

Emerging powers rise in IMF as US unblocks reforms

AFP, Washington

China, India and Russia will soon speak with a louder voice at the International Monetary Fund.

After years of opposition, the US Congress has dismantled the final barrier to reforms that will give the emerging-market powers more say in the affairs of the 188-nation global crisis lender.

The IMF reforms are part of a \$1.1 trillion spending package approved by Congress on Friday, and signed into law by President Barack Obama.

Adopted in 2010 by the international community, the reforms were expected to take effect in 2012.

But with the United States holding by far the largest share of voting rights at the IMF, Congress's refusal to approve the reforms had held up their implementation, to the consternation of IMF management and members.

The blockage has been a sore point between President Barack Obama's Democratic administration and the opposition Republicans who control Congress.

Republicans had rejected the slightest favourable gesture toward the multinational organization, the object of some criticism in Washington for its largesse toward Greece.

In recent years, international summits have unfailingly included a pointed reminder about the stalled reform process -- seen as all the more frustrating since the United States was among the first countries to call for an

IMF overhaul in 2010 amid the global financial crisis.

At the end of their last summit in mid-November in Turkey, the Group of 20 economic powers said in a statement that they "remain deeply disappointed" with the delay in reforms and "we urge the United States to ratify these reforms as soon as possible."

The long stall also led the so-called BRICS -- Brazil, Russia, India, China and South Africa -- to set up an economic alternative, launching in July 2014 their own monetary fund and development bank.

The US approval will likely ease their frustrations with the 70-year-old IMF, dominated by the US, Europe and Japan, as well as remove a major headache for the Obama administration.

"The IMF reforms reinforce the central leadership role of the United States in the global economic system and demonstrate our commitment to maintaining that position," US Treasury Secretary Jacob Lew said in a statement.

The reforms, however, are crucial for the IMF itself. They double the crisis lender's permanent financial resources, known as quotas, to some \$660 billion.

The green light by Congress thus paves the way for the IMF to abandon some makeshift mechanisms it had adopted to keep its finances afloat and finance rescues of members in crisis.

But above all it allows the Washington-based institution, founded in 1945, to better reflect the current interconnectedness of the

world economy, exposed in stark relief during the 2008-2009 global crisis.

The measures slightly reshuffle the IMF executive board by reducing the representation of advanced economies, particularly in Europe, to give a greater voice to dynamic emerging powers.

Currently China, the world's second-largest economy, has less than 4.0 percent of voting rights at the IMF, only slightly less than Italy whose economy is five times smaller.

After the reforms are implemented, China will see its voting rights nearly double to over 6.0 percent, the largest gain. For example, India's weight will rise from 2.3 percent to 2.6 percent.

The US action also hands a personal victory to the managing director of the IMF, Christine Lagarde, who has been pushing hard for the changes to preserve the credibility of the Fund. Lagarde once joked she would "do belly-dancing" if needed to get US ratification.

"The United States Congress approval of these reforms is a welcome and crucial step forward that will strengthen the IMF in its role of supporting global financial stability," Lagarde said.

Still, the reforms will not resolve all the representation problems at the IMF. With 16.5 percent of voting rights, the United States remains the largest stakeholder and continues to hold veto power.

"The IMF reforms remove a stain on the institution's legitimacy," Eswar Prasad, a former IMF official, told AFP.



Md Abul Kalam Azad, principal secretary of the Prime Minister's Office, and Atiur Rahman, governor of Bangladesh Bank, launch Bank Asia Agent Banking mobile application service at Rajdia Ovoy Pilot High School in Serajdikhan, Munshiganj yesterday, while A Rouf Chowdhury, chairman of Bank Asia, looks on. Rumea A Hossain, chairman of the board executive committee; Md Mehmood Husain, managing director, and Md Saiful Hasan Badal, deputy commissioner of Munshiganj, were also present.

Cook bashes talk Apple is dodging taxes

AFP, San Francisco

Apple chief Tim Cook emphatically rejected accusations that the world's richest company is sidestepping US taxes by keeping bundles of cash overseas, suggesting that the claim was politically motivated.

World leaders last month approved a crackdown on tax avoidance by mul-

tinationalists such as Apple, Google and McDonald's, major firms whose rock-bottom tax bills have provoked widespread outrage in the United States and beyond.

Cook argued that Apple pays the biggest tax tab in the United States and that it keeps more money overseas than other company because two-thirds of its business is there.

Cook's staunch defense of the California-based technology colossus came during an interview with Charlie Rose in a 60 Minutes news program interview to be aired on Sunday on CBS.

"That's total political crap, there is no truth behind it," Cook responded when pressed about the highly contentious tax issue in a short preview of the interview. "We pay every tax dollar we owe."



Officials of Sharmin Group receive the Socrates Award, given by the Oxford Committee of the European Business Assembly, for the group's excellence in garment production, at an event in London.



Sohail RK Hussain, chief executive of City Bank, and Dilip Pal, chief financial officer of Grameenphone, pose at the signing of a sales collection agreement. The bank will provide the mobile operator with state-of-the-art automated solutions to manage sales collection with real-time information from all over the country.

JPMorgan fined \$307m for conflicts of interest

AFP, New York

US regulators fined JPMorgan Chase \$307 million Friday for failing to disclose conflicts of interests to clients when it recommended proprietary investment products over third-party options.

From 2008-2013, JPMorgan failed to make clear to investment clients numerous conflicts of interests, including its preference for JPMorgan-managed mutual funds over other funds, according to the US Securities and Exchange Commission (SEC).

JPMorgan, the biggest US bank by assets, also did not tell investors that some JPMorgan-managed mutual funds offered a less expensive share class than the one recommended, which meant higher revenues for the JPMorgan affiliate.

It also did not tell clients that JPMorgan preferred to invest clients in third-party-managed hedge funds that shared management or performance fees with JPMorgan, regulators said.

JPMorgan admitted wrongdoing and agreed to pay \$307 million in penalties, according to an SEC statement. That includes a \$40 million fine the bank will pay to the Commodities and Futures Trading Commission in a parallel case.

"Clients are entitled to know whether their adviser has competing interests that might cause it to render self-interested investment advice," said Julie Riewe, co-chief of the SEC enforcement division's asset management unit.

Sugar prices rise

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Sugar prices, which had been on the downturn in the July-September quarter of 2015, regained in October, according to the World Bank's commodities prices data.

World sugar prices rose to \$0.32 a kg in November from \$0.31 a year earlier.

"All, including millers and sellers, are rationing sales expecting that the government would impose VAT on imports. Private millers hiked prices nearly a week ago," Hashem said.

However, state-run mills are still selling sugar at Tk 37 a kg, he said.

Bishwajit Saha, general manager of

City Group of Industries that runs the biggest private sector sugar refinery, denied having increased sugar prices.

Many dealers, who have bought sugar at Tk 1,300 per maund, are yet to take delivery, he said.

"It appears they are waiting for the government to impose duty, to exploit higher prices," Saha said, adding that City's daily delivery from the mill gates has recently halved from the usual 3,000 tonnes.

BSFIC Chairman AKM Delwer Hussain said they earlier urged the government to increase duty on imports to help boost sales of locally produced sugar.

"We will be able to sell our sugar if imported alternatives become costlier. It will allow the state mills to reduce losses. It will also help cut the state's subsidy," he said.

"None can make the sugar market volatile as we have enough stocks."

Hussain said most of the sugar mills under the BSFIC have started crushing sugarcane this season, and have been in production since October 30. "So, we will have enough sugar," he said.

Bangladesh consumes nearly 15 lakh tonnes of sugar a year, 90 percent of which are locally-refined imports, according to industry estimates.

Bangladesh poised to be biggest cotton importer

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While cotton use by Bangladeshi mills is forecast to rise 10 percent in 2015-16, it will jump 20 percent in Vietnam, according to the International Cotton Advisory Committee. The International Monetary Fund's most recent macroeconomic outlook projects global income growth in 2015 at its slowest in 6 years.

Low polyester prices relative to cotton, issues associated with China's transition to new cotton policies and adjustments to higher wages are also factors limiting consumption growth in recent years, the

USDA report also said.

World cotton production in 2015-16 is forecast to be 103.7 million bales, which is 13 percent below last season, as lower area combined with a reduced yield will push the global crop to its lowest since 2009-10.

Considerable production declines in 2015-16 for all of the major producers will reduce the supply of the crop by more than 15 million bales.

Global harvested area is estimated at 31.2 million hectares, in contrast to 34 million hectares in 2014-15. The world

cotton yield is forecast at 723 kg/hectare, compared with 763 kg/hectare last season, the USDA report also said.

Production for the top two producers -- India and China -- is projected to account for a combined 51 percent of the world total, with forecasts of 28.5 and 24.3 million bales, respectively. For India, production will decline for the second consecutive year in 2015-16.

The decline is more dramatic for China, as production is forecast to fall by 5.7 million bales to 24.3 million bales in 2015-16.



Shamim Ahmed Chaudhury, managing director of AB Bank; Mustakim Billah Faruqi, deputy commissioner of Mymensingh; Muklesur Rahman, managing director of NRB Bank, and Md Ekramul Haque, managing director of Taufika Foods, pose at the opening of Taufika's Lovello ice cream factory in Mymensingh yesterday.



Atiur Rahman, governor of Bangladesh Bank, launches the agent banking service of NRB Bank on Thursday. Kabir Bin Anwar, project director of A2I Programme, and Farasath Ali, chairman of NRB Bank, were also present.



Chrish-Ho-Yi, CEO of LG for Asia, and Jay Kim, general manager of South East Asian regional marketing and strategy team, visit a showroom of the company in Dhaka during their two-day visit to the capital. MA Mannan, chairman and managing director of Butterfly Marketing Ltd, was also present.