



Bangladesh Bank Governor Atiur Rahman poses with other central bankers of different countries at the 29th SEANZA Governors' Symposium held at Radisson Hotel in Dhaka yesterday.

# Watch out for risks to economy

Atiur Rahman suggests at 29th SEANZA Governors' Symposium in Dhaka

STAR BUSINESS DESK

THE global financial crisis of 2008-2009 and the lingering global growth slowdown in its aftermath are vivid examples of how imbalance and instability in macroeconomic and financial environments create downward spirals, Bangladesh Bank Governor Atiur Rahman said yesterday.

"It is, therefore, of utmost importance to remain watchful against risks or threats to stability and balance in the macroeconomic and financial environments, promptly addressing new vulnerabilities."

To maintain a balanced and stable macroeconomic environment, monetary and fiscal authorities need to pursue effective coordination of forward-looking policies, he said.

Rahman spoke on macroeconomic environment and financial sector stability, managing vulnerabilities and crises, at the 29th SEANZA Governors' Symposium held at Radisson Hotel in Dhaka yesterday.

SEANZA that stands for Southeast Asia, New Zealand and Australia grew out of a 1956 meeting of central bank governors from

the Asia-Oceanic region. It promotes cooperation among central banks by providing intensive and systematic training for central bankers.

It also facilitates information sharing on the issues and problems of common interest among the banking supervisors of the member institutions of SEANZA. The number of its member countries has grown to 20. It has 24 organisations as members.

Global cooperation dialogue aimed at imposing discipline on dominant advanced economies against persistent macroeconomic imbalances has so far gone nowhere, he said.

"Small open economies like ours have therefore to make defensive strategies for mitigating the disruptive impacts of negative external spillovers from imbalances in the larger advanced economies," Rahman said.

"Although Bangladesh does not yet have too much to worry about systemically important globally active, too-big-to-fail banks and financial institutions, Bangladesh Bank is active in building up supervisory capabilities of early identification," he said.

"Routine stress test exercises are mandatory

for banks to identify vulnerabilities; banks and financial institutions found vulnerable in these tests or otherwise deficient in BB's assessments are placed under intensified supervisory vigilance until recovery to healthiness."

Capacity building for risk focused management of banks and financial institutions, and capacity building for risk focused supervision in BB are major undertakings requiring substantial outlays in both IT infrastructure and expert trainer manpower resources, he said.

"Appropriate twinning arrangements with some more advanced central bank peers in the SEANZA forum for mentoring and training in this area could usefully supplement the ongoing efforts in BB; and perhaps also in other SEANZA forum member central banks with similar needs."

"Because socially responsible inclusive and environmentally responsible financing has such clear positive link with macroeconomic and financial stability, I don't see why monetary and financial supervisory authorities should feel shy of promoting these in their monetary and financial policies."

## Pubali to introduce fast remittance transfer from Malaysia next week

STAR BUSINESS REPORT

PUBALI Bank has tied up with Merchantrade Asia Sdn Bhd, Malaysia's biggest remittance services provider, to provide quick and better services to migrant workers' families.

The new arrangement, which will take effect from next week, will allow the families of workers back home to withdraw money within a minute the remittance is made at a Merchantrade branch, said Safiul Alam Khan Chowdhury, deputy managing director of Pubali Bank.

Merchantrade will provide personal identification numbers to remitters, which their family members can present to any Pubali branch to withdraw the sum.

Chowdhury's comments came at a training programme on remittance payment at The Daily Star Centre yesterday.

He asked Pubali officials to ensure quick clearance of transactions involving remittance from a humanitarian perspective.

M Hasan Ali, general manager for Pubali Bank's international division, said the bank disbursed around Tk 450 crore in remittances from Malaysia last year. The bank is expecting the inflows to hit the Tk 500

crore-mark this year. Around 1.6 million Bangladeshi workers are sending remittance to Bangladesh from Malaysia.

Malaysia issued visas for 6,000 workers from Bangladesh and about 5,000 migrated as of August 26 and got jobs under the government-to-government arrangement.

The Southeast Asian nation will recruit 12,000 more Bangladeshi workers for its plantation sector, according to its Human Resources Minister Richard Riot Anak Jaem. He, however, did not mention when the recruitment will take place.

Merchantrade is the first and largest non-banking remittance service provider in Malaysia, said Mohammad Mainuddin Hassan Chowdhury, country director of Merchantrade Asia.

"Our express remittance branches are an established and recognised icon among our customers and open 365 days a year to offer available, fast, and safe money transfer services to the remitters."

In addition to 62 branches, more than 60 official agent locations in Malaysia featuring more than 170,000 payment networks across Asia provide "efficient and secure" services every day, he added.

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Safiul Alam Khan Chowdhury, deputy managing director of Pubali Bank, speaks at a training programme on remittance payment at The Daily Star Centre yesterday. Mainuddin Hassan Chowdhury, country director of Merchantrade Asia, is also seen.



AFP

Workers handle pieces of old tyres to be recycled in Dhaka on Friday. The recycling industry in Bangladesh plays an important role as it struggles to curb waste in the city's population, which has grown more than two and a half times to 17 million people in the last two decades.

## China announces cuts to executive salaries at state companies

AFP, Beijing

CHINA'S top leaders decided on Friday to cut salaries and restrict expense accounts and other perks of executives at state-owned enterprises (SOEs), official media reported, as they pursue a crackdown on corruption and extravagance.

The decision was taken at a meeting of top leaders of the ruling Communist Party of China (CPC) and chaired by party General Secretary Xi Jinping, the state-run Xinhua news agency said.

"The Political Bureau of the CPC Central Committee approved plans to reform the system that determines centrally administered SOE executives' salaries and the size of their expense accounts and other privileges," Xinhua said.

Citing a Political Bureau statement, Xinhua said that "excessive salaries will be cut to reasonable levels".

Xinhua provided no exact amounts, however, China's respected Caijing business magazine reported earlier that authorities had started soliciting public opinions on a draft rule to cut SOE executive salaries to around 30 percent of current levels with annual pay capped at 600,000 yuan (\$97,000).

The Political Bureau statement called on SOEs to improve corporate ethics, stressing that executive-employee income disparities as well as salaries across various industries should be kept at what the Xinhua report described as "an appropriate level".

Since becoming head of the Communist Party in November 2012 and China's president in March last year, Xi has pushed an austerity campaign among top officials and a high-profile crackdown on corruption designed to rein in spending.

## Audi recalls 70,000 cars over braking system problem

AFP, Frankfurt

Audi, the top-of-the-range car maker belonging to auto giant Volkswagen, said on Friday it is recalling 70,000 cars worldwide owing to potential problems with braking systems.

An Audi spokesman told AFP that the recall affected the company's A4, the A5, the A5 Cabrio, the A6, the A7 and also the Q5 cross-overs models built between March and December 2012.

The models were fitted with the 3.0 liter TDI turbo diesel engine.

The problem had been found within the brakes as the engine oil could enter the brake servo through the vacuum lines and make it rupture, causing failure, Audi explained.

## Reliance plans \$13b projects including new refinery

REUTERS, New Delhi

RELANCE Industries Ltd plans to invest about \$13 billion in energy projects, including a 400,000 barrels per day (bpd) crude refinery at its Jamnagar complex, documents seen by Reuters show.

The refinery would process cheap, heavy crudes that are increasingly available to Asia as the shale boom has cut US demand for the grades.

Reliance, controlled by billionaire Mukesh Ambani, operates the world's biggest refining complex in Gujarat, where its two adjacent plants can process about 1.4 million bpd of oil.

The company last year sought the approval of the environment ministry to invest 773 billion rupees (\$12.8 billion) to build a new refinery and some polymer units, and to switch the fuel for a 450 megawatt power plant from gas to coal, according to a copy of the proposal obtained by Reuters.

The federal environment ministry wrote back in May this year asking Reliance to meet certain conditions in order to secure a green light for the projects, the documents show.

It was not immediately clear if there had been further communications between Reliance and the environment

ministry. The documents did not reference a potential start-up date.

Reliance did not respond to an email seeking comments.

"It makes perfect sense to go aggressive in their core business of refining," said Jagannadham Thunuguntla, head of research and chief strategist at SMC Global Securities Ltd.

"The company's balance sheet has enough firepower to finance refining and other businesses like telecom and retail."

The company had cash and equivalents of \$13.6 billion as of end-June.

Expanding Jamnagar would strengthen the role of Gujarat - led by Prime Minister Narendra Modi before his landslide general election victory in May - as a global supplier of fuels in addition to meeting rising local demand.

India's diesel and petrol output may lag demand by about 50 million tonnes by 2025, according to a government panel report, as the world's fourth largest oil consumer aims to powers its economic expansion through a renewed focus on manufacturing. Imports were around 320,000 tonnes in the last fiscal year.

Reliance also wants to improve the ability of the Jamnagar complex to produce more value-added 'light' products by processing heavier grades than competitors in China and the Middle East.



AFP

People wait in line to enter the newly opened JC Penney store at the Gateway Centre Mall in Brooklyn, the retail company's first store in the area, on Friday in New York City. The 124,000-square-foot space features murals of Brooklyn landmarks and new designs and logos. In January JC Penney announced that they would shutter 33 of its 1,100 stores and cut 2,000 jobs to save \$65 million a year. For the second quarter of 2014 the company reported an increase of 6 percent in comparable store sales.

## China's Alibaba plans IPO for week of Sep 8

AFP, New York

CHINESE e-commerce giant Alibaba plans to hold its initial public offering on the US stock market the week of September 8, the Wall Street Journal reported Saturday, citing a person familiar with the matter.

The shares would then start trading as early as September 18 or 19, the source told the business daily.

Alibaba will list its shares on the New York Stock Exchange under the trading symbol "BABA," the company has said in filings with the US Security and Exchange Commission.

The initial filing indicated \$1 billion will be raised in the public offering, but that amount is expected to be greatly boosted with later amendments.

But the company did not give details on the timeline for the IPO in its June filing with the SEC, saying only "the launch would be "soon as practicable."

Analysts say the listing is expected to raise somewhere around \$15 billion, which would make it the technology industry's largest IPO since Facebook's in 2012. The IPO is part of efforts by Alibaba to expand globally.

In choosing the NYSE, the company dealt a blow to the rival Nasdaq, which has been a preferred option for many tech companies but experienced a number of trading problems in the Facebook market debut.

## Panasonic, Tata join hands in water treatment

AFP, Tokyo

JAPAN'S Panasonic will develop a water purification system together with India's Tata Group, tapping into a fast-growing market in Asia, a media report said Saturday.

The electronics giant has developed a prototype of a device that will detoxify harmful substances in groundwater, making it potentially safe to drink, the Japanese economic daily Nikkei said.

The system, which is compact enough to be carried in a small truck, has been designed to serve small rural communities in India where water-supply infrastructure is underdeveloped, the report said.

The prototype produces three tonnes of drinking water per day -- enough to supply 20 households of average size.

Panasonic, which regards water purification technology as a pillar of its new operations, and Tata will work to lower the cost to less than 100 yen (\$0.95) per tonne of water, Nikkei said.

Tata, strong in the automotive and steelmaking sectors, will offer its expertise and business networks in re-examining design and procuring materials locally, the report added.

The two partners are aiming to commercialise the system by March 2019, Nikkei said.