

# China's economic growth slows to record low: poll

AFP, Shanghai

China's growth slipped to a new seven-year low of 6.6 percent in the second quarter, according to an AFP survey, despite government efforts to spur activity in the world's second-largest economy.

The forecast for expansion in gross domestic product (GDP), based on a poll of 17 economists, represents an easing from 6.7 percent in the first three months of the year.

As the world's biggest trader in goods China is crucial to the global economy and its performance affects partners from Australia to Zambia. Investors worldwide have been worried by its slowing growth.

"Momentum remains downward, so if the government would like to maintain a 6.5 percent minimum growth rate in the next several years, more aggressive stimulus will be needed," Brian Jackson, Beijing-based economist at IHS Economics, told AFP.

The slowdown comes as policymakers seek to retool the economy, embracing weaker growth as a trade-off for structural reforms to wean the country off cheap exports and massive government spending in favour of domestic consumption.

GDP expanded 6.9 percent in 2015 -- its weakest in a quarter of a century -- and the government has targeted growth in a range of 6.5-7.0 percent for this year. The AFP poll forecasts China will just meet the goal, predicting 6.6 percent.

Official Chinese figures are viewed with widespread scepticism, and just days ago the government altered its growth calculation method for the second time in less than a year.

"China's quarterly GDP releases are being greeted with increasing scepticism and for good reason," Capital Economics said in a recent research report.

"The speed of growth that it points to is increasingly hard to believe given the clear structural drags that the economy is facing."

Still, most wave off fears of a "hard landing" for China.

"We expect data for the second quarter of 2016 to further reinforce our view that China has



Construction workers take a break at a construction site in Beijing yesterday.

not collapsed," PNC Financial Services Group senior international economist Bill Adams said in a research note, though he added the country still faces "daunting challenges".

Lower commodity prices, a decline in private spending and weak exports all dragged on the economy in the April-June period, analysts said.

Adding to the uncertainty, recent flooding in China could cut into industrial production although at the same time give the government the opportunity to build infrastructure for water control, which could be positive for longer-term growth.

"Infrastructure will likely remain a key sector that policy makers rely on to stabilise growth," Rong Jing, an economist at BNP Paribas in Beijing, told AFP.

Britain's decision to exit the European Union, could actually benefit China, some analysts argue.

"If 'Brexit' results in slower growth in the UK and anxiety in the developed West and in emerg-

ing Europe, the Chinese share of global growth could rise even higher," Andy Rothman, investment strategist at Matthews Asia, said in a research note.

In order to maintain expansion, the central bank must maintain its loose monetary policy, possibly by again cutting the proportion of funds banks must set aside as reserves as well as interest rates -- which it has already lowered six times since late 2014.

An annual summer gathering of Chinese leaders at the beach resort of Beidaihe could yield other economic policies after the State Council, or cabinet, called for support to boost private investment, analysts said.

"The government is likely to introduce further loosening but not necessarily strong stimulus," Zhao Yang, an economist at Nomura in Hong Kong, told AFP.

"Economic growth will likely continue to slow down in the next two to three years," he said, adding the level could drop to 5.0 percent or even less.

# Terrorists, traffickers use US shell companies: Treasury

AFP, Washington

Terrorist groups and drug traffickers are using anonymously owned US shell companies to hide and move their money, a senior Treasury official warned Tuesday, calling on Congress to crack down.

"With every threat that we track, be it foreign terrorists, narcotics cartels, sanctioned regimes or cyber hackers, our investigators encounter American shell companies used to hide and move money," wrote Adam Szubin, the acting under secretary for terrorism and financial intelligence, in an opinion article.

"A loophole in our financial system allowed for this secrecy, and it took years to uncover the full money trail," he wrote in The Hill, a specialized publication on congressional affairs.

The Treasury proposed to Congress last month legislation that would require the beneficial owner of a company to be identified whenever a US company is formed.

Currently a number of states officially

permit companies to be formed and registered with their beneficial owners remaining anonymous. "This gives US shell companies the dubious distinction of being the only money laundering method where secrecy is provided by a government entity," Szubin wrote.

He recalled that stopping terror financing and money laundering have been broadly supported by Congress, but over the years "interested stakeholders" have systematically defeated legislation similar to the Treasury's recent proposal.

"This is simply unacceptable."

The United States and other major countries have stepped up a global effort to end tax evasion and money laundering, especially after the release of the "Panama Papers" that exposed the widespread use of shell companies.

In mid-April, the Group of 20 economic powers, including the US, recommended the adoption of measures to improve financial transparency and tackle loopholes such as shell companies.

# EU's Moscovici urges 'zero sanctions' for Portugal, Spain

AFP, Paris

European Commission economy chief Pierre Moscovici on Wednesday indicated he wants to see eurozone deficit miscreants Spain and Portugal escape sanctions.

The EU on Tuesday threatened both countries with swingeing fines for failing to fix years of high deficits, although Brussels has previously avoided wielding its disciplinary powers for budgetary overshooting.

"I hope we shall be capable of going towards zero sanctions once Spain and Portugal give us good guarantees" that they are trying to bring spending into line, Moscovici told Europe 1 radio.

The European Commission, the EU's executive arm, has 20 days to decide on sanctions after eurozone finance ministers found Lisbon and Madrid had not taken "effective action" to bring down their deficits.

Both countries, who now must lobby the EU to plead their case, could face fines of up to 0.2 percent of GDP -- nearly 2.2 billion euros (\$2.4 billion) in Spain's case and 360 million euros for Portugal based on 2015 data under an "excessive deficit procedure."

Both countries have been battling to rein in spending, having been hit hard by the eurozone debt crisis.

# EU to use 'all defences' against China steel exports: Juncker

AFP, Beijing

EU Commission head Jean-Claude Juncker said Wednesday that the bloc would use all possible means to protect itself from a flood of Chinese steel imports blamed for turmoil in global markets.

China, which makes more than half the world's steel, is widely accused in Europe of dumping its production on world markets and violating trade agreements at the expense of local jobs. "The EU will defend its steel industry. We are not defenceless, and we will use all the means at our disposal," Juncker told reporters in Beijing.

He said there was a "clear link" between China cutting steel overcapacity and the EU granting it "market economy status" -- a prize eagerly sought by Beijing.

China has been pressing the EU to grant it the status -- which would make it harder for the bloc to levy anti-dumping tariffs -- before the year's end, citing World Trade Organisation rules. Juncker said that the EU had "not made up its mind"



An employee works at a steel factory in Dalian, China.

on the matter, but would do so following an "impact assessment".

Chinese steel exports to the EU rose 28 percent in the first quarter of this year, while prices dropped by more than 30 percent, he cited official statistics as saying.

The Commission chief spoke after an annual EU-China business

summit, where he hailed a "new era of bilateral relations", but added it "must take into account the importance of steel around the world".

The EU, the second-biggest steel producer, has launched a dumping probe into Chinese steel. But angry manufacturers urge it to copy the US in introduc-

ing tough tariffs.

Beijing says reducing overcapacity and cutting state-subsidies to the steel sector are top priorities in its economic reform drive.

But foreign governments say they have seen little movement towards implementation.

Chinese Premier Li Keqiang defended his government to the summit, saying that overcapacity and falling commodity prices were not "triggered by any one country".

"This requires us to all help each other," he added. European Trade Commissioner Cecilia Malmstrom said there was "urgent pressure" for China to curb its excess capacity at the annual meeting.

She called for non-viable companies to exit the market through bankruptcies, and the elimination of state subsidies.

"The overcapacity issue, particularly in the steel sector, needlessly pits workers in China and the European Union against each other," she said. "The ultimate solution can only come from a more market-based approach."

# Bank of England mulls rate cut after vote for Brexit

AFP, London

The Bank of England is mulling whether to cut interest rates for the first time in over seven years to curb economic fallout from Britain's vote to exit the EU.

The BoE on Thursday concludes its first interest-rate meeting since Britain voted on June 23 to exit the European Union and subsequent comments by governor Mark Carney that "some monetary policy easing will likely be required over the summer".

Jonathan Loyne, economist at Capital Economics research group, said "given that the biggest near-term threat to the economy is uncertainty and its adverse effects on confidence, an interest rate cut" could help to re-assure households and markets following the referendum result.

While markets are pricing in a cut as early as this week, some analysts believe a drop in the BoE's main lending rate from 0.50 percent to a new record-low of 0.25 percent or even zero may not occur until August.

This they say is owing to Theresa May's quick appointment as prime minister having reduced some of the political uncertainty that has gripped Britain since the shock referendum result.

Whether or not a rate cut occurs Thursday or in August, markets expect that by the end of the British summer the BoE will unveil a fresh means of stimulating the economy, as the government heads into tough negotiations on quitting the EU.

Analysts suggest there could for example be some more cash stimulus pumped around the British economy to encourage lending by commercial banks.

The central bank's quantitative easing (QE) programme, launched alongside record-low interest rates during the global financial crisis, has enabled an additional £375 billion (\$494 billion, 445 billion euros) to move through the economy.

The BoE has already taken steps to calm fears over Brexit's economic fallout when it last week relaxed commercial banks' capital requirements to boost lending to businesses and households.

The move -- which came as the bank's governor Mark Carney warned that risks to financial stability were materialising following the referendum result -- will boost lending by up to £150 billion and reduce banks' regulatory capital buffers by £5.7 billion.

Addressing MPs for a regular update Tuesday, Carney said demand for credit was set to drop because of uncertainty created by Brexit, adding that the £150 billion lending-boost would be "part of a series of measures" going forward. Since Brexit, the BoE has also vowed to pump at least £250 billion into money markets if needed to prevent a damaging credit crunch.

Finance minister George Osborne has meanwhile said that the Treasury could expand the so-called Funding for Lending scheme, which provides cheap finance to banks in exchange for increased lending.

**Government of the People's Republic of Bangladesh**  
Ministry of Education

**Selection of International Consulting Firm for Feasibility Study and Design & Drawing of Twenty-Two Storied DSHE Building under Secondary Education Sector Investment Program (SESIP)**

**Request for Expression of Interest (REOI) for Short-listing of International Firms for Feasibility Study and Design & Drawing of Twenty-Two Storied DSHE Building**

Memo No. DSHE/SESIP/SPSU/2-159/DSHE building/2015/713 Date: 30.06.2016

The Directorate of Secondary and Higher Education (DSHE) has been allocated public funds from the Government of the People's Republic of Bangladesh (GOB) and the Asian Development Bank (ADB) towards the cost of Secondary Education Sector Investment Program (SESIP) and, intends to apply part of the proceeds of these funds under the ADB Loan No. L-3047-BAN, Tranche-1, to eligible payments to the selected Consulting Firm under the consultancy services for the program for which this REOI is issued.

2. SESIP will support the government's reform of secondary education into a system that builds the foundation for a skilled labour force and prepares youths to meet the requirements of a rapidly developing economy. The program has been designed to make the secondary education more relevant to job market and thus it would reduce the percentage of people living below the poverty line. This would help achieving the target status of the middle income country by 2021 as set forth in 2021 vision. The overall objective of the SESIP is "to reduce the poverty in Bangladesh by establishing a more relevant secondary education in terms of quality, efficiency and equity through improving the secondary education sector as a whole."
3. The duration of the assignment for the consultancy services for this **Phase I** under Time-based Contract is twelve (12) months.
- Phase I:** Feasibility Study with Land Survey and Investigation, Preliminary designs and drawings, Working designs and drawings, Quantity estimating, Preparation of BOQ and Bidding documents including all others as provisioned in the TOR.
  - Feasibility Study: six (6) months
  - Completion of detailed drawing and design: six (6) months.
- The consulting services will be carried out over a period of twelve (12) months i.e. until December, 2017, comprising of 76 person-months of inputs including 9 person-months of International Expertise and 67 person-months of National Expertise for **Phase I** as detailed in Table 1 under Para 16 of the relevant TOR. The location of the assignment will be Dhaka, Bangladesh and the construction site will be at 16, Abdul Ghani Road, Dhaka. The Ministry of Education (MOE), GOB will be the Executing Agency (EA) and DSHE under MOE, GOB will be the Implementing Agency (IA).
4. DSHE now invites eligible International Consulting Firms to submit EOI for Consultancy Services for SESIP for **'Feasibility Study and Design & Drawing of Twenty-Two Storied DSHE Building'** under the financing agreement between ADB and the GOB. Eligible International Consulting Firms should submit their EOIs either through ADB's consultant management system at <http://cms.adb.org> or electronically via e-mail to: [jpd.sesip@gmail.com](mailto:jpd.sesip@gmail.com) or in hardcopy to the address of the undersigned.
- "Expression of Interest (EOI): Feasibility Study and Design & Drawing of Twenty-Two Storied DSHE Building"** for Secondary Education Sector Investment Program" should appear on the envelope. The Firms must prepare and submit their EOIs in a standard form, "Template for Expression of Interest (Consulting Firms)", which can be obtained by contacting the office of the Joint Program Director at the address indicated below or downloading from the ADB website <http://www.adb.org/Consulting/toolkit-template.asp>.
5. The scope of work and detailed Terms of Reference (TOR) can be obtained by contacting the office of the Joint Program Director, SPSU during regular office hours or can be downloaded from DSHE's website (<http://www.dshe.gov.bd>).
6. A group of consulting firms may form an association to express interest together and, have their qualifications and experience considered jointly. Associations may take the form of joint ventures or sub-consultancies.
7. The short listing will follow the "Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers, March 2013" including revisions, if any. The Consultant will be selected using Quality and Cost Based Selection (QCBS) Method. The EOI from the consulting firm will be rejected if it or its associated firm has been debarred by the GOB or the ADB.
8. In addition to eligibility criteria and others as appropriate, short listing will be carried out, apart from management capacity and financial soundness, by the following major criteria as in the ADB EOI Template for Consulting Firms:
  - **Technical Competence**  
Must have experience in feasibility study, design and drawing of at least 15-storied functional buildings.
  - **Geographical Experience**  
Must have proven experience of carrying out feasibility study, design and drawing of multistoried functional buildings in South Asian countries.
  - **Management Competence**  
Must have been operational for at least last ten (10) years in consulting industries.
9. The EOI must be submitted as stated under Para 4 above by 15:00 hours of Bangladesh Standard Time (BST) on 12 August 2016.
10. The procuring entity reserves the right to accept or reject any or all the EOIs without assigning any reason thereof.

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