

AT A MARKET, DIVIDED SYRIA COMES TOGETHER AGAIN

DAMASCUS: Grapes from rebel territory, watermelons from land under jihadist control, potatoes from a regime-held area - every morning the Syria torn apart by war is reunited at the Al-Hal Souk in Damascus. More than four years of fighting between President Bashar Al-Assad's regime and disparate rebel groups has left Syria a patchwork of fiefdoms. Damascus and coastal areas remain under government control, the Islamic State group holds swathes of the east and the rest of the country is divided among other rebel factions, from Al-Qaeda-linked fighters to Kurdish militia.

But at the Al-Hal Souk wholesale food market in eastern Damascus, amidst the vendors hawking their goods and delivery trucks honking their horns, an echo of the old Syria survives. "When it comes to food, everyone comes together. The stomach has no political opinions," said Fares, 32, who sells apples from a farm in Zabadani, about 45 km northwest of Damascus. The region is famed for its apples but with regular clashes there between the army and rebels, deliveries are irregular.

On one recent day at the market Fares was lucky. Thanks to a ceasefire the day before, boxes of apples were piled high in front of his stall. "The delivery man arrived today, no problem," he said with a smile. The souk - founded when Syria was under French administration from 1920 to 1946 and named after Paris's famed Les Halles market - holds more than 300 stalls in an area of less than a square kilometre. In the surrounding streets, delivery trucks manoeuvre through narrow passages, jostling for space with cars and porters.

'All Provinces of Syria'

The market sits on the edge of the Damascus suburb of Jobar, a frontline that has seen heavy clashes. Some 15 people were killed and dozens wounded as shells fell on the area in recent days, but the traffic at the market continues. Between 6:00 am and noon every day, more than 400 tonnes of goods change hands, making their way from the market throughout Damascus and the rest of the country. Truckers like 30-year-old Abu Abdo are the market's lifeblood, carrying produce on



DAMASCUS: Syrians shop at a traditional market yesterday as Muslims prepare to celebrate the holiday of Eid Al-Adha or Feast of the Sacrifice. — AFP

often-fraught journeys through territory in many different hands.

"It took me 17 hours to bring these 15 tonnes of red and green chilli peppers from

Deir Hafer, in the countryside of Aleppo, passing through Raqa and Palmyra," both areas held by IS, Abu Abdo said. "I'm going to sleep for one night and then bring toma-

atoes to Al-Bab," a city in Aleppo province also held by IS. Abu Abdo's case is hardly unusual. At Al-Hal, the grapes and tomatoes come from Daraa province in the south, which is mainly in the hands of rebel forces. The watermelons are from Jabal Al-Sheikh, on the edge of the Israeli-occupied Golan Heights and under the control of Al-Nusra Front, the local branch of Al-Qaeda.

The courgettes are from Idlib province, recently conquered by a mainly Islamist rebel alliance. Citrus fruits are from Assad's coastal heartland, potatoes from regime-controlled Hama province and the onions come from northeastern Hasakeh, held by the Kurds. "All the provinces of Syria are reunited at this market," said stall-owner Abu Mohammad, his face hidden behind a bushy grey beard. "It would be a huge disaster if it closed," he said, watching the scales as his employees weighed hefty sacks of aubergines, green peppers and tomatoes. "I've been working here for 30 years. Never have I closed my shop, even in the worst moments of the war. I receive merchandise from all of Syria - people need to eat." — AFP

INDIA READY TO INVEST OVER \$15BN IN IRAN

DELHI SEEKS CHEAPER GAS

NEW DELHI: India is ready to invest more than \$15.2 billion to build projects in Iran including taking up full-scale development of Chabahar Port if Tehran offers better terms including cheaper gas, Shipping Minister Nitin Gadkari said yesterday. India is one of the handful of countries that continued trade links with Iran, isolated by Western countries against its disputed nuclear program. New Delhi is Tehran's second biggest oil client after Beijing. "We are ready to make a huge investment in Iran and this is mainly linked to gas pricing offered by Iran ... Gas price is a crucial issue," Gadkari told a news conference.

Days before the historic nuclear deal between Tehran and the West in July, President Hassan Rouhani offered India a greater role in infrastructure projects including overall development of Chabahar port. India hopes to take a decision on Iran's latest offer by early October after obtaining reports from other ministries including petroleum, chemical and fertiliser, and steel by Monday, Shipping Secretary Rajive Kumar said.

The port of Chabahar in southeast Iran is central to India's efforts to cir-

cumvent arch-rival Pakistan and open up a route to landlocked Afghanistan where it has developed close security ties and economic interests. The port can also serve as a gateway to the resource-rich countries of Central Asia. In May, Gadkari and his Iranian counterpart, Abbas Ahmad Akhouni, signed an \$85 million deal for India to lease two existing berths at the port and use them as multi-purpose cargo terminals.

With the easing of sanctions New Delhi is hoping for a greater and stronger role in Iran's development by taking up projects including building urea and petrochemical projects using gas produced in the OPEC-member nation. India is seeking gas at \$1.50 per million British thermal units (mmBtu) compared to \$2.95 offered by Iran for building a urea plant there, Gadkari said. He said building a plant in Iran and importing urea from there to India will help save a part of the 800 billion rupees (\$12.13 billion) in subsidies and halve the prices for farmers. "If the gas price is reasonable then all departments in India can together take up projects in the special economic zone there and investment will be more than 1 trillion rupees," he said. — Reuters



YANGON: In this picture taken on Sept 18, 2015, employees work at a garment factory in the Shwe Pyi Thar industrial zone. — AFP

MYANMAR WORKERS LONG FOR 'MANUFACTURING RENAISSANCE'

GARMENT MAKING EXPANDING FAST

YANGON: Wearing an expression of intense concentration, Myanmar garment worker Htet Myat Nyein stitches jackets bound for wealthy foreign high streets, part of a booming industry fuelling much of the country's modernization drive. "I learned to sew at this factory," she tells AFP, her soft voice almost lost in the clatter of sewing machines at the Shweyi Zabe factory on the fast-industrialising outskirts of Yangon.

Most families in her hardscrabble Hlaing Thar Yar neighbourhood still survive on remittances from abroad - the legacy of decades of brutal rule and economic mismanagement under the former junta. Htet Myat Nyein, her cheeks dusted with circles of traditional thanaka powder, says there are just two career paths for those who remain in her neighbourhood: "Garment work and beauty parlours, that is all."

Myanmar has pinned its hopes on industrialisation as it looks to reshape an economy long-dominated by subsistence agriculture and resource extraction that enriched a tiny elite but did nothing to lift living standards in one of the world's poorest nations. Plans to build a prosperous Myanmar, which still languishes around the bottom of global development tables, rest on the outcome of the Nov 8 elections pitting the army-

backed ruling party against Aung San Suu Kyi's National League for Democracy (NLD).

Suu Kyi, who recently toured a garment factory with Angelina Jolie, is widely expected to lead her party to a sweeping win in the first nationwide election it has fought in a quarter century. But with the next president yet to be decided - under the military drafted constitution Suu Kyi is banned from the top post - questions abound over the possible trajectory of reforms.

Fast Growing Economy

Nonetheless with the World Bank's projections placing Myanmar as the world's fourth fastest growing economy, the emergent nation is a tempting prospect. Ideally located between China and India it boasts a 51 million strong population offering both cheap labour and potential new consumers. Garment making is expanding fast. Exports last year reached \$1.5 billion - 14 percent of the country's total exports - according to the Myanmar Garment Manufacturers Association, which says some 70 percent of industrial jobs in Yangon are now in the sector. The country has already attracted major fashion brands, including high street staples Gap and H&M.

Overall foreign investment to Myanmar jumped to \$8 billion this year, double the government's target, while the country's first Special Economic Zone (SEZ), the Japan-backed Thilawa project near Yangon, is stirring to life. But Myanmar will have to develop fast if it is to challenge regional garment manufacturing hubs like Cambodia, Vietnam and Bangladesh. Between 60 and 70 percent of Myanmar's citizens still work in agriculture.

Political uncertainties have also dampened the investment buzz as the nation heads towards crucial elections, while firms face a host of challenges including unstable electricity, patchy communications, poor infrastructure and significant corruption. Sean Turnell, an expert on Myanmar's economy who has advised Suu Kyi's party, said a "manufacturing renaissance" could see the sector as a whole account for up to 30 percent of the economy. "I very much expect that the NLD will implement policies sufficiently pro-growth and development that effectively all of Myanmar becomes one enormous and prosperous SEZ," he told AFP. The West has welcomed many of Myanmar's reforms, including better labor rights and ending draconian media censorship, although there have been rising fears of backtracking in recent months. — AFP

INDIA CENTRAL BANK CAUTIOUS DESPITE PRESSURE FOR CUTS

MUMBAI: Though the Reserve Bank of India is expected to cut interest rates next week by a quarter percent to a four-year low, officials say concerns over prices make it likely to resist political pressure for significant easing in the coming months. In growing contrast with the government, which is desperate to accelerate a sluggish recovery, an increasingly independent RBI under governor Raghuram Rajan remains focused on a long-term inflation target of 4 percent and ending decades of damaging price volatility.

"The inflation outlook is still uncertain, and that is why the governor wants to be cautious," said one official familiar with the RBI's thinking. "It makes sense to wait and watch how sustainable the fall in inflation will be." Headline inflation has dipped due to lower commodity prices, but the officials said the RBI was concerned that any spike in food prices due to weak monsoon rains or in crude oil would push up prices and expectations of future rises - at least until India can resolve significant supply and transport bottlenecks.

Worries about the impact from rate hikes expected in the United States later this year add to the caution, the officials said, given the potential for destabilising outflows by foreign investors and volatility in the rupee. For Rajan, who said last week he intended to control inflation "not just today, but well into the future", it is also about learning the lessons of a boom-and-bust past. Rajan's predecessor, Duvvuri Subbarao, cut interest rates in response to the global financial crisis to 4.75 percent by April 2009, from 9 percent in July 2008.

That cut fuelled double-digit inflation and eventually forced the RBI into reverse, raising rates back to 8.50 percent by Oct 2011. Rajan, who took over two years later, was still fighting inflation at near double digits when he joined in 2013. "I think Governor Rajan is deliberately falling behind the curve," said A Prasanna, an economist

at ICICI Securities Primary Dealership. "Rajan wants inflation to be low and stable for a sustainable period," he added. "You can be a proactive central bank only after anchoring inflation expectations."

Chain Reactions

Avoiding over-reactions is key for the RBI, the officials said, despite the growing clamour for more rate cuts from business and government after consumer price inflation hit a record low of 3.66 percent in August. Rajan last week noted that without a favourable base effect, consumer prices would have risen at an annualised pace of around "mid five" percent. India's inflation has long been difficult to predict, given it is heavily influenced by volatile food and crude prices. To combat that, Rajan formally adopted inflation targeting earlier this year, in the biggest monetary policy overhaul in decades.

But his caution is frustrating Delhi and corporate India, which say the 7.25 percent rate at which the RBI lends to commercial banks is too high for a recovering economy. Taking into account consumer inflation, India's real interest rates were 3.59 percent in August, the second highest month on record after the 3.79 percent in Nov 2014, according to Thomson Reuters calculations. At the wholesale price inflation level, real interest rates are even higher, hitting a record 12.2 percent in August. High effective interest rates drag on GDP growth, which is seen at the lower end of a government target of 8.1 percent to 8.5 percent for the current financial year.

The Indian government's chief economic adviser, Arvind Subramanian, told Reuters yesterday the economy would hit that target, even if a tougher global environment will weigh. Extra public spending, he said, would not be needed. "Monetary policy will ease in line with ... inflation," he added. "We have had three cuts, the year is not over, so that still holds." — Reuters

MODI EYES SILICON VALLEY IN US AS EUPHORIA FADES

NEW DELHI: Tech titans will court Indian Prime Minister Narendra Modi in Silicon Valley this weekend, but away from the glitz, the euphoria of his first trip to the United States a year ago has faded as promised deals stall and key reforms flounder. A firm believer in the new economy and power of social media, Modi will be welcomed by Apple, Facebook and Google, who want to grow in a market where the world's third-largest internet user base is set to multiply in coming years.

Apple CEO Tim Cook is due to drop by Modi's hotel in San Jose, before the Indian leader joins Mark Zuckerberg for a "townhall" session broadcast live from Facebook headquarters. He will be able to relive some of the glory of 2014's rock star-like Madison Square Garden rally in New York when he addresses 17,000 Indian expatriates at San Jose's "Shark Tank" sports arena on Sunday.

Modi's standing in the United States rose further when US President Barack Obama visited India in January and the two tightened defence and civil nuclear cooperation with a promise of billions of dollars of business. The relationship is still evolving, with the world's two biggest democracies agreeing on Tuesday to jointly train peacekeepers in Africa, a step in a growing military alignment partly aimed at balancing China's expansion.

But in other areas, progress has been slow. Western businesses and diplomats in Delhi privately say Modi's reputation as a man of action has been hurt by setbacks on economic reform. Some carp that he is better at speeches and launching projects than seeing them through. The Thomson Reuters/INSEAD Q3 Asian Business Sentiment Survey found on Wednesday that optimism among Indian companies, while still high, had been dented by the slow pace of reform.

US lawmakers wrote to the Obama administration on Monday complaining about barriers to trade they said had got worse under Modi, as well as disputes over copyrights and patents. "The sheen is off, certainly. He is no longer the new kid on the block," said Neelam Deo, a former Indian diplomat in Washington now at Gateway House, a think-tank. "The first trip was euphoric, this one is much more a consolidation phase of the relationship."

Chopper Red Tape

On Tuesday, India's cabinet approved a \$25 billion purchase of 37 Apache and Chinook helicopters from Boeing, giving Modi something concrete for when he meets Obama on Monday. But the clearance came more than a year after the deal was agreed by the defence ministry, highlighting the lack of funds due to a



DUBLIN: Indian Prime Minister Narendra Modi gestures as he delivers a joint press conference with Irish Prime Minister Enda Kenny at Government Buildings yesterday. — AFP

slower-than-expected pick-up in India's economy and the bureaucratic morass that plagues ties between the countries. "We have formidable bureaucracies on both sides," with residual mistrust from

the Cold War, said Lalit Mansingh, a former Indian ambassador to Washington, referring to India's previous strong ties with the Soviet Union. "Things are bound to be slow." — Reuters