

A YEAR OF MILESTONES

The outgoing 2015 will be remembered as a year of milestones for the country's economy because of a raft of achievements and developments. As the year draws to a close, the people of Bangladesh can bask in the glory of becoming a lower middle income country, comfortably meeting the requirements of the World Bank after being bracketed as a poor nation for the last four decades. After years of tension with development partners over funding of the Padma bridge, the government finally commenced construction of the much-talked about infrastructure project as well. The government also rolled out its development plan to steer the country's development until 2020. Moreover, the motor vehicle agreement between Bangladesh, Bhutan, India and Nepal is expected to usher in a new era of regional economic development. Md Fazlur Rahman writes on the major events.

STARTING THE PADMA BRIDGE PROJECT



STAR/FILE

The construction work of the Padma bridge is going on.

The government formally began construction of the much-discussed bridge over the mighty Padma river with its own funds.

The \$3-billion bridge, the largest infrastructure project in the country's history, was delayed after the government decided not to seek loans from multilateral organisations after the World Bank, the main financier initially, brought allegations of corruption.

The bridge will connect the capital with southwestern Bangladesh, and boost regional economic growth lifting millions of people out of poverty.

BECOMING A MIDDLE INCOME NATION

After languishing as a poor nation since its birth in 1971 and being termed as a development case by international partners and economists, Bangladesh became a lower middle income nation in mid 2015, in a giant step towards turning into the much-cherished middle income country within the next five years.

The graduation rode on the back of the country's stride towards a higher per capita income in recent years and stable economic growth.

Economists termed the promotion as a milestone for the country.

RECORD FOREX RESERVES

Foreign exchange reserves crossed the \$27 billion mark for the first time, egged on by a drop in global commodity prices, stable exports and a steady inflow of remittances.

The reserves were enough to cover the country's imports for approximately eight months.

Rising garment exports and inward remittances are the two main foreign currency earners for Bangladesh.

Lower import of raw materials due to improved backward linkages, and less import of food for better local production also helped cut import bills to boost the forex reserves.



STAR/FILE

Migrant workers are leaving Bangladesh for jobs abroad.

A BOOST FOR MANPOWER EXPORT

Following a seven-year embargo, Saudi Arabia opened its doors to prospective Bangladeshi migrant workers. This will allow the country to send more workers abroad and earn more in remittance. The move came at a time when opportunities for many other manpower export destinations for Bangladesh are shrinking.

Oil-rich Saudi Arabia, where more than 2.2 million Bangladeshis work, had imposed a ban on importing manpower from the country in 2008, alleging anomalies in the recruitment process.

MOTOR VEHICLE AGREEMENT

The agreement will enhance cross border trade and people-to-people contact in the four countries -- Bangladesh, Bhutan, India and Nepal.

The pact will promote safe, economically efficient and environmentally sound road transport in the sub-region and help each country in creating an institutional mechanism for regional integration.

BANGLADESH DEVELOPMENT FORUM

After a gap of five years, the meeting of Bangladesh Development Forum took place in Dhaka. The government shared its needs and priorities with the international development partners.

At the event, the development partners pledged further support for Bangladesh, to help the country boost economic growth and reduce poverty.

SHIPPING DEAL WITH INDIA

Dhaka signed the "standard operational procedure" with New Delhi to introduce bilateral shipping services that will boost trade between the neighbouring countries by reducing freight time and costs and easing pressure on the land ports.



STAR/FILE

The site of the Rooppur nuclear power project is being prepared.

SEVENTH FIVE-YEAR PLAN

The year gave the country the seventh five-year plan (2016-2020) in hopes to raise GDP growth to 8 percent from the current-decade's average of more than 6 percent.

The government also targets to create jobs for millions of youths, improve infrastructure, lay new rail tracks and start generating electricity from the Rooppur nuclear power plant.

SUCCESSFUL COMPLETION OF MDGs

The government achieved a number of millennium development goals (MDGs) under international efforts before the end of the 15-year period that comes to a close this year with the country bagging a number of awards and setting itself as a role model.

In the year, the country also got the sustainable development goals for the next 15 years, to cut extreme poverty and hunger, among 17 other goals.

Events that shaped global economy in 2015

Crude oil has been the star of the whole of 2015. The prices of the fuel affected most of the financial markets more than people expected. The central bankers around the world were also forced to keep their monetary policy loose as lower oil prices depressed inflation figures. The Greek drama was also one of the factors that loomed large over the course of the year. Here are some events that shook global business in 2015.

OIL PRICES NEAR 11-YEAR LOW

After sliding into the \$40s in early 2015, crude oil gained back some lost ground by summer, reclaiming the \$60-a-barrel level. But as supply kept coming and demand remained sluggish, prices saw renewed pressure.

The Organisation of the Petroleum Exporting Countries for the second year in a row refused to limit production.

Brent crude oil slid back toward 11-year lows on December 30 as indications of slowing global energy demand bumped up against record-high inventories.

Benchmark Brent, near \$37 per barrel, traded just \$1 away from those lows reached last week as the primary supportive factor - an expected cold snap in Europe and the United States - was forecast to be short-lived.

YUAN IN IMF'S CURRENCY BASKET

The International Monetary Fund admitted China's yuan into its benchmark currency basket.

The decision to add the yuan, also known as the renminbi, to the Special Drawing Rights (SDR) basket alongside the dollar, euro, pound sterling and yen, is an important milestone in China's integration into global finances and a nod to the progress it has made with reforms.



The yuan's inclusion from October 2016 is largely symbolic, with few immediate implications for financial markets. But it is the first time an additional currency has been added to the SDR basket, which determines which currencies countries can receive as part of IMF loans.

The addition is likely to fuel demand for China's currency and for renminbi-denominated assets as central banks and foreign fund managers adjust their portfolios to reflect the yuan's new status.

ASIAN INFRASTRUCTURE INVESTMENT BANK

The China-backed AIIB has been formally established and is expected to be operational early next year.

The bank will help finance construction of roads, ports, railways and other infrastructure projects in Asia.

The bank is based in Beijing and currently has 57 members, including Australia, Germany and Britain. It expects to offer its first batch of project loans by mid-2016, according to China's official Xinhua news agency.

GREECE CRISIS

Greece's never-ending financial crisis loomed large after the left-wing party Syriza came to power in January 2015



elections on a pledge to stand up to their mostly western European creditors and their demands for more austerity.

After a month-long standoff, Greek Prime Minister Alexis Tsipras largely agreed to creditors' demands in July, restoring calm to European markets. Tsipras subsequently called a snap election, winning again in September.

FED RAISES INTEREST RATES

The Federal Reserve hiked interest rates for the first time in nearly a decade on December 16, signalling faith that the US economy had largely overcome the wounds of the 2007-2009 financial crisis.

The US central bank's policy-setting committee raised the range of its benchmark interest rate by a quarter of a percentage point to between 0.25 percent and 0.50 percent, ending a lengthy debate about whether the economy was strong enough to withstand higher borrowing costs.

The central bank made clear the rate hike was a tentative beginning to a "gradual" tightening cycle, and that in deciding its next move it would put a premium on monitoring inflation, which remains mired below target.

Fed policymakers' median projected target interest rate for 2016 remained 1.375 percent, implying four quarter-point hikes next year. Based on short-term interest rate futures markets, traders expect the next rate hike in April.

MYANMAR OPENS NEW STOCK EXCHANGE

Myanmar inaugurated a new stock exchange on December 9 with plans for six companies to start trading in March.

The Yangon Stock Exchange (YSX) will initially be open only to Myanmar companies and investors, but planned law changes will eventually allow foreigners to invest in Myanmar shares.



The YSX will technically be the second bourse after the barely known Myanmar Securities Exchange Center, for which share prices of the two listed firms were handwritten on a whiteboard for most of its 19 years of operation.

MERGERS AND ACQUISITIONS

The volume of mergers and acquisitions worldwide set a new record in 2015 at more than \$5 trillion, with tie-ups in the healthcare sector leading the way.

The \$5.03 trillion annual total represents a massive rise of 37 percent from 2014, and the three months to December scored the highest figure for any single quarter on record.

Pfizer's proposed \$160 billion merger with Allergan to create the world's biggest pharmaceutical group, is the second-biggest tie-up ever, and the largest ever in healthcare.

The two companies estimated their merger will deliver more than \$2 billion in operational synergies over the first three years after closing.

TRANS-PACIFIC PARTNERSHIP PACT



Twelve Pacific Rim countries on October 5 reached the most ambitious trade pact in a generation, aiming to liberalise commerce in 40 percent of the world's economy in a deal that faces scepticism from US lawmakers.

The Trans-Pacific Partnership pact struck in Atlanta after marathon talks could reshape industries, change the cost of products from cheese to cancer treatments and have repercussions for drug companies and automakers.

If approved, the pact would cut trade barriers and set common standards from Vietnam to Canada.

The Obama administration hopes the pact will help the United States increase its influence in East Asia and help counter the rise of China, which is not one of the TPP nations.

CHINA'S WEAKEST GROWTH SINCE 2009

China's economic growth dipped below 7 percent in October this year for the first time since the global financial crisis in 2009, hurt partly by cooling investment, raising pressure on Beijing to further cut interest rates and take other measures to stoke activity.

The world's second-largest economy grew 6.9 percent between July and September from a year ago, the National Bureau of Statistics said, slightly better than forecasts of a 6.8 percent rise but down from 7 percent in the previous three months. -- AGENCIES

India to spend \$753m on rooftop solar power through 2021

REUTERS, New Delhi

India has earmarked 50 billion rupees (\$753 million) to pay for the installation of rooftop solar panels over the next five years that will generate up to 4,200 megawatts of power, the government said on Wednesday.

Prime Minister Narendra Modi's cabinet increased the funding from an earlier 6 billion rupees to encourage households, government bodies, hospitals and educational institutions to install the rooftop solar panels.

Private firms cannot claim the subsidy. The government has set a target of generating 100,000 MW of electricity from solar panels by 2022 to overcome an acute power shortage.

Separately, Modi's cabinet backed a civil nuclear deal that India and Australia ratified this year to bolster nuclear power generation in the south Asian nation, according to statements issued afterwards.

The ministers also approved an agreement between India and the Maldives to curb tax evasion by preventing illicit funds being stashed outside the country. Such funds are often hidden abroad to avoid local taxes.

The cabinet also gave its nod to a proposal to float joint venture companies between the federal railways and state governments to beef up India's decrepit rail network.

China suspends forex business for some foreign banks

REUTERS, Shanghai

China's central bank has suspended at least three foreign banks from conducting some foreign exchange business until the end of March, three sources who had seen the suspension notices told Reuters on Wednesday.

Included among the suspended services are liquidation of spot positions for clients and some other activities related to cross-border, onshore and offshore businesses, the sources said.

The sources, speaking on condition that the banks were not named, said the notices sent to the affected foreign banks by the People's Bank of China (PBOC) gave no reason for the suspension.

The PBOC did not immediately respond to a request for comment.

The measure follows a slew of steps taken by the Chinese government to keep the yuan stable since it devalued the currency in August.

The spread between the onshore and offshore markets for the yuan, or renminbi, has been growing since the devaluation, making it increasingly difficult for the central bank to manage its currency and stem an outflow of capital from an economy that is facing its slowest growth in 25 years.

The sources told Reuters that authorities had warned the banks that if they engaged in lucrative carry trade, taking advantage of the different exchange rates, the central bank would move to further block arbitrage channels.

"This is part of the PBOC's expedient means to stabilise the yuan's exchange rate," said an executive at a foreign bank contacted separately.

The sources said the banks might have been targeted due to the large scale of their cross-border forex businesses.