

Economist suggests new approaches to policymaking

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The implementation of the new global development agenda demands balanced integration of economic, social and environmental dimensions in the national policy frameworks, said Debapriya Bhattacharya, distinguished fellow of the Centre for Policy Dialogue.

Bhattacharya spoke at a session of the High Level Political Forum (HLPF) of the United Nations in New York on Tuesday.

Successful delivery of the sustainable development goals (SDGs) will also need greater coherence within global governance structures, he said.

HLPF was created under the Economic and Social Council of the United Nations to monitor progress in SDG achievement during the next 15 years and ensure the accountability of the process. It will also provide guidance on implementation of SDGs, a successor to the millennium development goals (MDGs).

"Public policy interventions and collec-

tive actions on the part of the citizens will be critical in meeting the challenges of SDG implementation," said Bhattacharya, also the chairman of the Southern Voice on Post-MDGs.

"In the future, single goal driven approaches will have to be replaced by a cluster of goals to promote synergy among them, to manage spillovers and to contain tradeoffs. Institutional reforms and enactment of new legal provisions need to complement these."

Monitoring and evaluation mechanisms need to be set up at national, regional and global levels to provide evidence-based assessment of the effectiveness of the new agenda, he added.

The HLPF session was chaired by Vladimir Drobniak, Croatian ambassador and vice president of ECOSOC.

Sadia Faizunessa, deputy permanent representative of Bangladesh to the UN, stressed the need to build capacity at all levels to face emerging policy challenges and to mobilise suitable resources to that end.

Bangladesh higher in OECD rankings

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The OECD has upgraded the overall country ratings of Bangladesh by one notch for the resilience by its economy.

The Bangladesh Bank in a statement yesterday said the country moved to category 5 from category 6, which puts it just behind India but ahead of other South Asian countries.

Bangladesh has surpassed its neighbouring countries like Pakistan (7/7), Sri Lanka (6/7), Nepal (6/7), Myanmar (6/7) and Mongolia (7/7) in the OECD country classification, and is only behind India (3/7).

The major reasons for the promotion were the resilience of the Bangladesh economy and the high and stable growth for well over a decade despite political upheaval and weak external demand.

Due to long spells of macroeconomic stability, Bangladesh has now become a new frontier market, shifting away from a highly development aid-dependent nation, the statement said.

The upgrade was made in the Organisation for Economic Co-operation and Development (OECD) classification committee meeting on June 17, according to the statement.

A delegation led by Bangladesh Bank Governor Atiur Rahman met the delegation of Swiss Export Credit Agency (SERV) on June 29 at Zurich. In the meeting, Herbert Wight, director of SERV, informed Bangladesh about the country's upgraded status.

Rahman expressed his satisfaction over the enhancement in OECD classification, which should lead to significant lowering of costs for Bangladeshi entrepreneurs and banks in securing guarantees and letters of credit confirmations.



Syed Waseque Md Ali, managing director of First Security Islami Bank, opens the bank's branch in Korohat, Chittagong yesterday. Wahidur Rahman, zonal head of Chittagong, was also present.

Focus on regional welfare: Bhutanese minister

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He made the comments after a meeting with his Bangladesh counterpart AMA Muhith in Dhaka. Bhutan is a small country with gross domestic product of \$1.7 billion and a population of 6 lakh.

The small Himalayan country makes policies based on gross national happiness and gives importance to happiness more than economic development, its ministers said.

"We can cut and sell our trees and become rich. But we don't believe in that because we want happiness."

"At the same time, I don't mean to undermine economic development. Economic development is very important, but not at the cost of destroying our happiness."

Muhith said Bhutan has great potential to produce hydropower and is already exporting power to India.

"We are also seeking hydropower from Bhutan. It seems that it should be possible," he said, adding that both Bangladesh and India can get a lot of hydropower from Nepal and Bhutan.

Although at a very low level, two-way trade between the two countries stands at about \$35 million a year, with the balance tilting in favour of Thimphu.

"Bangladesh exports less because of communication problems. As India has made it easier, we hope our exports will go up," Muhith said.



Habibur Rahman Sarker, chairman of Brothers Furniture, and Md Elias Sarker, managing director, launch the company's month-long Eid promotional campaign at its showroom in Baridhara recently. Customers can get 5-15 percent discount on products and win different prizes.



Nurul Islam Nahid, education minister, and Zunaid Ahmed Palak, state minister for ICT, pose during the inauguration of a Wi-Fi zone at Dhaka College yesterday. Mahtab Uddin Ahmed, chief operating officer of Robi, and Tuhin Afroza Alam, principal of Dhaka College, were also present.

15 firms seek large loan rescheduling facility

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In case of loans between Tk 500 crore and Tk 1,000 crore, the borrower has to pay 2 percent as down payment.

After getting the restructuring facility, large borrowers will enjoy 50 percent term loan facility against their last credit limit from the banks and 60 percent for their working capital.

The restructured loans will have a maximum tenure of 12 years for term loan and six years for demand and/or continuous loan. The interest rate against the outstanding balance of the restructured loan may be at a discount from the prevailing declared rate of the bank.

However, it may not be less than the cost of fund plus 1 percent. The banks will have to keep the restructured loans under special mention accounts and they must keep 2 percent provision against such type of loans.

The banks will have to withdraw the restructuring facility if any borrower fails to repay instalment for two consecutive quarters.

It's an honour, not worry

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"This benefit would be more solid. The country's sovereign credit risk would also be lower."

The former economist of the International Monetary Fund said Bangladesh would not lose its trade benefits because of the graduation.

Zahid Hussain, lead economist of the World Bank's Dhaka office, said it enhances the country's stature on the global stage. "Bangladesh will not lose much."

However, the graduation to upper middle-income status would disqualify the country for concessional loans from development lenders, he said.

"But it is still far away," Hussain said, adding that the country will have to lift its per capita income to over \$4,000 to become an upper middle-income nation.

Issues have also been raised as to whether the country would come out of the least-developed countries' group and lose trade benefits.

"A country does not lose trade benefits the moment it comes out of the LDC group. The international community gives time," Mansur said.

"I think Bangladesh will get sufficient time to get prepared. By the time we come out of the LDC group, the country will be richer and improve its performance in various social indicators."

The United Nation's Economic and Social Council (ECOSOC) decides whether a country will be grouped as an LDC or not. It revises the classification every three years and is due for a review later this year.

Its decision is based on three indicators: per capita income, human assets and economic vulnerability.

Bangladesh has already reached its target on economic vulnerability and is shy of only 2 percentage points from achieving the same for human assets, according to Muhith's budget speech last month.

Bangladesh is also poised to reach the target \$1,242 per capita income after the Bureau of Statistics reported provisional GNI per capita income of \$1,314 for the just concluded fiscal year.

"I firmly believe that by 2018 we will be able to meet all three criteria," Muhith said in his budget speech.

Even if a country comes out of the LDC group, it continues to enjoy the benefits for another three years.

A government official said the government is preparing to move out of the LDC group by 2018, when the review of the ECOSOC will take place.

When Bangladesh emerges from the LDC bracket, it will lose some trade facilities such as the Generalised System of Preferences or GSP, Hussain said.

"It will happen when the economy's strength grows. It's better to have an economy on a strong footing than living as a poor country."

Bangladesh has also been recognised as the 35th largest economy in the world in purchasing power parity as per the WB's latest ranking.

The country's GDP stood at \$497 billion in terms of purchasing power parity last year, said the Washington-based multilateral lender.

Purchasing power parity is a method of currency valuation based on the premise that two identical goods in different countries should eventually cost the same.

The latest figure made the country the third largest economy in South Asia after India, which is placed at third overall, and Pakistan (24).

Bangladesh's GDP went up by 7.66 percent in 2014 compared to 2013 when it was \$461.63 billion, and has doubled since 2005 when it was \$246.47 billion, according to the WB statistics.

France woos Chinese investors as PM wraps up fruitful trip

AFP, Toulouse, France

French Prime Minister Manuel Valls promised Chinese investors "the best welcome in all of Europe" as his Beijing counterpart wrapped up a visit in which he signed billions of euros in accords with France.

Chinese premier Li Keqiang inked more than 50 deals on his three-day visit to France which rolled out the red carpet in a bid to boost ties with the Asian giant and breathe life back into its own struggling economy.

Paris used the opportunity to try to lure more Chinese investors and rebalance trade between the two countries. In 2013, Paris ran a 26 billion euro (\$29 billion) deficit with China.

"Today I want to send this message to Chinese business leaders: Come and set up in France," Valls told a Franco-Chinese summit in the southern city of Toulouse, promising "the best welcome in all of Europe".

"Chinese investment in France represents four billion euros and no less than 13,000 jobs. It is a lot but we can do much better," said Valls.

Li wrapped up his visit in Toulouse with a visit to the headquarters of European aerospace giant Airbus, after a Chinese company placed an order for 45 A330s with an option for 30 more in a deal worth \$18 billion.

The massive sale is linked to a deal in which Airbus will set up a centre at its base in the northeastern Chinese city of Tianjin where the aircraft can be customised.

The long-haul A330 will be fitted with more seats in China -- where it will travel shorter distances -- than in Europe as a solution to the country's congested skies and airports.

The two countries signed a further 3.5 billion euros in accords on Thursday in addition to billions of euros in credit and financing deals.

Tourism group Pierre and Vacances signed a deal to develop holiday villages in China and the Schneider Electric energy firm sealed a contract estimated at 500 million euros with the China National Building Material Company on the management of energy consumption.

German new car sales up in June

AFP, Berlin

New car registrations in Germany, a key measure of demand in one of the most important sectors of Europe's top economy, rose strongly in June, data showed on Thursday.

A total of 313,600 new cars were registered last month, a jump of 13 percent compared with the figure for the same month last year, the VDA automobile industry federation said in a statement.

That pushed the number for the first half of the year up by five percent to 1.619 million vehicles, VDA calculated.

"The German auto market remains on track. For the whole of 2015, we're projecting a 2.0-percent increase in new registrations to 3.1 million," Wissmann said.

A total 511,100 cars rolled off German production lines last month, an increase of 12 percent year-on-year, VDA said.

US economy adds 223,000 jobs in June but wages flat

AFP, Washington

The US economy added a solid 223,000 net new jobs in June, the Labor Department said Thursday in a mixed report on the jobs market.

The unemployment rate fell to 5.3 percent, the lowest level since April 2008, but job creation numbers for the previous two months were revised significantly lower, and there was no upward movement on wages.

Data from the volatile household survey showed the labor force shrank by 432,000 people in the month, largely explaining the 0.2 percentage point fall in the jobless rate.

At the same time, job creation numbers for April and May from the more consistent establishment survey were reduced by a total of 60,000 positions, indicating that the pace of new hiring in US business and government is more moderate than had been thought.

Average hourly earnings were flat from May at \$24.95, and up a modest 2.0 percent year-on-year, lower than what most analysts had been expecting after the steady hiring gains of the past year.

Hiring in June was strongest in health care and business services, as has been the case over the past few years, but stalled in construction, the auto industry and government.

There was a drop in the number of long-term unemployed, by 381,000, but much of that could have been people giving up their job search and leaving the active workforce altogether.

Even so, the report confirmed steady if not stunning growth in the US economy and in hiring, with an average of 208,000 jobs generated each month so far this year.

Another sign of the continued tightening in the jobs market was the weekly update Thursday on new claims for unemployment benefits, a sign of the pace of layoffs.

Jobless claims for the week to June 27 were 281,000, up a bit from the previous week but still within the same low range for the indicator of the past nine months.

"The trend in employment growth remains more than strong enough to keep the unemployment rate... trending down, which should eventually lead to more clear-cut acceleration in wages," said Jim O'Sullivan, chief economist at High Frequency Economics.

Ian Shepherdson of Pantheon Macroeconomics said the mixed report does not negate the key issue for the Federal Reserve's monetary policy.

The month-to-month jobs figures, he noted, are "deeply unreliable." "What counts is the trend in unemployment, which continues to fall rapidly," he said.

With the Federal Reserve poised to begin raising interest rates after holding the benchmark federal funds rate at zero since the crisis in 2008, the steady fall in unemployment is key to them taking the first step, expected as soon as September.

At 5.3 percent, Shepherdson noted, the jobless rate is already inside the Fed forecast for the end of this year, and he predicted that the job reports for the coming months will be stronger than in June.



Jainul Abedin Jamal, chairman of Federal Insurance, and AKM Sarwardy Chowdhury, managing director, attend the company's 27th annual general meeting on Monday. The company approved 10 percent stock dividends for 2014.



MA Hashem, chairman of Partex Group, and Shawkat Aziz Russell, chairman of Amber Group, pose at the ground-breaking ceremony of Amber Super Yarn recently.