Why is eurozone inflation so persistently low?

AFP, Frankfurt

Despite a raft of different measures by the European Central Bank to kickstart sluggish consumer prices in the eurozone, inflation in the single currency bloc turned negative in February for the first time in five months.

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The ECB estimates that consumer prices need to rise at an annual rate of close to but just below 2.0 percent to foster healthy economic growth. But area-wide inflation stood at minus 0.2 percent in February, due to the combination of a number of different factors, experts say.

"The low level of inflation and the drop in February are largely attributable to energy price developments," Oxford Economics economist Ben May told AFP.

Oil prices have been falling sharply for the past two years, global supply.

For households and businesses, this may be positive, as it cuts energy bills, reduces heating costs and expenditure on petrol. But given the heavy weighting of energy prices in the overall basket of goods that are used to calculate consumer prices, they are keeping a lid on the headline rate of inflation, May said.

The oil market, which hit its lowest level since 2003 at the beginning of this year before tentatively picking up at the start of February, has seen strong fluctuations in recent weeks amid speculation supplier countries may throttle production.

Nevertheless, a substantial and sustained rebound in oil prices does not seem to be on the horizon for now. As a result, inflation forecasts for the euro area look set to be downgraded again, said Bundesbank spending which, in turn, leads to president Jens Weidmann recently.

After falling sharply in March 2015 in the wake of the ECB's weighed down by over-abundant announcement of a massive asset has an impact on wage negotiations purchase programme known as and puts a brake on wage increases,

QE, the euro has risen against the dollar since and is currently hovering at around \$1.10.

"A rise in the euro exchange rate means that the price of imported goods falls," said May.

In other words, if the euro rises in value against other currencies, the price of an imported car or refrigerator is reduced, bringing down the overall inflation rate.

Another factor weighing on inflation are wages.

"A lot of the countries affected by the crisis, such as Spain, Portugal and Greece, have been forced to reform their labour markets and make them more flexible, which has led to lower wages," said Natixis economist Johannes Gareis.

That leads to lower household lower inflation.

At the same time, the weak inflation outlook in the coming years

analysts argue.

"With zero or even negative inflation, households' purchasing power increases, which relieves the pressure on the part of employees and unions for higher pay increases. The weak inflation outlook keeps a lid on wage demands," said Charles Wyplosz, economics professor at the Graduate Institute of International and Development Studies in Geneva.

Sluggish corporate investment is another factor. When companies invest, they create jobs, which can push up salaries, and consequently inflation. But "lots of companies are worried about the future," said Wyplosz.

"Financial market concerns aren't helping things," he said. "Companies are not sure whether the upturn will last or is fundamentally strong. "Companies see sluggish recovery and are reluctant to make any sizeable investment," Wyplosz said.



Meherun N Islam, group managing director of Cems Global-USA and Asia Pacific, attends a press conference to announce a food and agro expo and a poultry and livestock expo to be organised at Bangabandhu International Conference Centre in Dhaka on March 23-26. Lutfur Rahman, general manager for Cems Bangladesh, was also present.

New York announces record 4.29m jobs

AFP, New York

...... New York announced Monday that the city's employment figures had risen to a record 4.29 million jobs with 249,000 jobs added since progressive Democrat Bill de Blasio became mayor two years ago.

The city's unemployment rate has fallen nearly three percent since de Blasio took office in January 2014, confounding initial fears in the business community that the left-leaning mayor would be bad York City's Economic Development for business.

In the 12 months to January, New York gained 107,000 jobs, an increase of three percent, up from the national growth rate of 2.2 percent.

The strongest employment gains have been in health care, social assistance, scientific and technical services, the city said. "These numbers reflect what we're seeing

on the ground. More businesses launching and growing here in New York City. More New Yorkers finding good jobs," said New Corporation President Maria Torres-Springer.



Ruhul Amin Molla, chief executive of Orion Footwear, opens an outlet of the company on Dr Moshiur Rahman Road in Khulna yesterday. Arefa Hossain, senior manager for merchandising, was also present.

Pharma crusader takes India's drug regulators to court resolution of past issues and it contin-

REUTERS, New Delhi

One of India's best-known whistleblowers, who exposed dangerous practices in the generic drug industry in 2013, is taking the country's drugs regulators to court, accusing them of failing to enforce rules on drug safety in the \$15 billion industry.

Three years ago, Dinesh Thakur exposed how India's then largest drugmaker and his former employer, Ranbaxy Laboratories, failed to conduct proper safety and quality tests on drugs and lied to regulators about its procedures.

He made his name, and almost \$48 million as a whistleblower award from the United States, when US regulators fined Ranbaxy \$500 million for violating federal drug safety laws and making false statements to the Food and Drug Administration (FDA).

ued to make safe, effective and quality medicines. Thakur's fresh case, a Public Interest Litigation (PIL) suit, is listed on the Supreme Court website for hearing on Friday. It alleges that responses provided to

him by government show how lax regulation can lead to potentially harmful medicines being sold in India without proper approvals. The suit, which names as respon-

dents the health ministry, the Drugs Consultative Committee and the Central Drugs Standard Control Organization (CDSCO), would not result in penalties but sets as objectives the creation of a framework for the recall of drugs and a commission to examine faulty drug approvals. The head of the CDSCO, GN Singh,

said: "We welcome whistleblowers, we have got great respect, but their inten-Ranbaxy said the fine marked the tions should be genuine, should be

nationalistic... I don't have any comment on this guy." The other named parties did not

respond to requests for comment. Thakur, who said there was no

financial motive for the suit, spent much of 2015 working with lawyers to file more than 100 public information requests on how state and central drug authorities had responded to cases where rules had been broken, some of which first came to light five years ago. Thakur says the responses he

obtained show CDSCO and the health ministry have still not adequately investigated and prosecuted those breaches, despite saying they would. "An overwhelming number of non-

standard-quality drugs are not prosecuted in criminal cases, since state drug controllers only impose minor administrative penalties on the offenders," Thakur says in the lawsuit, citing government data.

Taka to weaken against dollar this year: report

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In addition, the rise in domestic security threats and a poor business environment are likely to curb direct investment and portfolio inflows, further removing support for the taka, according to the report. Bangladesh's trade deficit as a

share of GDP widened considerably from 3.9 percent in fiscal 2013-14 to 5.1 percent in fiscal 2014-15, as imports surged 11.2 percent and exports grew at a much modest pace of 3.4 percent, it said. Export growth in Bangladesh

slowed considerably last fiscal year as multiple factors such as political instability, suspension of preferential trade provisions and a strong currency weighed on the sector. Over the coming year, the export sector will likely see a recovery, BMI South Asian economy. Research believes.

In addition, the export sector also demonstrated resilience to the regional economic slowdown, registering a positive previous 8 percent." growth rate of 7 percent year-onyear between July and December 2015, while trade in the rest of

Bangladesh's trade deficit to nar- sector.

row to 4.9 percent of GDP from 5.1 percent in the previous fiscal year, versus our previous forecast of 5.2 percent." Despite the improvement in

Bangladesh's trade account, BMI Research forecast the country's current account balance to come in at 0.5 percent, as inbound remittances growth is likely to slow significantly in 2016. A poor economic growth outlook in the Middle East region due to

geopolitical tensions in the region and muted oil prices will likely feed into reduced employment opportunities for Bangladeshi migrant workers, it said. Remittances from the Middle East account for a substantial 58.9

percent of total remittances and are a key source of income for the "Accordingly, we have downgraded Bangladesh's remittance

growth forecast to just 1 percent in fiscal 2015-16, down from the

The rise in security threats over recent months and a poor business environment will pose downthe region contracted on a yearly side risks to the Bangladeshi economy and its external sector as "As such, we have revised our these factors could curb investforecast upwards, and now expect ment and weigh on the tourism

China telecom giant ZTE faces US 'restrictions'

AFP, Shanghai

Chinese telecommunications equipment giant ZTE said on Monday that it is facing US government restrictions, after a media report that the company allegedly violated US export controls on Iran.

request over the "United States Commerce Department's proposal to implement export restrictions on the company" but gave no further details.

telecom equipment maker.

News agency Reuters reported In statements to the Hong that the restrictions mean ZTE's Kong and Shenzhen stock suppliers must apply for an exchanges, ZTE said trading in export licence before shipping

its shares had been halted at its any US-made equipment or parts to the Chinese company.

The report, which quoted documents and a senior official at the US Commerce Department, said the measures will ZTE is China's second-biggest take effect on Tuesday.

Asked about the issue, China's foreign ministry on Monday criticised US government actions against the country's companies.

These included programmes for family planning, female stipends and awareness building and microcredit.

All these led to increased empowerment of women and destruction of numerous myths on what women can and cannot do, Hussain added.

Women's economic

footprints are growing

For instance, the rapid rise in the number of women propri-

etors in the decade ending 2013 is a result of many govern-

mental and social interventions that sought to bring

women out of their homes and early wedlock into the main-

stream economic landscape.

Some 33 percent of the heads of the women-owned economic establishments are educated up to primary level and 31 percent passed the lower secondary level, according to BBS statistics.

Some 14 percent did not have any formal education, while only 3.94 percent are educated up to the graduate level or above. Due to low levels of education among women, the num-

ber of women-owned permanent economic establishments has not increased much. Permanent establishment is an economic unit outside

the household with a fixed location and a permanent structure. In 2013, women-owned permanent establishments stood at 59,793, up 38 percent from 2003. This means the

average yearly increase was 3.8 percent. The total number of persons engaged in economic activities is 2.45 crore, of which 83.46 percent are male and 16.45

percent female. Of the 40.52 lakh women engaged in economic activities, 25.74 lakh are in manufacturing, largely the garment

sector. This figure implies that the males have strong dominance in the job market, while the females are still insignificant,

said the BBS. Full-time female workers stood at 30 lakh in 2013, a

fourfold increase from 2003. "While the gender barriers are breaking, there is still a long way to go. Women participation rate is still abysmal,"

Hussain said. "Women's participation diminishes rapidly as we move up the social, political and business ladders. The social,

psychological and legal barriers to women's integration into the mainstream are far from being gone," he added.

Hong Kong firm to invest \$30m in Ishwardi EPZ

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Hoi Bun Fashions will have a production capacity of 10.4 million pieces of garment items a year, and will create employment opportunities for about 3,750 Bangladeshis. An agreement to set up the new unit was signed at the

Bepza Complex in Dhaka yesterday.

Abdul Halim Molla, member (investment promotion) of Bepza, and Waseem Mohd Siddiqui, a director of Hoi Bun Fashions, signed the deal, while Major General Mohd Habibur Rahman Khan, executive chairman of Bepza, was also present.

ILO to double Better Work coverage

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The programme is a partnership between the ILO and the World Bank's private sector arm, the International Finance Corporation, and is currently running in eight countries.

The aim of the programme is to improve labour standards and competitiveness in global supply chains.

The garment sector is the driving force of the economy, said Md Mujibul Haque, state minister for labour and employment, at the Better Work Bangladesh's first stakeholder and buyer forum at a city hotel yesterday.

"We welcome Better Work's approach of seeking to boost industry competitiveness while improving the lives of the workers," he added.

stakeholders took stock of the demands from buyers and cusprogress and discussed the tomers, she added. future direction and activities of the initiative.

In a short time, the Better Work Programme has gained excellent support from the government, workers and employers alike, said Srinivasa Reddy, the country director of ILO.

"We look forward to deepening and widening this engagement in the years to come," he added.

Wendy Jo Werner, country director of the IFC, said: "Through Better Work we seek to improve working conditions and competiveness in the Bangladesh garment sector."

This will contribute to greater

During the two-day confer- resilience to global economic ence that began on Sunday, the trends as well as increasing Examples of Better Work

activities in Bangladesh include assessments and advisory visits conducted to develop compliance improvement plans, the statement said. Training is taking place on

supervisory skills, financial literacy, industrial relations and workplace cooperation. Support has been provided to help build capacity of the government labour inspectors.

In addition, draft guidelines have also been developed for forming safety committees in coordination with the Accord and Alliance, the two platforms of international retailers.

Philips adds four new distributors

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cities, said Bapna.

Consumers will now have easy access to genuine Philips products that will be sold with all the offers, including warranty and after-sales services, said Sanjay Bapna, chief executive officer of Philips Bangladesh. "Since the introduction of our personal health portfolio

consumers." "We endeavour to make sure that we are as close to the consumers as possible," Bapna said. The company has established a strong retail footprint for its products focused on personal health and is offering these through more than 1,000 touch points in all major

last year, we have received an overwhelming response from

In the next few years, the company plans to increase the number of touch points to over 10,000 in top 20 towns. Bapna said they are keen to invest in Bangladesh.

"Tax is a very important issue. Though consumption is increasing, the number is not enough to establish a plant for this market alone."



Eleash Mridha, a director of Pran, unveils three varieties of yogurt products of the company at an event at Pran-RFL Centre in Dhaka yesterday. Anisur Rahman, chief operating officer of Pran Dairy, was also present.