

British employers keep tight grip on pay

REUTERS, London

Britain's economy is heading into its seventh year of growth after the financial crisis but for many employers such as Mike Naylor, who runs a small metal-casting firm, business is too uncertain to raise staff pay by much this year.

With the Bank of England holding off on raising record-low interest rates until it sees stronger pay growth, Naylor said he would probably only be able to offer an increase that is less generous than last year's.

"If the confidence isn't there, it's very difficult to say we will give you 2 percent or 3 percent this year," he said.

Business has slowed recently at Naylor's firm, Durham Foundry, in line with much of British manufacturing, and he worries about the coming year.

"I can't see what 2016 is going to do for us," Naylor said, adding he wished he could do more for the 15-strong team at Durham Foundry, which is based in the northern English city of Sheffield - a centre for metal-working since the 14th century.

BoE Governor Mark Carney has sounded equally wary and few economists expect the central bank to move closer to a rate rise this week when it holds its first policy meeting of 2016.

After suggesting the BoE might increase rates on a couple of occasions in the past two years, only to be knocked off course by

plunging inflation, Carney and his fellow policymakers are looking at pay, among other factors, to help them decide when to move on borrowing costs.

But rather than speeding up as the BoE has predicted, earnings growth has slowed down, even as unemployment has fallen back to its levels before the financial crisis. Inflation has been stuck around zero, easing the strain of low pay growth for households, but looks set to start edging up soon.

Trade union officials say stronger wage growth is needed urgently to make up for several years of below-inflation rises. "It will take until 2018 for average earnings just to get back to the real value they held in 2008 - 10 years of pay going backwards," Trades Union Congress chief Frances O'Grady said.

The breakdown in the usual economic relationship between employment, wages and inflation has stumped the BoE as well as other central banks witnessing a similar phenomenon.

Carney said in November he would look for annual earnings growth of more than 3 percent, compared with a little more than 2 percent now, to help him feel that Britain was finally ready for a rate rise.

Since then, oil prices have tumbled again and a new slump in China's stock markets has revived concern about the growth outlook there, prompting finance minister George Osborne to say the British economy

faced a "dangerous cocktail" of threats.

On top of the risks from abroad, investors have also become nervous about a planned referendum on whether Britain should remain in the European Union. Markets are now betting on no increase in BoE rates until 2017, which would be eight years after they were cut to 0.5 percent.

Jenny Holloway, who runs a not-for-profit clothes factory employing 85 people in London, shares the wariness of many employers. She held off on pay rises for her staff in January, when their wages usually go up.

The firm, Fashion Enter, is facing demands for ever cheaper clothing from high-street stores who themselves are resorting to almost permanent discounts to win over careful shoppers.

Around a third of her lowest-paid staff will benefit from a 7.5 percent rise from Britain's new minimum wage starting in April. But the outlook for the rest of her team is unclear.

"At the moment I am just waiting. It's not very fair to staff, but I have got to read the economy," Holloway said.

Things are brighter in some pockets of the labour market. Firms desperate for skilled workers in areas such as cyber-crime prevention and digital marketing are offering double-digit pay increases to poach staff, according to Benjamin Frost, a consultant with Hay Group, a human resources firm.

Qatar Airways discounts tickets up to 35pc

STAR BUSINESS DESK

Qatar Airways has launched a special travel festival, offering specially designed packages, including discounts of up to 35 percent, companion fares for 2-for-1 tickets, family and group discounts and access to special discounts on car rental and hotel deals.

The Qatar Airways Travel Festival has something for everyone, the airline said in a statement yesterday.

The passengers who will book online via qatarairways.com/travelfestival during the campaign through January 11-17, for travel between January 19 and December 15 this year, will automatically enter into a draw to win one of the 150 prizes being given out per day.

"The Qatar Airways Travel Festival is an amazing opportunity for travellers to choose the best deal for themselves among a variety of exclusively designed packages," said Hugh Dunleavy, chief commercial officer of Qatar Airways.

Prizes include seven million Qmiles over the seven-day period, complimentary flights, upgrades to business class, hotel packages, discount shopping vouchers to spend across all Qatar duty free boutiques and car rental discounts, the airline said.

New MD for Mercantile Bank

STAR BUSINESS DESK

Kazi Masihur Rahman has recently joined Mercantile Bank as managing director and chief executive officer, the bank said in a statement.

Prior to joining Mercantile, Rahman has been a consultant for BGB for establishing the proposed Shimanto Bank, according to the statement.

Rahman has 38 years of experience in the financial industry. He has also served Exim Bank as CEO and also worked with Prime Bank, BASIC Bank and Sonali Bank in Bangladesh and Mashreqbank, United Saudi Commercial Bank, Saudi Hollandi Bank, and ABN AMRO Bank internationally. He completed his masters in economics from Dhaka University.



ICAB member becomes vice president of Safa

STAR BUSINESS DESK

ASM Nayeem, past president and council member of the Institute of Chartered Accountants of Bangladesh, has recently been appointed as the vice president of South Asian Federation of Accountants (Safa) for 2016.

Nayeem is a partner of ACNABIN Chartered Accountants, an independent member firm of Baker Tilly International, ICAB said in a statement yesterday.

He is also a former director of Chittagong Stock Exchange, Sonali Bank, and Agrani Bank, according to the statement. He is a council member of ICAB since 1998 and chairman of the Quality Assurance Board of the institute and chairman of Committee on Professional Ethics and Independence at Safa, which is the apex professional accountancy body in the Saarc region.



Suppliers to PPP projects may get VAT waiver

FROM PAGE B1

The authority has so far taken 47 projects under PPP and some of the projects such as Dhaka Elevated Expressway are under construction, according to the PPPA website.

The PPP office has also sought approval from the NBR for waiving income tax for different durations, depending on the nature of the PPP projects. The tax authority plans to offer the privilege, according to taxmen.



Md Arfan Ali, additional managing director of Bank Asia, and Mian Quamrul Hasan Chowdhury, deputy managing director, hand-over blankets to SK Sur Chowdhury, deputy governor of Bangladesh Bank, at Bangladesh Bank Bhaban on Sunday for distribution among the poor.

BANK ASIA

New AMD for Eastern Bank

STAR BUSINESS DESK

Hassan O Rashid has recently been promoted to the post of additional managing director of Eastern Bank, the bank said in a statement yesterday.

Prior to the promotion, he has been serving the bank as deputy managing director since February 2013.

During his 25 years of banking career, Rashid worked with different local and multinational banks, including Credit Agricole Indosuez, HSBC, Standard Chartered Bank and Arab Bangladesh Bank. Rashid completed his graduation in economics and business administration from Capital University and masters in international management from Garvin School of Management, USA.

He also won the Wall Street Journal Student Achievement Award for his outstanding academic records.



Tata Steel union to meet bosses over Port Talbot jobs

BBC NEWS

The Community Union says it expects to meet bosses from Tata Steel this week amid reports of hundreds of potential job losses at Tata's Port Talbot plant.

There are reports that a quarter of the workforce could lose their jobs in a major restructuring at the plant.

Tata Steel Europe, which employs 17,000 in the UK, including 4,000 at Port Talbot, is in the throes of a wide-scale reorganisation of its business.

The moves have been prompted by a slump in the price of steel. The Port Talbot plant is the UK's largest steel works.

A spokesperson for Community, the steelworkers' union said: "These reports of potential job losses at Port Talbot should serve as a stark reminder of the ongoing steel

crisis and the urgent need for government to deliver upon the agreed steps to protect this vital foundation industry.

"We need a level playing field for UK steel makers, especially on issues like business rates and energy costs.

"Community will be meeting with Tata Steel... to discuss these reports and how best we can build a sustainable steel industry together."

Late last year, Tata Steel said it was in talks with an investment firm to sell its Long Products business, which includes plants in Scunthorpe and Lanarkshire.

There have been waves of job losses in the steel industry in the UK, which the sector has blamed on cheap Chinese imports and a collapse in prices.

In October, Tata Steel announced nearly 1,200 roles were to be axed in Scunthorpe and Lanarkshire.

Software testing centre on way

FROM PAGE B1

Habibullah N Karim, former president of the Bangladesh Association of Software and Information Services, said they proposed a software display and testing centre to the

government 10-12 years ago.

"I think presentation is more important than testing and quality assurance," he said, while calling for a simple and transparent bidding.

Economy shows resilience: Citi

FROM PAGE B1

As import growth outstripped export growth by a significant margin in fiscal 2014-15, the country posted a trade deficit of over \$10 billion.

But with remittance making up for the trade deficit, the current account posted a surplus of \$1.06 billion during the first five months of the current fiscal year compared to the \$1.65 billion deficit last year.

More than 500,000 Bangladeshi workers were able to land overseas jobs in 2015, reflecting a 30 percent growth over the previous year.

"A surge in the number of migrants entering Saudi Arabia, Malaysia and Kuwait has significantly contributed to the growth of overall migration," said Citi.

However, it said the total remittance received during the period showed an increase of 2.47 percent to \$15.31 billion.

"Most Bangladeshi workers are employed in the Middle Eastern and Asian countries, the currencies of which have depreciated against the US dollar, whereas the taka held strong, which resulted in workers sending home lower amounts in remittance," it explained.

Reopening of the Saudi Arabian market, the government-to-government arrangement with Malaysia, FIFA 2022 World Cup related construction activities in Qatar and fiscal expansion in Gulf Cooperation Council countries present opportunities for growing jobs.

"The government's recent steps in setting up technical cooperation between the vocational

training institutes of several countries with workforce requirement could yield positive results in the near future," Citi hoped.

Foreign exchange reserves climbed to a record \$27.45 billion at the end of 2015, marking an 18.7 percent year-on-year increase and 8.8 percent increase from the beginning of fiscal 2015-16.

After a long period of stability, the US dollar marked sharp gains against the taka from late October when it jumped from Tk 77.80 to Tk 78.95 by the end of November.

"This was primarily driven by sluggish export and remittance growth in the preceding months, coupled with large infrastructure related payments and foreign loan repayments," Citi said.

The inter-bank call money rate fell sharply in 2015, as liquidity piled up in the banks. The weighted average call money rate, which was at 8.57 percent in January, plunged to 3.69 percent by the end of the year.

Private sector credit growth remained stable for most parts of the year, remaining within the 11-13 percent range before picking up October onwards and reaching 13.72 percent in November.

The performance of the country's premier bourse was uninspiring in 2015.

The benchmark index of Dhaka Stock Exchange, DSEX, which opened at the 4,900 level in 2015, came under heavy pressure on the back of nationwide strikes and blockades during the first quarter and dipped below 4,000 in April amid low investor confidence.

The market picked up in May and registered sharp gains in June, following a set of incentives for the capital market announced in the budget proposal. But the index closed at 4,629 points at the end of 2015, shedding 6.3 percent year-on-year.

Citi said 2015 saw a number of landmark reforms on the structural front and new policies being introduced. "The reforms have mostly been directed towards ramping up local and foreign private investment and promoting exports," it said, referring to the new export policy.

Bangladesh Bank withdrew its mandatory guarantee provision against any foreign loan to be taken by a local firm following approval of the Board of Investment. As a result, the foreign loans approved by it will no longer require approval from Bangladesh Bank.

The Public Private Partnership Bill 2015 has been approved by parliament with an aim to attract more foreign and private investment in infrastructure and the services sector.

Other key initiatives to promote investment included the decision to set up 100 new economic zones by Bangladesh Economic Zones Authority and approval by Bangladesh Bank to extend mortgage loans in taka to non-resident Bangladeshis to purchase houses here.

In addition, the Financial Reporting Act 2015 has been approved in parliament to ensure more transparency and accountability in financial reporting activities and a separate regulatory body, Financial Reporting Council, is being formed.



Md Ahsan-uz Zaman, managing director of Midland Bank, opens a branch of the bank in Bogra Sadar on Sunday.

Tofail urges India to lift countervailing duty on exports

FROM PAGE B1

Bangladesh's imports from India were recorded at \$6.03 billion in fiscal 2013-14 and \$4.78 billion in the previous year, according to commerce ministry data.

At another programme in Andhra Pradesh yesterday, Ahmed urged Indian entrepreneurs to invest more in Bangladesh as the government has been offering special economic zones to foreign businesses.

Although developed countries have made a commitment to offer duty-free access to least developed countries, the US has levied duty on Bangladeshi products in other forms, he said.

The minister also called for further cooperation among the Saarc (South Asian Association for Regional Cooperation) members, as the forum is yet to utilise the region's potential.

World's largest printing equipment show to begin in Germany in May

FROM PAGE B1

One of the exhibitors in the area is Modico GmbH, which specialises in laser paper finishing, UV direct printing on objects up to 150mm thick, and 3D printing.

When it comes to innovative print products, one of the first things that come to mind is lenticular printing, the only finishing technique which allows images to be printed with the illusion of movement. One of the pioneers and leading names in the industry, DPLenticular, will also be exhibiting at DIP. The Lenticular Award will once again be presented at

Drupa on June 2.

In multichannel publishing and marketing solutions, topics such as the management of cross-media contents and assets, web and app publishing, database publishing, and marketing and brand management solutions will be covered.

In the "added value in print" area, the focus will be on finishing, further development and the advanced added-value of print products, including innovative substrates, new finishing methods, packaging, label printing and displays, green printing and secure printing.