

# Euro zone growth to gather speed despite tensions: Commission

REUTERS, Brussels

The euro zone will slightly step up its economic recovery in the next two years despite lower demand for European exports in China and other emerging markets, the European Commission said on Thursday in its latest economic forecasts.

The euro zone is expected to grow 1.6 percent in 2015, with modest acceleration of gross domestic product (GDP) to 1.8 percent in 2016 and 1.9 percent in 2017, the EU executive said on Thursday.

"The European economy remains on recovery course," the EU Commissioner for economic affairs, Pierre Moscovici, said in a statement.

But he also warned that "major challenges remain", as exports of European products are expected to slow down and wars and tensions persist in the region around Europe.

The expansionary monetary policy carried out by the European Central Bank and the decline of oil prices have driven euro zone growth in 2015. However, this positive impact is fading, the Commission predicted, as it slightly reduced the 2016 growth forecasts from its previous esti-

mates in May, when it predicted a 1.9 percent GDP rise in the euro zone.

Although divergences remain among the 19 countries sharing the euro, economic growth is now widespread with only Greece still in recession. Cyprus, Finland and Italy had seen contraction in 2014.

Germany, the euro zone strongest economy, will continue to grow, although at a slower pace than previously predicted, while Italy will see a faster increase of its GDP this year and in 2016.

The euro zone current account surplus will continue to increase in 2015, driven by Germany, but it is expected to narrow in next two years as oil prices are forecast to rebound.

The expected increase in oil prices is also seen as positive for the euro zone inflation, which will rise to 1 percent in 2016 from 0.1 percent in 2015, although still far from the ECB target of close to 2 percent.

The fiscal outlook of the euro zone is also expected to improve as some countries reduce their public deficits and debts, although France will maintain a deficit above the limits set by EU rules also in 2017, and Italy's debt is expected to rise in 2015 to 133 percent of GDP.

## Emirates airline's first-half profit surges 65pc

AFP, Dubai

Dubai's Emirates airline said Thursday its net profit surged 65 percent in the first half of the financial year to \$849 million (781 million euros) on lower fuel costs and higher passenger numbers.

The largest Middle East carrier said fuel prices were 41 percent lower than a year before, while passenger numbers jumped 10 percent to 25.7 million in the six-month period ending September 30. "This performance reflects the impact of lower fuel prices, and also the airline's continued ability to grow passenger demand in line with significant capacity growth," Emirates said.

This was "despite external challenges such as continued regional unrest and economic malaise in many regions, and increased competition adding downward pressure on yields."



Bhuvnesh Khanna, head of commercial banking at HSBC Bangladesh, and Aameir Alihussain, managing director of BSRM Group, sign a payments and cash management agreement. Alihussain Akberali, chairman of BSRM Group, was also present. The group can now perform day-to-day payments and cash management activities by automating paper-based payments through HSBC's cheque outsourcing engine.

## Safety net for 3cr poor launched

FROM PAGE B1

Against this backdrop, the government has embarked on the formulation of the NSSS to coordinate and consolidate the existing safety net programmes to achieve better efficiency and results from the money that is being allocated.

The NSSS will stop the leakages by bringing in all 145 social safety net schemes under a comprehensive programme, Alam added. The comprehensive programme will be implemented in five big clusters, which will cover the entire life cycle.

The clusters are: children's programme (for those below the age of 4), programme for school-age children,

programme for working-age population, comprehensive pension system for the elderly and programme for people with disability.

The government plans to bring around 60 percent of the 3.57 crore beneficiaries under NSSS in the first year alone.

Of the 3.57 crore beneficiaries, 55 lakh would be covered by the pension scheme, 10 lakh by the disability programme, 75 lakh by the children's programme.

Some 1.79 crore people will be covered by the school-age children programme and more than 32 lakh by the working-age programme.

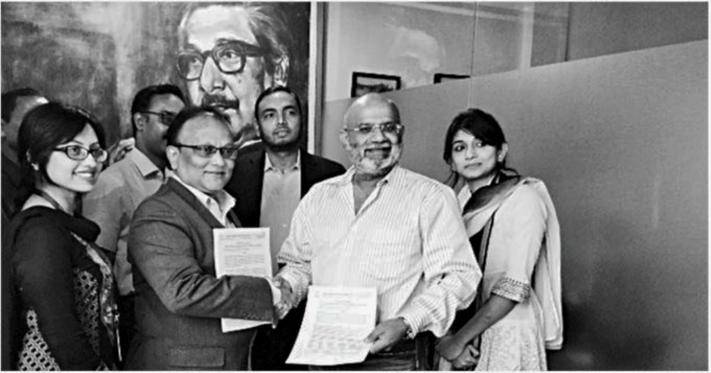
While approving the sustainable

development goals (SDGs), the UN has said the countries will have to increase their own financing to meet the targets outlined, Speaker Shirin Sharmin Chaudhury told the inauguration ceremony.

At present, about 12.5 percent of the revenue budget is being spent on social safety net programmes, she said.

Planning Minister AHM Mustafa Kamal said the government is going to implement the plan to help the ultra-poor cope with the vagaries of their lives.

Sarah Cooke, country representative of DFID Bangladesh, and Pauline Tamesis, country director of UNDP, also spoke.



KM Zaman (Romel), chairman of Peoples Group, on behalf of SalemaSamad Memorial Hospital, and Alok Roy, chairman of Medica Hospitals, pose at the signing of a memorandum for the establishment of SalemaSamad Memorial Medica Hospital in Tangail, at BGMEA Complex in Dhaka yesterday.



Rashed Chowdhury, chairman of Mutual Trust Bank, opens the bank's 104th branch at Laldighi Complex in Laldighirpar, Sylhet. Anis A Khan, managing director, was also present.

## China keen to increase investment in Bangladesh

FROM PAGE B1

"There has been fascinating enthusiasm among the Chinese investors. Their interest for making investment is on the rise."

Both Bangladesh and China have dreams, and those are interlinked, he said. The official said textiles, home appliances, jute and power generation are the key areas where the Chinese businesses would like to invest in.

He said China has rich experience in agriculture technology and e-commerce; both the countries can explore these areas through enhanced collaboration.

On minimising the trade gap between the two countries, Qihui said the Chinese government is ready to take some measures to reduce the gap which is heavily in favour of China now.

He said the special economic zones will hopefully be ready by 2016 and some 200 textiles and clothes manufacturing units from China will get entry into the zone.

Asked whether China would seek a third economic zone from Bangladesh, he said: "We are yet to get any information regarding the development. We hope we will soon get the information and then we will explore possibilities."

Bangladesh has already allocated two special economic zones for Chinese investors in Chittagong and Dhaka where they are likely to invest more than \$4 billion.

Chen Hangying, the first secretary of the Department of International Trade and Economic Relations, said the Chinese government provides a new package for all the least-developed countries. "We hope Bangladesh will choose the latest package," she said.

## Trade balance to suffer from stronger taka, disrupted exports: report

FROM PAGE B1

Over 2015-16, BMI researchers believe, the return of peace and stability in Bangladesh will underpin recovery in the export sector, but the upturn is likely to be modest as negative factors weighing on export competitiveness will remain in place.

Between January and April, political turmoil in Bangladesh led to a series of economic and logistical disruptions, which adversely affected the manufacturing-dominated export sector.

Meanwhile, the strength of the taka relative to the currencies of some of its major trade partners, and the suspension of Bangladesh's generalised system of preferences (GSP) status by the US, weighed heavily on export competitiveness.

Between June 2014 and March 2015, the taka appreciated by more than 30 percent against the euro, and this led to a decline in exports to Germany, the country's second largest export market, by 0.2 percent year-on-year in the corresponding period. The suspension of Bangladesh's GSP status by the US in June 2013 also weighed on manufactured exports to its largest trade partner in 2014-15, which only saw a tepid expansion of 3.6 percent.

Remittances inflow amounted to \$15.3 billion in 2014-15, marking a 6.6 percent growth from the previous year. BMI Research forecasts Bangladesh's remittances to grow by 8 percent in the current fiscal year.

## Satellite deal Nov 11

FROM PAGE B1

The company will also arrange 85 percent of foreign financing for the project.

On October 20, the cabinet purchase committee approved a proposal in favour of Thales Alenia at a price of \$248 million (about Tk 1,951 crore), which will be used for telecommunication and broadcast purposes, as all other participants became non-responsive during the bidding process.

Two US companies Boeing and Orbital, Canada's MDA Corporation and Chinese company China Great Wall Industry Corporation were all running for the bid initially.

While the total cost of the satellite is about Tk 2,967.95 crore, some Tk 1,652.44 crore will come from foreign loans and the government will pay Tk 1,315.51 crore. The government wants to launch the satellite on December 16, 2017, marking the country's 45th Victory Day, said a senior official of BTRC.

On January 15, the government purchased a 119.1 east longitude orbital slot from Russia-based Intersputnik for 15 years at a cost of Tk 218.96 crore.

## Exports go up 21pc in October

FROM PAGE B1

In the July-October period of fiscal 2015-16, exports rose 5 percent year-on-year to \$10.13 billion, according to the EPB.

Shipments of woven garments grew to \$4.06 billion, a 10 percent rise year-on-year, in July-October. Exports of knitwear increased 2.7 percent to \$4.17 billion during the period compared to the same period a year ago.

## Adidas raises full-year profit targets

AFP, Frankfurt

Adidas, the German maker of sportswear and equipment, raised its full-year sales and profit targets on Thursday as strong demand for its Adidas and Reebok brands powered a strong third-quarter performance.

"In the third quarter of 2015, the Adidas group delivered a stellar financial perfor-

mance," boasted chief executive Herbert Hainer.

In the period from July to September, net profit rose by 10.4 percent to 311 million euros (\$338 million).

Underlying or operating profit was up 26.5 percent at 505 million euros on a 17.7-percent increase in sales to 4.758 billion euros.

## Scope for garment wage hike: BIDS

FROM PAGE B1

The study finds that the minimum real wages of garment workers rose 37 percent in 2013, helping to improve their economic and working conditions.

Citing the fears of entrepreneurs that wages would affect competitiveness, she said the reality is different: an increase in wages and an improvement in working conditions have not resulted in the loss of international competitiveness.

The unit value of garment exports rose 16.86 percent over the two-decade period of 1990-2009, benefiting entrepreneurs, said Nazneen. The rate was higher than in India, China and Vietnam.

Referring to International Labour Organisation, she said even after the increases in wages, Bangladesh's minimum wage is less than that in competing countries: \$68 a month against \$80 in Cambodia, \$71 in India, \$79 in Pakistan and \$78 in Vietnam.

Despite improvements in economic and working conditions, she said: "These progresses still do not amount to what the ILO terms 'Decent Work', and the minimum wage in Bangladesh is not yet a living, family wage."

The 2006 price data of some garments showed that the living wage as a percentage

of retail was as low as 0.3 percent to as high as 3 percent. The living wage was taken at Tk 5,000, as against the then-existing minimum wage of Tk 1,662 in 2006, she said.

Nazneen said the costs of factories will go up if they pay properly, invest in ensuring worker safety, and provide other legally mandated benefits to workers. "These increased costs have to be borne somewhere in the global production network and shared between buyers and suppliers."

"What is now needed is to make a regular quadripartite system (manufacturers, workers, government and global buyers) to manage industrial relations in the garment industry in Bangladesh."

Another study on municipal finances in Bangladesh showed that about 90 percent of holding taxes are not paid due to inefficiency and corruption. Out of Tk 100, only Tk 10 is collected in municipalities, said Mohammad Yunus, senior research fellow of BIDS.

BIDS Research Fellow Abdul Basher recommended the government should play a role in promoting migration of the poor, in another study on migration from Bangladesh for overseas jobs.

State Minister for Planning MA Mannan, and economists Prof Wahiduddin Mahmud and Hossain Zillur Rahman also spoke.

## Use social business to meet SDGs: Yunus

FROM PAGE B1

They sang, in Arabic lyrics, to communicate what they went through before coming to the German capital.

The Grameen Bank founder, who was part of the UN Secretary General's advisory committee on the Millennium Development Goals, the predecessor of the SDGs, said although the 17 SDGs were adopted by the United Nations, everyone should play a part in meeting the goals.

"It is also down to us and the youth community to reach the goals," Yunus said.

He said all human beings are creative and are born entrepreneurs and their creativity and entrepreneurial skills have to be utilised to achieve the SDGs.

Yunus called for equipping the youth with technology in order to achieve goals.

"If we can empower the youth with technology, they will be unbeatable. And if we can put the social business engine in the picture, we will be able to achieve positive results."

Hans Reitz, head of Global Social Business Summit, said the social business movement started in Bangladesh and it is expanding to other countries.

The current economic system has to be redesigned in a way that it can shape villages, cities and countries, Reitz added.

Burkhard Kieker, chief executive of visitBerlin, said the summit is taking place at a time when they are setting up 200 beds for Syrian refugees in the two hangars of the historic airport, which is not functional anymore.

The summit can help give new ideas such that these people can have a chance to have a new future, he said.

Lamiya Morshed, executive director of Dhaka-based Yunus Centre, said: "We are trying to make impossible possible through social business."



Akram Hussain, chairman of Mercantile Bank, opens the bank's 103rd branch in Autpara, Gazipur yesterday. M Ehsanul Haque, managing director, was also present.



Shahjahan Mahmood, newly appointed chairman of Bangladesh Telecommunication Regulatory Commission, receives greetings from SM Rejoan Alam, head of mobile division at Walton, at the BTRC office in Dhaka on Monday.