BRICS bank to finance energy projects from next year: Putin

AFP, Ufa, Russia

Russian President Vladimir Putin said on Thursday that a new BRICS bank would become fully operational and finance energy projects next year as emerging markets attempt to challenge the Western-dominated financial system.

The BRICS nations -- Brazil, Russia, India, China and South Africa -- which represent 40 percent of the world's population, agreed in 2013 to establish their own development bank, with estimated capital of $100 billion (90 billion euros).

Crucial to their efforts to undermine Western hegemony is also a $100-billion pool of currency reserves.

Russia -- which has suffered huge currency fluctuations and struggled to attract investors since the outbreak of the crisis in Ukraine -- sees the bank and the currency reserve pool as an alternative to international financial institutions like the IMF and World Bank that are dominated by the United States.

"The New Development Bank will be financing large-scale transport and energy projects and industrial development," Putin said after talks with the leaders of China, India, Brazil and South Africa in the city of Ufa in the Urals.

Putin said the first projects would be launched next year, adding that Russia would by the end of the year put together a blueprint mapping out investment cooperation between the BRICS nations.

"We've conducted consultations with our business circles and have already put some 50 projects and business initiatives onto the roadmap," Putin said, noting these included proposals to establish an energy association and an energy research centre.

Russia and China have agreed to use each others' currencies to promote bilateral trade and investment, with Putin saying on Thursday that Russia would be keen to expand the use of national currencies with other BRICS countries.

"I think that such development with India, Brazil and South Africa would be interesting and could no doubt lift the level of trade turnover," Putin said.

"A pool of nominal currency reserves, with capital of $100 billion, will give us an opportunity to react to financial market fluctuations in a timely and appropriate manner," he added.

MasterCard appoints co-presidents

STAR BUSINESS DESK


Ari Sarker

MasterCard has announced the appointment of two co-presidents -- Ling Hai and Ari Sarker -- for the Asia-Pacific region, the company said yesterday.

The creations of two sub-regions -- Northeast Asia and Australasia and Southeast Asia and South Asia -- were also announced, according to the statement.

The new sub-regions have been recognised as part of the growing importance of Asia-Pacific as a whole which houses two of the region's biggest markets such as China and India. Ling Hai will be the president of Northeast Asia and Australasia region. Recently, he served as group executive of enterprise development, international markets for MasterCard.

Hai joined MasterCard in 2010 as division president of Greater China and brings 22 years of experience in areas including financial services and consulting. Sarker will be the president for the Southeast Asia and South Asia region.

Sarker has been with MasterCard for over four years and has recently worked as MasterCard's division president for South Asia and country corporate officer, India.

He has over 22 years of experience spanning the finance, commercial, and M&A sectors in key markets in the Americas, Europe and Asia Pacific.

Both Hai and Sarker will be based in Singapore.

Oil service firms jostle for India orders amid global spending cuts

REUTERS, Singapore/New Delhi

Oilfield services firms are scrambling for contracts from India, which has emerged as a rare bright spot for the sector hardest hit by a slump in global crude oil prices that has driven most countries to slash spending on exploration and production.

This fiscal year, state-run Oil and Natural Gas Corp (ONGC) plans to boost its capital spending by more than a fifth to 362.49 billion rupees ($5.7 billion), in stark contrast to analysts' forecasts for energy firms globally to cut spending by a fifth in 2015.

These prospects have attracted scores of bidders for Indian contracts as an increase in supply from US shale oil producers and slower demand growth have halved crude prices since June 2014.

India's government has made boosting domestic energy a priority to end chronic current account deficits.

Winners of ONGC's recent oil services tenders include Transocean Ltd, one of the world's top offshore drilling companies, Southeast Asia's largest oilfield service firm SapuraKencana Petroleum, Indian conglomerate Larsen & Toubro and mid-sized Singapore-based offshore construction services company Swiber Holdings.

"We are getting better participation in our tenders both from Indian and overseas players due to current market conditions where exploration activity is low because of lower oil prices," said an ONGC official.

"We are getting offers for better vessels and rigs at lower rates," the official added, declining to be identified as he is not authorised to speak to the media.

The Indian contracts are especially attractive given the dearth of business from the majority of European and North American energy firms.

With prospects for a rebound in oil prices and overall spending by the industry slim for the next few years at least, competition for Indian business is fierce, hurting service firms' margins, but alternatives are few and far between.

Swire Pacific Offshore, part of Hong Kong-based conglomerate Swire Pacific Ltd, says the low rates in India are a challenge, but it is still bidding for projects there.

"Even though there might be relatively more activity in the Indian market, I think you'll find that that's no boom town," said Duncan Telfer, commercial director of Swire Pacific Offshore.

State-owned ONGC's spending spree is part of efforts by Prime Minister Narendra Modi's government to reduce India's reliance on imports, which account for nearly 80 percent of its energy requirements.


SINGER

Rafiqul Hasan, area manager of Singer Bangladesh, gives Liakot Hossain Khan a freezer which he won as part of a promotional campaign -- Singer Save & Win Eid -- at a programme in Dhaka recently.

United Commercial Bank gets new DMDs

STAR BUSINESS DESK


Sohrab Mustafa


Golam Awlia

Sohrab Mustafa and Golam Awlia have recently been promoted as deputy managing directors of United Commercial Bank, the bank said in a statement yesterday.

Prior to the promotion, Mustafa has been serving the bank as senior executive vice president and head of financial institution and offshore banking unit, while Awlia was the senior executive vice president and head of corporate branch, according to the statement.

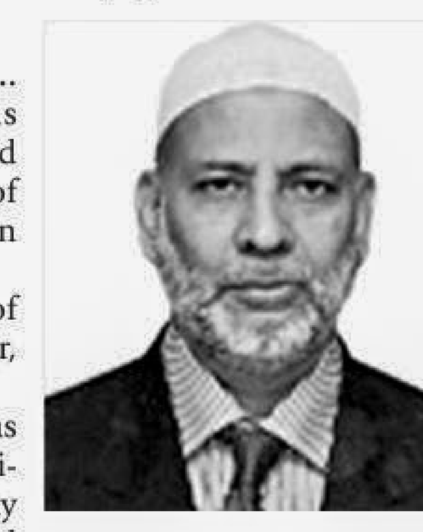
Mustafa has 32 years of banking experience in correspondent banking, trade finance, credit, treasury and other key banking areas.

He also worked with the City Bank, Premier Bank and Prime Bank before joining United Commercial Bank in 2010.

Awlia in his over three decades-long career has held managerial positions in branches and head offices in general banking, foreign exchange, credit, legal and recovery, according to the statement.

Agrani Bank re-appoints MD

STAR BUSINESS DESK



Syed Abdul Hamid has recently been re-appointed as the managing director of Agrani Bank, the bank said in a statement yesterday.

He first took the charge of the post three years earlier, according to the statement.

He also served the bank as managing director (additional charge) and deputy managing director. Hamid started his banking career with Janata Bank as senior principal officer in 1985.

He joined Agrani bank as general manager in 2005 where he was promoted as deputy managing director in 2007.

Hamid is a marketing graduate of Dhaka University and a member of the Chartered Accountants Association of Bangladesh.

Graft takes 2-3pc off the economy

FROM PAGE B1

"It's not the GDP growth but job creation that is the number one challenge. It will be difficult for us to achieve the target as there is no consistency in gainful employment generation."

Private sector investment is another challenge, he said: it has to be raised to 26.6 percent of GDP by fiscal 2019-20 from the current 22.07 percent.

"I am not sure what strategies we should follow to improve the sluggish private sector -- we have to think about it."

Muhith called upon the development partners present at the meeting to help raise the country's foreign direct investment.

The country received only $1.57 billion in FDI last year, which is way below the $9.6 billion that the government is targeting for the final year of the seventh Five-Year Plan.

"This is one of the areas where the development partners can make some contribution."

Muhith went on to label Bangladesh as one of best examples of "social protection" in the world. "But the income inequality is still high -- we should give special focus to address the issue."

Commenting on urbanisation, he said the government is planning to bring about a population drive to outside Dhaka with the help of public-private partnership initiatives.

The government will create a satellite town about 38 kilometres outside Dhaka based on the proposed expressway from airport to Zero Point, he said.

Once the project is realised, he is hopeful that a part of Dhaka's population drive would choose to move there.

The finance minister also highlighted some of the areas where special attention must be given during implementation of the seventh Five-Year Plan. They include education, health, agriculture and skill development.

Shamsul Alam, member of General Economic Division, presented a keynote paper on the plan at the meeting.

By the terminal year of the plan in fiscal 2019-20, the government plans to raise the GDP growth to 8 percent, contain inflation to 5.5 percent and jack up gross domestic investment to 34.4 percent of GDP, as per the presentation.

It also aims to raise private investment to 26.6 percent of GDP and public investment to 7.8 percent, and increase national savings to 32.1 percent of GDP.

Carbon price, social push needed to curb emissions: economists

REUTERS, Paris

China's climate-changing emissions from producing the energy it needs will be as large as the rest of the world's emissions put together over the next 25 years, the incoming director of the International Energy Agency predicted on Thursday.

But new commitments to cut emissions by China, the United States, Europe and other countries, as part of a new global deal due in December to tackle climate change, will play a big role in pushing energy investment toward cleaner alternatives, economist Fatih Birol said.

Energy companies "need to take climate policy more seriously", he warned at a week-long meeting of climate scientists in Paris.

"If they think their businesses ... are immune to the impacts of climate policy, they are making a strategic mistake."

By 2030, a quarter of the world's energy will come from renewable sources, which will account for nearly 60 percent of new power capacity, with two-thirds of those plants in China, India, the United States and the European Union, Birol said.

At the same time, however, the use of coal for power is unexpectedly gaining ground, not only in economic powerhouses such as China and India but in fast-growing African nations like Angola, Benin, Tanzania and Sudan, said Ottmar Edenhofer, chief economist at the Potsdam Institute for Climate Impact Research.

The global surge in coal use, which is outpacing gains in energy efficiency and uptake of clean energy, is one reason - alongside economic growth and population increases - that greenhouse gas emissions continue to grow, he said.

The key to stopping it will be putting a price on carbon emissions to make cleaner sources of energy more attractive, something he called "not sufficient but essential and a necessary condition for any kind of climate policy".

Making carbon emitters pay for the damage they do to the climate is politically unpalatable at the moment, he admitted. But using revenue from carbon taxes to fund access to clean energy or cut public debt could help drive acceptance, he said.

If "moderate" carbon prices were put in place in key African countries that are now making long-term investments in coal-fired power, the finance generated could help reduce inequality and fight poverty, Edenhofer said.

Eliminating fossil fuel subsidies could also free up huge sums in many countries for social spending, he said.

But Frank Geels, an expert in systems innovation and sustainability at Britain's University of Manchester, warned "it's political suicide for most countries to introduce a carbon price that bites", despite it clearly being needed.

Another potentially effective but controversial way of reducing emissions would be to consider compensating oil, gas and coal companies for reserves they control but that should remain untapped to meet climate change goals, Geels said.

"In many transitions we need to compensate the losers," he said. "If we do not, they will fight hand and tooth to resist any carbon price. It might be better to buy them out."

One problem with compensating for lost profits is that it could drive fossil fuel companies to continue exploring in search of even bigger pay-offs, he said.

Dealing with climate change will require building new alliances and finding ways of overcoming social and political resistance as much as developing new technologies, he added.

Persuading politicians to support the ambitious changes needed will require first getting voters to see taking action as important, said Ken Caldeira, a climate scientist with the Carnegie Institution for Science in the United States.

"We need social tipping points, where the average person thinks it's not okay to build a smokestack or a tailpipe, or to use the sky as a dumping ground," he said. "It's only when the average person changes their thinking that things will change."

IMF further cuts Saudi growth projections

AFP, Dubai

The International Monetary Fund on Thursday further cut its growth projections for Saudi Arabia's oil-dependent economy for this year and next despite a rebound in crude prices.

The IMF forecast growth of 2.8 percent this year, 0.2 percentage points down on its last report in April.

It also lowered its projection for 2016 to 2.4 percent -- 0.3 percentage points down on its last World Economic Outlook Update.

In 2014, the Saudi economy grew by 3.5 percent.

The new gloomy projections come as Saudi Arabia maintains high spending and a costly military intervention in neighbouring Yemen despite a sharp fall in oil income, which contributes more than 90 percent of public revenues.

Saudi Arabia has projected a budget deficit of $39 billion for this year, but the IMF estimates the shortfall could exceed $130 billion, the largest in the kingdom's history.

In 2014, Saudi Arabia posted a budget deficit of $17.5 billion -- only its second since 2002.

To finance spending, Riyadh has already withdrawn $52.3 billion from its fiscal reserves in the first five months of the year.

Bank of England holds interest rate at 0.50pc

AFP, London

The Bank of England on Thursday said it had voted to leave its main interest rate at a record-low 0.50 percent in the face of low inflation and steady growth.

The nine-member Monetary Policy Committee also maintained the central bank's level of cash stimulus pumping around the British economy at £375 billion ($577 billion, 522 billion euros).

Reasons behind the widely-expected decisions will be contained in minutes of the regular policy meeting that are due for release on July 22.

"The Bank of England's Monetary Policy Committee at its meeting on 8 July voted to maintain Bank Rate at 0.5 percent," the BoE said in a brief statement on Thursday.

"The Committee also voted to maintain the stock of purchased assets financed by the issuance of central bank reserves at £375 billion."

Britain's economy grew by more than expected in the first quarter but output was still lower compared with the end of last year, recent official data showed.

Foodgrain imports rise to four-year high

FROM PAGE B1

Apart from rice, wheat growers also suffer for falling prices due to soaring imports and higher domestic production in the immediate season.

The wheat production estimate is yet to be finalised, but the Department of Agricultural Extension forecasts that farmers harvested 14.83 lakh tonnes of the grain this year, up from last year's 13.02 lakh tonnes.

The private sector has stocked a huge amount of imported wheat due to lower prices in the international markets and that has affected prices, said SK Wazed Ali, owner of Lakhya Flour Industry.

Wheat is now trading at Tk 700-900 each maund, he said, adding that wheat prices were higher last year.

Though the quality of locally grown wheat is good, its overall prices have decreased because of increased imports, he said.

Each maund of locally grown wheat is selling between Tk 800 and Tk 850 at wholesale level, down from Tk 950 and Tk 1,150 last year, said Md Shohel Hossain, a wheat trader from Pabna, a northwest district.

The prices may fall after the end of the government's wheat procurement drive, he said.

"The supply of wheat is more than the demand due to the bumper production of the crop. So the prospect of price recovery in the near-term seems gloomy."

RUPALI BANK

Monzur Hossain, chairman of Rupali Bank, hands over a certificate to a participant of a training course on credit management and fundamentals of foreign trade transactions, at its training academy at Motijheel, Dhaka recently. Nazrul Islam, general manager and principal, was also present.

Stocks end the week in black

FROM PAGE B1

Aramit Cement was the day's best performer, advancing 9.79 percent while Uttara Finance was the worst loser, slumping 13.93 percent.

Chittagong stocks rose with the bourse's benchmark index, CSCX, increasing 29.36 points to stand at 8,626.87.

Gainers beat losers as 113 advanced and 96 declined, while 33 ended unchanged on the Chittagong Stock Exchange. The port city bourse traded 1.03 crore shares and mutual fund units, generating a turnover of Tk 33 crore.