

As China growth flags, analysts weigh alternative indicators



Chinese home buyers visiting a housing fair in Yichang, China.

AFP/FILE

As once-stellar growth rates start to dip, watchers of China's mammoth economy worry that it could be worse than it looks because the official figures might not be telling the whole story.

But amid mistrust of government numbers, economists are divided over what other measurements they can use.

Official growth figures last year were the slowest in nearly a quarter of a century, and dropped to seven percent in the first half of this year - suspiciously close to government predictions.

However, there is an emerging consensus among economists that real growth in China is lower.

Official data is "mendacious", said Willem Buiter, chief economist of Citigroup, who estimates the growth rate as "4.5 percent or less," according to Bloomberg News.

The median estimate proffered by eleven other economists consulted by Bloomberg was

6.3 percent.

Analysts have long noted the political nature of economic statistics in China -- where the ruling Communist Party depends on growth for legitimacy.

"The importance of economic performance to local officials' evaluations historically provided a strong incentive to provide a rosy picture to higher levels of government," Goldman Sachs said in a report this month.

That means that if you add up all the growth reported by the provinces, it regularly exceeds the national rate.

Figures are also published disconcertingly quickly; it took officials less than two weeks to unveil this year's second quarter growth, compared with a month in the US.

The International Monetary Fund (IMF) said in mid-September that China could "further improve" the quality and the transparency of its data.

France's finance minister Michel Sapin said this month: "Nobody today believes with abso-

lutely certainty that [the official figure] corresponds with reality".

China's expensive efforts to support diving stock markets and a sudden devaluation of the yuan this summer sparked fears that headline growth data is increasingly out of touch with reality.

No less an authority than China's premier Li Keqiang has expressed doubts about the accuracy of the country's GDP figures.

Leaked US diplomatic cables show that as the top official in Liaoning province in 2007, he told the then-US ambassador that such data was "man-made" and thus unreliable.

When evaluating the economy, Li said he focused on only three indicators -- electricity consumption, rail cargo volume, and the amount of loans issued, according to the confidential memo released by the WikiLeaks website in late 2010.

"All other figures, especially GDP statistics, are 'for reference only,' he said with a smile," according to the cable.

And the three indicators that make up this "Li Keqiang Index" reveal a bleak picture.

Electricity consumption rose only 1 percent from January to August, the slowest in 30 years, the official Xinhua news agency said.

The key manufacturing sector has contracted for seven months, according to the independent Caixin Purchasing Managers' Index (PMI).

China's top economic planner the NDRC last week defended "the credibility of 7 percent economic growth".

In an apparent dig at fans of the Li index it said power use and rail freight are less reflective of overall economic activity given the "major changes China's economic structure has undergone in recent years".

The much less energy-intensive service industry was responsible for 49.5 percent of GDP growth in the first half of 2015, whereas the contribution of heavy industry shrank drastically.

Some analysts have also weighed in against the Li index.

"Since the first half of 2012, China's services sector has become the main driver of its economic growth," said Nicholas Lardy of the Peterson Institute for International Economics in an analyst report.



Abdul Hai Sarker, founder chairman of Dhaka Bank, opens the bank's 83rd branch in Sherpur, Bogra yesterday. Niaz Habib, managing director, was also present.

DHAKA BANK

Nickel crisis rocks French islands in Pacific

AFP/NOUVEA

Plunging nickel prices and the market woes of world mining giants have shaken the French territory of New Caledonia, a tropical archipelago in the Pacific that is hostage to the metal's fortunes.

Though best known for its stunning lagoon, pristine beaches and diverse wildlife, New Caledonia's economy actually relies heavily on nickel, discovered here in the 19th century.

The price of nickel -- essential to the manufacture of stainless steel -- has plunged 35 percent so far this year to a six-and-a-half year low of less than \$10,000 (9,000 euros) a tonne.

A slowdown in economic growth in China, the world's biggest consumer of nickel, and stockpiles of the metal amounting to more than 450,000 tonnes, have depressed the market.

"We were already in a deteriorating situation when the crisis hit because every sector was in a slowdown. I think we are not far from zero economic growth," Catherine Webbe, director of the employers' federation Medef in New Caledonia, told AFP.

The federation is calling for a cut in government spending and for New Caledonia's economy to be diversified, moving away from what it describes as an "all nickel" mentality.

The archipelago, which has an estimated one-quarter of the world's nickel reserves, fretted this week as market turmoil engulfed Anglo-Swiss

mining giant Glencore, which owns 49 percent of the Koniambo Nickel smelter in the north of the territory.

Glencore shares plunged 29 percent in London on Monday but regained the losses later in the week after protesting that it has "no solvency issues". Its shares have nevertheless tumbled by about 70 percent this year.

Glencore has invested more than \$7 billion in Koniambo Nickel, which has been troubled by technical difficulties as it seeks to ramp up production.

Though the complex is 51-percent owned by the Northern Province populated mostly by the indigenous Kanak people, Glencore provides 95 percent of the financing.

On Monday, the head of Glencore's nickel unit, Kenny Ives, met with French overseas territory minister George Pau-Langevin. No details of the talks were released but speculation about Glencore's future in the project runs rife on the archipelago.

"We know they did not buy Koniambo to lose money," said Yann Vu Van Lang, union representative at the smelter. "Today, we are all scared."

New Caledonia's historic nickel producer SLN says it is losing about 12.5 million euros a month and shares in its Paris-headquartered parent company, mining group Eramet, have fallen 50 percent so far this year.

"It is a deep crisis. Today, 80 percent of nickel producers are losing

money," said Daniel Katrawa, general secretary of SLN.

Brazilian multinational miner Vale warned in January that 2015 would be a decisive year for its smelter, which is increasing output in the south of the archipelago. Vale has invested more than \$7 billion in the island but the commodities crash has squashed its ambitions to break even for now.

The group, its shares now at a 12-year low, will review all of its projects in November.

Private ore exporters, whose major customers are Japan and Australia, hope they will be able to keep going, so long as the crisis does not endure.

The exporters' key concern is the failure of local leaders to agree on a mining strategy.

"We have no visibility on what they want to do with us," said Xavier Gravelat, head of the ore exporters' syndicate.

The organisation wants to be able to export nickel ore freely to China, a route that has provoked controversy within the government, with some leaders fearing that selling ore to China would lead to selling the resource off too cheaply. A draft accord has been signed but is now bogged down in legal and political rows.

Further complicating the outlook, pro-independence Kanaks are calling for ore exports to be halted in 2019 unless they are destined for off-shore smelters in which the archipelago has an interest.



New chief for BIAC

STAR BUSINESS DESK

Muhammad A. (Rumeel) Ali joined Bangladesh International Arbitration Centre as chief executive officer on October 1, the centre said in a statement yesterday.

Ali started his career with ANZ Grindlays Bank in Bangladesh in 1975 and became chief executive of the bank's local operations in 1997.

In 2000, ANZ in Bangladesh was taken over by the Standard Chartered Group, and Ali continued as the CEO for Bangladesh of the combined operations of the two banks, according to the statement.

He joined Bangladesh Bank as deputy governor in 2002 and five years later he took over as managing director of enterprises and investments at Brac.

He was the chairman of Brac Bank and bKash and also sat on the board of Brac and Brac International.

He is a member of the technical advisory committee of Bangladesh Investment Climate Fund, and Alliance for Bangladesh Workers Safety (USA).

Ali also served on the boards of Global Alliance for Banking on Values and Performance Based Funds Initiative of IFC/World Bank, Washington.

Ali was made a fellow of the Institute of Bankers, Bangladesh and is an economics graduate of Dhaka University.

Government of the People's Republic of Bangladesh



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Dated: 04.10.2015

Request for Expressions of Interest (International)

Ministry/Division	Ministry of Finance/Internal Resources Division.
Agency	National Board of Revenue (NBR).
Procuring entity name	Project Director, VAT Online Project, NBR.
Procuring entity code	N/A.
Procuring entity district	Dhaka.
EOI for selection of	Consulting Firm (Lump-sum).
Title	Consultancy Services for CONTACT CENTER AND CENTRAL PROCESSING CENTER SERVICES
EOI Ref No:	08.01.0000.068.11.005.12(70)2015.
Date	04.10.2015.
KEY INFORMATION	
Procurement method	Quality and Cost-Based Selection (QCBS).
FUNDING INFORMATION	
Budget and source of funds	Development Budget, GoB.
Development partner	World Bank.
PARTICULAR INFORMATION	
Project/program name	VAT and Supplementary Duty Act, 2012 Implementation (VAT Online) Project.
EOI closing date and time	28.10.2015, 03:00pm BST.
INFORMATION FOR APPLICANT	
Brief description of assignment	Contract Package No. SD3 Scope of services under the proposed assignment includes but is not limited to the following: <ul style="list-style-type: none"> Managed services for the Taxpayers Contact Centre (i.e. a taxpayer care facility) to answer queries from taxpayers regarding the new VAT law and providing a centralized point of contact for taxpayers who require either general information about their obligations under the new VAT law or who have specific enquiries concerning their VAT compliance. Answering queries on resolving any difficulty in using the VAT Online System (IVAS-Integrated VAT Administration System) including VAT registration and return submission. Meeting Service Level Agreements (SLA) on Call Center service benchmarks based on performance objectives of call attempts to connection ratio, call waiting times, periodic caller satisfaction surveys, etc. Increasing (or decreasing) the number of hours, days and shifts, number of agents according to call volumes and workloads. Ensuring at own costs all provisions of the Contact Center including physical space, servers, CRM software, PCs, networks, internet bandwidth, power backup, computer telephony integration (CTI), hunting numbers, etc. NBR shall provide a single Bangladesh-wide short code telephone number for use by the Contact Center. Providing monthly, quarterly and periodic reports to NBR on call statistics, query/complaint resolution rate, types of queries, etc. Managed services for a Central Processing Centre (CPC) for data capture of registration forms, monthly VAT/Excise/SD returns and other forms/returns filed on paper in VAT offices; and sent to the CPC on a continuing basis. Ensuring at own costs all provisions of the Central Processing Center including physical space, servers, CRM software, PCs, scanners, networks, internet bandwidth, power backup and collection of manually submitted forms/returns from field offices, etc. Workloads for the CPC are derived from expected 200,000 VAT registrations and 60,000 monthly returns, of which initially a substantial portion shall be filed manually and gradually decreasing over time as taxpayers move to online filing.
Experience, resources and delivery capacity required	Interested eligible firms should provide information demonstrating that they have the required qualifications and relevant experience to perform the services. The short-listing criteria are: <ol style="list-style-type: none"> General experience of the firm(s); Experience in projects of similar size, complexity and technical specialty; Financial soundness of the firm; Staffing and logistics of the firm; While indicating information related to (b), it shall be made clear whether responsibility of the firm was in capacity of a principal firm (lead partner) or as an associated firm (sub-consultant/JV partner). Consultants are required to meet the following: <ul style="list-style-type: none"> The minimum Average Annual Service Turnover of last three (3) years shall be USD 0.5 Million. The minimum specific experience as a Lead Contractor in providing Call/Contact Center and Data Capture/Processing Center Services of at least two (2) contracts of similar nature, complexity and methods/technology executed in the last five (5) years. The minimum amount of working capital i.e. liquid assets and/or credit facilities net of other contractual commitments of the successful firm, specific to this procurement, shall be USD 0.25 million. The essential equipment to be made available for the contract by the successful firm shall be as follows: <ul style="list-style-type: none"> Office space and equipment and physical Infrastructure for the Centers ICT related hardware and software as required by the firm's solution, approach and methodology. All such property and equipment will remain the property and responsibility of the firm. Consultants are requested to submit the following supporting documents against the above-mentioned criteria: <ol style="list-style-type: none"> Registration paper of the firm(s); JV agreement/letter of intent (if applicable); Firm's brochure; Audited financial reports for last three (3) years; Service experience record (including nature, total cost, total input in terms of person-month, employer, location of service, etc. <ul style="list-style-type: none"> Maximum number of partners in the JV shall be three (3).
Other details (if applicable)	<ul style="list-style-type: none"> VAT Online Project has engaged a supplier for its Integrated VAT Administration System (IVAS) to automate the VAT management system of Bangladesh. IVAS will provide application software and data connectivity facilities that the Contact Center and Central Processing Center will use for tax-payers enquiry. The provision of these services is complementary and critical to the successful launch of VAT Online facilities. The Contact Center and Central Processing Center services are expected to commence in April 2016. Service tenure: 48 (forty-eight) months from the date of commencement of service which may be extended upon mutual consent. The central assignment location will be in Dhaka; occasional trips to the field offices may be required. The professionals required for Contact Center: <ol style="list-style-type: none"> Contract Manager Hardware Engineer Training Coordinator Software Engineer Operation Manager IT Support Executive Trained Agents. The firm shall engage sufficient number of above professionals and other staff as required for meeting the SLA benchmarks set by the VAT Online Project. The professionals required for Central Processing Center: <ol style="list-style-type: none"> Contract Manager Hardware Engineer Training Coordinator Software Engineer Operation Manager IT Support Executive Data Capture Operators. The firm shall engage sufficient number of above professionals and other staff as required to meet the performance requirements set by the VAT Online Project. Short-listing will be made in accordance with the "Rule-115 of Public Procurement Rules (PPR)-2008" applicable in Bangladesh available at www.cptu.gov.bd. Interested firms may submit EOI in person, by courier or by e-mail within the time mentioned above.
Association with foreign firms	Encouraged but not essential.
Procuring entity details	VAT Online Project, IDEB Bhaban (7th Floor), 160/A, Kakrail, Dhaka-1000.
Name of official inviting EOI	Md. Rezaul Hasan.
Designation of official inviting EOI	Project Director, VAT Online Project, NBR.
Contacting details of official inviting EOI	Tel: Off: 00 88 02 8322306 Fax: 00 88 02 9348514 E-mail: pdvatonline@gmail.com; rezaul.hasan@nbr.gov.bd; roufucus@yahoo.com
The procuring entity reserves the right to reject any or all the EOIs without assigning any reason.	
GD-3172	Md. Rezaul Hasan Project Director