 107.9 in April.

Consumers' inflation expectations over the next 12 months jumped to 6.5 per cent from 6.2 per cent last month.

Stocks on Wall Street were mixed. The dollar was steady versus a basket of currencies. US Treasury prices rose.

The Conference Board survey's so-called labor market differential, derived from data on respondents' views on whether jobs are plentiful or hard to get, raced to a reading of 34.6 in May from 21.6 in April.

EU wants more from Big Tech against disinformation

European Commissioner for Values and Transparency Vera Jourova addresses a joint online press conference with European Union foreign policy chief Josep Borrell following a weekly College of Commissioners meeting at EU headquarters in Brussels. AP/FILE

AFP, *Brussels*

The EU on Wednesday tasked tech giants such as Facebook, YouTube and TikTok to do more against disinformation and provide much better access to their algorithms as well as beef up fact-checking.

The proposal is the EU's effort to strengthen its existing code of conduct against disinformation, which was launched in 2018 after revelations that platforms had facilitated and amplified false information in the ramp up to the Brexit vote and elections in the US in 2016.

It was signed by Google, Facebook, Twitter, Microsoft and in June 2020 by TikTok, as well as players in the advertising sector.In the wake of the Covid pandemic, the EU executive is now asking the signatories to go even further in their commitments, which are non-binding and voluntary, at least for now.

The pressure on the companies to deliver is great, given that the EU is also hammering out its Digital Services Act (DSA) that will give Europe power to slap penalties on Facebook and others when they fail to demonstrate strong action against disinformation.

European Commission Vice President Vera Jourova said the stricter and more detailed code of conduct was necessary to better root out "systemic risks" on platforms. Jourova said that it was time for big tech companies "to stop policing themselves alone and stop allowing to make money on disinformation".

"After the DSA will come into force, this code of practice will become semi-obligatory," she warned.

Among the many proposals, the EU is calling for messaging platforms such as Facebook's WhatsApp to also be included, given the vast disinformation campaigns seen in in India and elsewhere.

The Commission is also asking platforms for regular reports with clear benchmarks to assess the measures put in place.

In addition, the EU executive is seeking to create a designated task force composed of the code's signatories, representatives of the EU diplomatic service and media regulators from the member states.

The proposals will be discussed with the signatories, who will have to submit a first version of the revised code late this year so that it can be operational by the beginning of 2022. Marisa Jimenez Martin, Facebook's director of EU Affairs, said that "the reality is that we think the code works".

"It just needs to be now strengthened and we will work with the other stakeholders to make that happen in the next months," she told reporters.

The code is one of the many EU workstreams to limit the reach of Big Tech.

Germany opens Google antitrust probe

AFP, *Berlin*

Germany's antitrust regulator said Tuesday it has opened an investigation into Google over anti-competitive practices, wielding a new law that has already been used to scrutinise other US tech giants.

The Federal Cartel Office will investigate European units of Google in Germany and Ireland, as well as its parent company, Alphabet, in California, it said in a statement.

The investigation will probe whether Google is considered to be "of paramount significance for competition across markets" due to the breadth of its digital products, Cartel office head Andreas Mundt said.

"Google's business model relies

AFP

Germany's antitrust investigation into Google follows the application of a new law giving the authorities more power to rein in big tech companies.

to a very large extent on processing data relating to its users," Mundt said. "Due to its established access to data relevant for competition, Google enjoys a strategic advantage."

"A key question in the probe was "whether consumers wishing to use Google's services have sufficient choice as to how Google will use their data", he said.

Google spokesman Ralf Bremer said the tech giant would cooperate fully with the investigation.

"People choose Google because it's helpful, not because they're forced to, or because they can't find alternatives," he said, adding that German consumers are offered "simple controls to manage their information and limit the use of personal data".