$25b export to China possible by 2030

Just needs 1pc more market share, says a study

STAR BUSINESS REPORT

Bangladesh's exports to China, the world's second biggest economy, will grow to $25 billion if local suppliers can grab an additional 1 per cent share of the Chinese market by 2030, according to a study released yesterday.

Currently, Bangladesh's share of exports to the Chinese market is 0.05 per cent, equivalent to a bit above $1 billion in a year, it said.

Bangladesh has the opportunity to increase its exports to China as since July last year, the Chinese government approved duty-free facility for 97 per cent of products from Bangladesh, which is a big advantage for the country, it added.

Some 8,256 products enjoy duty-free facility from Bangladesh to China as the country falls under the least developed country (LDC) category, said MA Razzaque, research director of Policy Research Institute (PRI).

He was presenting a keynote paper at a webinar on "Bangladesh-China Economic and Trade Relations in the aftermath of the Covid-19 Global Pandemic", jointly organised by Economic Reporters' Forum (ERF) and Bangladesh China Chamber of Commerce and Industry (BCCCI).

Razzaque also advocated for attracting Chinese investment in different export projects in Bangladesh. "We need to materialise investment pledges from China," he said.

China's economy remains robust, its trade is fast recovering and it is one of the largest sources of foreign direct investment (FDI). The significance of Bangladesh's export to China becomes clear if some trade data is analysed, he said.

For instance, prior to the Covid-19 pandemic, China's exports of goods and services were $2.69 trillion and imports were $2.48 trillion. "Future growth of China will make its imports volume even bigger," Razzaque also said.

Bangladesh should also negotiate to bring in Chinese investment pledges worth more than $27 billion. Currently, Chinese investment in Bangladesh is $2 billion and the Chinese companies have been implementing different mega projects in the country, he said.

After Bangladesh makes the United Nations status graduation to a developing country, it will need a lot of FDI and China might be a major source for investment, he said.

Negotiations are underway for a free trade agreement (FTA) to be signed between Bangladesh and China, said Commerce Minister Tipu Munshi.

Last fiscal year, bilateral trade amounted to $12 billion, of which over $11 billion were goods imported from China.

China is the largest source of imports for Bangladesh and in pre-pandemic times, Bangladesh used to import goods worth more than $18 billion from the country.

READ MORE ON B3

Chapainawabganj mango sales picking up

Customer turnout started to increase in the past one week despite the current crisis of pandemic. The photo was taken from Puraton Bazar of Chapainawabganj town on Saturday.

PHOTO: STAR

DISTRICTS IN FOCUS

RABIUL HASAN, *Chapainawabganj*

Mangoes have been available at various markets across Chapainawabganj for some time now but sales have only just started to pick up in the face of nationwide restrictions on public movement aimed at curbing the recent resurgence of Covid-19.

The authorities of Chapainawabganj, one of the biggest mango producing districts in the country, placed the region under a seven-day lockdown beginning on May 25 before going on to add another seven days in a bid to keep the coronavirus at bay.

Previously, buyers from all over Bangladesh would travel to the district to purchase the famed fruit in large quantities.

This year though, customer turnout only started to increase in the past four-five days due to the current crisis, according to local traders.

During a visit to the district's Puraton Bazar on Saturday, it was seen that around 100 traders were present. At the moment, only two varieties of mango -- Gopalbhog and Khirsapat -- are available in the market.

Khirshapat is available at prices ranging from Tk 1,400 to Tk 1,600 per maund (40 kg) while Gopal Bhog is being sold for about Tk 1,400 to Tk 1,800 per maund depending on the quality and size.

Mohammad Karim, who runs a shop at the mango market, said although the daily turnout of customers is small, their numbers are slowly increasing day by day.

Karim had purchased 10 maunds of Khirsapat mangoes in the morning and by 10:30am the same day, he had sold seven maunds.

Another mango trader, Babul Hossain, said he bought 25 maunds of Khirsapat and four maunds of Gopal Bhog, of which he has already sold 11 and two maunds respectively.

"During the first week of the lockdown, no one came to the market to buy mangoes," he said.

As a result, traders have had to let their stock go for cheap, Hossain added.

Abdul Wahed, president of Bangladesh Mango Producers Merchant Association, said although mango prices have been set at Tk 2,000 to Tk 2,500 this year, orchard owners and traders are unable to get fair prices due to the low customer turnout.

Muhammad Nazrul Islam, deputy director of the Department of Agriculture Extension (DAE) office in Chapainawabganj, said the district's economy depends on the mango trade.

A total of 34,738 hectares of land in the district was used for mango cultivation with a production target of 2.5 lakh tonnes for this year, he added.

Contacted, the agriculture department officials said no restriction was imposed on mango farmers or traders and so, they could send their produce to other districts.

GLOBAL BUSINESS

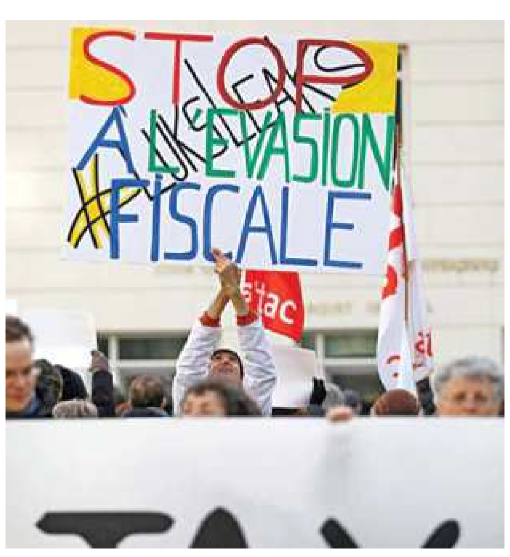
Big countries' tax deal to reveal rift in Europe

REUTERS, *Brussels*

A global deal on corporate tax looks set to bring to a climax a deep-seated European Union battle, pitting large members Germany, France and Italy against Ireland, Luxembourg and the Netherlands.

Although the smaller EU partners at the centre of a years-long struggle over their favourable tax regimes, welcomed the Group of Seven deal on June 5. for a minimum corporate rate of at least 15 per cent, some critics predict trouble implementing it. The European Commission, the EU's executive, has long struggled to get agreement within the bloc on a common approach to taxation, a freedom which has been jealously guarded by all its 27 members, both large and small. "The traditional EU tax holdouts are trying to keep the framework as flexible as possible so that they can continue to do business more or less as usual," Rebecca Christie of Brussels-based think tank Bruegel said.

Paschal Donohoe, Ireland's finance minister and president of the Eurogroup of his euro zone peers, gave the G7 wealthy countries' deal, which needs to be approved by a much wider group, a lukewarm welcome.



REUTERS//FILE

A man holds a placard reading "Stop tax avoidance" during a protest outside the courthouse ahead of the LuxLeaks trial before an appeal court in Luxembourg.

"Any agreement will have to meet the needs of small and large countries," he said on Twitter, pointing to the "139 countries" needed for a wider international accord.

And Hans Vijlbrief, deputy finance minister in the Netherlands, said on Twitter that his country supported the G7 plans and had already taken steps to stop tax avoidance.

Although EU officials have privately criticised countries such as Ireland or Cyprus, tackling them in public is politically charged and the bloc's blacklist of 'uncooperative' tax centres, due to its criteria, makes no mention of EU havens. These have flourished by offering companies lower rates through so-called letter-box centres, where they can book profits without having a significant presence.

"European tax havens have no interest in giving in," Sven Giegold, a Green-party member of the European Parliament lobbying for fairer rules, said of the prospects for change. Nevertheless, Luxembourg's finance minister Pierre Gramegna welcomed the G7 accord, adding that he would contribute to a wider discussion for a detailed international agreement.

EU, US to end trade tariffs

Call for new study into Covid-19 origins, summit draft says

REUTER, *Brussels*

The leaders of the European Union and the United States are set to commit at a summit in Brussels next week to ending their transatlantic trade disputes, and to call for a new study into the origins of Covid-19, according to a draft communique.

The seven-page draft, seen by Reuters, seeks to show concrete results of the "new dawn" hailed by EU leaders when US President Joe Biden took over from Donald Trump in January.

The draft, which will be discussed by EU ambassadors on Wednesday, commits to ending a long-running spat over subsidies to aircraft makers before July 11, and to lifting steel tariffs imposed three years ago by December.

Despite pressure by US steel industry groups to keep the "Section 232" national security tariffs imposed by Trump, the draft said: "We commit to work towards lifting before 1 December 2021 all additional/ punitive tariffs on both sides linked to our steel and aluminium dispute."

The EU and the United States are the world's top trading powers, along with China, but Trump sought to sideline the EU.

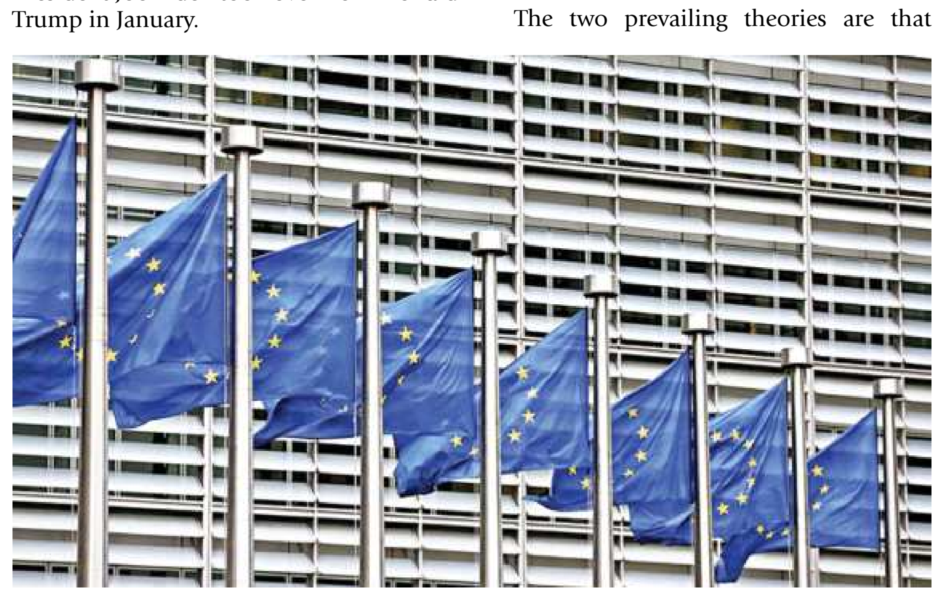
After scotching a free-trade agreement with the EU, the Trump administration focused on shrinking a growing US deficit in goods trade. Biden, however, sees the EU as an ally in promoting free trade, as well as fighting climate change and ending the Covid-19 pandemic. At the Brussels summit, both sides will agree to cooperate on China policy and also call for a new study into the origins of the Covid-19 pandemic, first detected in the Chinese city of Wuhan, the draft said.

"We call for progress on a transparent, evidence-based ... study on the origins of Covid-19, that is free from interference," the draft said.

The two prevailing theories are that the virus jumped from animals, possibly bats, to humans, or that it escaped from a virology laboratory in Wuhan. Members of a WHO team that visited China this year to investigate Covid-19's origin said they were not given access to all data, fuelling the debate. If agreed, the joint stance on China will be a boost for the Biden administration, which seeks friends to stand up to Beijing but has said it will not force any ally to choose sides.

European Union have until now tried to maintain a strategic balance that avoids alienating either China or the United States.

But China's military expansion, its claims to sovereignty in most of the South China Sea and the mass detentions of Muslim Uyghurs in northwestern China have shifted the mood in Brussels.



REUTERS/FILE

European Union flags flutter outside the EU Commission headquarters in Brussels, Belgium.

US Senate passes sweeping bill to address China tech threat

REUTERS, *Washington*

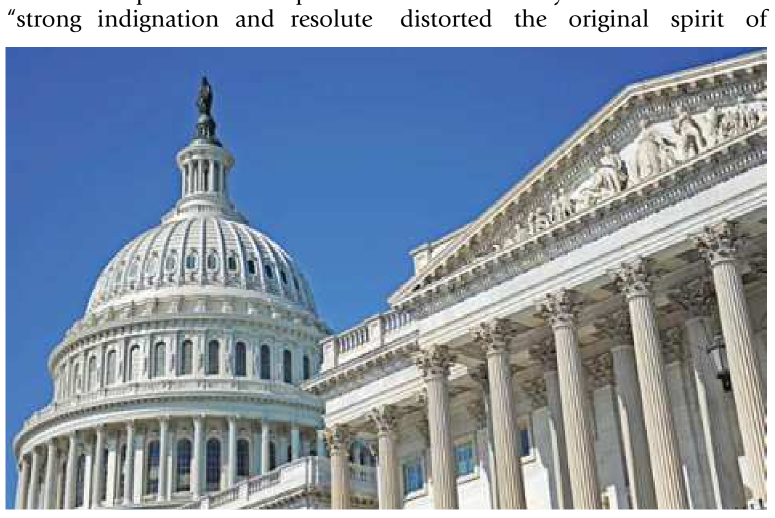
The US Senate voted 68-32 on Tuesday to approve a sweeping package of legislation intended to boost the country's ability to compete with Chinese technology.

An indignant China responded to the vote by saying it objected to being cast as an "imaginary" US enemy.

The desire for a hard line in dealings with China is one of the few bipartisan sentiments in the deeply divided US Congress, which is narrowly controlled by President Joe Biden's fellow Democrats.

The measure authorizes about $190 billion for provisions to strengthen US technology and research - and would separately approve spending $54 billion to increase US production and research into semiconductors and telecommunications equipment, including $2 billion dedicated to chips used by automakers that have seen massive shortages and made significant production cuts.

China's parliament expressed "strong indignation and resolute opposition" to the bill. It said in a statement that the US bill showed "paranoid delusion of wanting to be the only winner" and had distorted the original spirit of innovation and competition.



REUTERS/FILE

The US Capitol dome and the US Senate (R) in Washington are seen in the picture.

"We firmly object to the United States seeing China as an imaginary enemy," Chinese foreign ministry spokesman Wang Wenbin told reporters in Beijing.

The bill must pass the House of Representatives to be sent to the White House for Biden to sign into law. It is not clear what legislation in the House will look like or when it might take it up.

The bill has a number of other China-related provisions including prohibiting the social media app TikTok from being downloaded on government devices, and would block the purchase of drones manufactured and sold by companies backed by the Chinese government. It would also allow diplomats and Taiwanese military to display their flag and wear their uniforms while in the United States on official businesses.