

Brexit is risk to global growth, says G20

AFP, Chengdu, China
Britain's vote to leave the European Union heightens risks for the world economy, finance chiefs from the G20 group of leading countries said Sunday.

The outcome of June's referendum "adds to the uncertainty in the global economy", they said in a communique after a meeting of central bankers and government officials in the Chinese city of Chengdu.

But they insisted that G20 countries were "well positioned to proactively address the potential economic and financial consequences" of the vote, adding: "In the future, we hope to see the UK as a close partner of the EU."

The G20 cited several other factors complicating the global economic environment, among them "geopolitical conflicts, terrorism and refugee flows".

But participants said Brexit was at the forefront of concerns at the meeting in Chengdu, the last before the G20 summit in September.

Philip Hammond, Britain's finance minister, told reporters the subject had come up "a great deal".

"The reality is there will be a measure of uncertainty continuing right up to the conclusion of our negotiations with the EU," he said.

Before the meeting, the International Monetary Fund (IMF) upgraded its forecasts for global growth this year and next by 0.1 percentage points, to 3.1 percent and 3.4 percent respectively.

"Brexit" marks the materialisation of an important downside risk to global growth, IMF staff said in a report, adding that as it was "still very much unfolding, more negative outcomes are a distinct possibility".

Officials in Chengdu said protracted or acrimonious talks

between the EU and Britain over the departure could heighten the dangers.

US Treasury Secretary Jacob Lew stressed to his European and British counterparts "the need for negotiations to take place in a smooth, pragmatic and transparent manner".

"A highly integrated relationship between the UK and the EU is in the best interests of Europe, the United States and the global economy," he told journalists after the meeting.

Other challenges threaten: a slowdown in the Chinese economy, as well as terrorist attacks and the failed coup in Turkey.

Earlier this month 84 people were killed in the French city of Nice when a Tunisian truck driver -- suspected to be inspired by the Islamic State jihadist group -- ploughed his vehicle through crowds.

On Friday, a German-Iranian gunman described as "obsessed"

with mass killers shot dead nine people in the German city of Munich before killing himself.

"We condemn, in the strongest possible terms, the recent terrorist attacks," the communique said. "We reaffirm our solidarity and resolve in the fight against terrorism in all its forms and wherever it occurs."

French Finance Minister Michel Sapin told AFP that terrorism had become an economic risk: "Today the frequency of attacks creates a new situation of uncertainty, which is at least as damaging as regional destabilisations or a regional conflict."

But the communique did not mention the failed attempt to depose Turkey's President Recep Tayyip Erdogan or his subsequent widespread crackdown on opponents.

Officials said the Turkish delegation had demanded an explicit statement of support for Erdogan's government, but some other repre-

sentatives had demurred.

Concerns about slowing growth in China, the world's second largest economy, have receded into the background at the G20 in the face of other threats.

Beijing is embarked on a fundamental transition intended to make domestic consumption the key economic driver instead of massive public spending and cheap exports.

The communique repeated a pledge from an earlier meeting in the Chinese commercial hub Shanghai in February, that G20 countries would use "all policy tools", including monetary easing, fiscal spending and structural change, to boost growth.

But it added action could be taken "individually and collectively" and called for "inclusive growth" to bring in those left out of economic prosperity.

Fiscally rigorous Germany in particular is reluctant to endorse the use of government spending to boost growth, seeing it as ineffective.



Finance ministers and central bank governors pose for a "family photo" at the G20 finance ministers meeting in China yesterday.



Major General Mohd Habibur Rahman Khan, executive chairman of Bangladesh Export Processing Zones Authority (Bepza), attends a discussion on Bepza's efforts to ensure security of the investors of the export processing zones and expatriates, at the Bepza Complex in Dhaka on Thursday.

Italy has 'no banking problem': finance minister

AFP, Chengdu, China

Italy does not have a problem with its banks, finance minister Pier Carlo Padoa-Schioppa said Sunday, despite investors fretting about nearly \$400 billion of bad debts weighing down the sector.

Fears of a renewed eurozone debt crisis are rife on the financial markets if Italy does not address the 360 billion euros (\$398 billion) in bad debt sitting in its banks.

Markets have turned sour on several Italian banks, most notably Italy's number-three lender and the world's oldest bank, Banca Monte Paschi.

But Padoa-Schioppa sought to calm nerves on the sidelines of a G20 finance chiefs meeting in the Chinese city of Chengdu.

"All the countries should relax: there is no Italian banking problem," he told AFP.

"There is an economy which has been in recession for three years, there is accumulated non-performing loans, which have been dealt with," he said.

The numbers that were "floating around" were "vastly exaggerated", he added, saying that "a few cases" would be "adjusted".

New eurozone rules limit the use of public money to bail out banks unless investors are required to bear part of the burden, potentially restricting Rome's scope to intervene.

A scheme to rescue Greek private banks a year ago came with demands that the rescued lenders must dispose of assets and cut jobs.

But Padoa-Schioppa insisted that there were "no tensions" between Italy and the European Commission on the issue.

"We are not on a bail-out regime, we are in a bail-in regime, and all the instruments that are considered are within those rules," he said. "There is no need to bail out anybody."

Bad debts restrict economic growth as they reduce the amount of money banks have available to lend, while a banking failure can send shockwaves through the real economy if companies find their access to funds cut off, or debts are called in.

The Italian banking issue was discussed by the G20 meeting, and EU economy chief Pierre Moscovici said that the solution had to be compliant with the EU's common rules.

The messages from the Italian representatives had been "quite affirmative and reassuring", he added.

US officials said that Treasury Secretary Jacob Lew and Padoa-Schioppa had discussed "recent developments in the European banking sector" on the sidelines of the G20 gathering.

In a statement, the US Treasury said that Lew had "noted that while Europe's banking system is stronger as a whole due to reforms put in place in recent years, more work remains".

Clouds gather for Turkey economy after attempted coup

AFP, Ankara

A 6 percent loss in value of its currency, a plunge on the stock market and a downgrade by a key ratings agency.

The last week alone has shown that life is not going to be easy for Turkey's economy after the coup aimed at unseating President Recep Tayyip Erdogan from power.

But economists say a sharply lower economic performance including a recession is not inevitable and avoiding doom-laden scenarios largely rests on the choices Erdogan and his government make.

Since the coup more than a week ago, the lira lost six percent of its value against the US dollar. More than 10 percent in value has been wiped off the stock market.

"Turkey's ultimate fragility is the fact that it cannot afford to see the currency go where it may," Michael Harris, Turkey strategist and head of research at Renaissance Capital told AFP. He said in countries from Britain to South Africa falls in the value of currency mean people would lose money but do not alter the macroeconomic dynamics in a substantial way like in Turkey.

Instead, in a country that has experienced high inflation, a weaker exchange rate risks placing further upward pressure on con-

sumer prices.

The authorities have had some success in pushing down inflation in recent months, reaching 6.57 percent in May.

"In Turkey if the currency falls too much, it's very painful for Turkish corporates. And that then leads to the recessionary scenario," said Harris.

Turkey experienced a banking crisis in the early 1990s and high inflation followed by a full financial crisis in 2000-2001 that nearly sent the economy into meltdown.

For many Turks, the six zeros on a bank note and needing to be lira millionaires to make simple purchases is a painful memory.

Since the ruling Justice and Development Party (AKP) co-founded by Erdogan, came to power in 2002, Turks have grown accustomed to solid GDP growth, outperforming fellow emerging markets excluding India and China.

But that could soon come to an end, said William Jackson, senior emerging markets economist at Capital Economics, warning of a potential recession.

"I think if growth and incomes were to weaken, potentially we can see some rise in non-performing loans and tighter credit conditions," he told AFP.

"So there are quite a number of

factors that could lead to a sharp slowdown in the economy at some point in the next few years -- potentially even a recession."

The economy was set to grow by 3.5 to 4 percent this year according to the International Monetary Fund, and so far this year growth has remained robust supported by high government spending and low oil prices.

Externally, however, Turkey has long been vulnerable to any sudden shifts in investor sentiment towards a country which has long run a bloated current account deficit.

This makes it reliant on 'hot flows' of capital which could suddenly dry up in the wake of a serious political or economic drama.

A relentless crackdown on suspected coup plotters has sparked concern Erdogan will use the current climate to push through his plan for an executive presidency that would further bolster his powers and also worry investors.

"They (Turkish government) have to make the right policy choices. If it's just about punishment and stabilisation then we'll get through this," Harris said.

"If it's about the catalyst for trying to become president for life, the transition will be quite turbulent, quite long lasting I would have thought."

Low growth, weak trade sap German chemical industry

AFP, Frankfurt

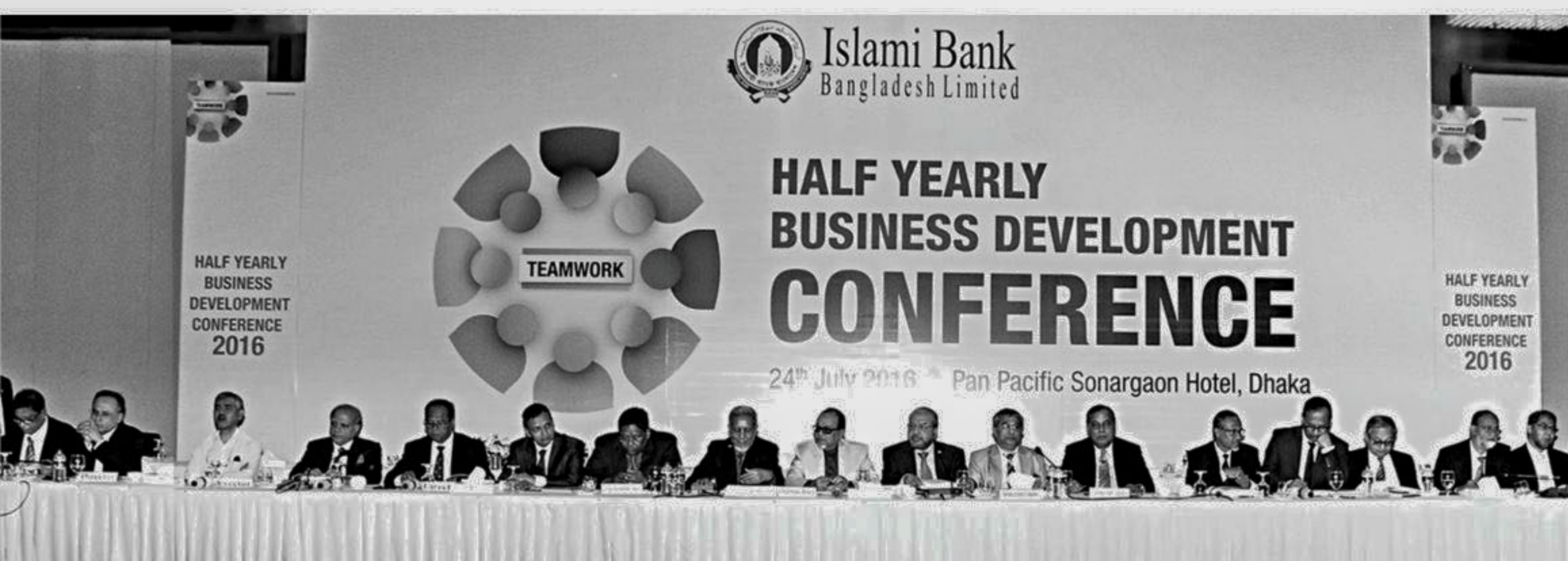
Germany's powerful chemicals sector will see a bigger decline in sales over 2016 than previously thought as weak global growth and trade undermine prices, the VCI industry federation said on Friday.

"Negative factors, such as weak growth in the emerging economies, little momentum in overall global trade, and the end of the worldwide investment boom" are weighing on Germany's third-largest industrial sector, president Marijn Dekkers said.

While production stagnated in the six months to June, sales in the sector fell to 90.4 billion euros (\$100 billion) -- or a drop of 3.5 percent from the same period in 2015 --, the VCI said in its half-year report.

The positive effects for the sector of low oil prices and the weak euro were waning.

In addition, economic uncertainty sparked by Britain's June vote to leave the EU, and increased volatility in both raw materials prices and exchange rates "create difficult conditions for solid growth in the sector," said Dekkers.



Mustafa Anwar, chairman of Islami Bank Bangladesh, attends the half-yearly business development conference of the bank, in Dhaka yesterday. Mohammad Abdul Mannan, managing director, presided over the event.

ER Eastern Refinery Limited
(A Subsidiary of Bangladesh Petroleum Corporation)
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Invitation for International Tender

Government of the People's Republic of Bangladesh

| | | |
|---------------------------------|--|---|
| 1 | Ministry/Division | Ministry of Power, Energy and Mineral Resources/Energy and Mineral Resource. |
| 2 | Agency | Bangladesh Petroleum Corporation. |
| 3 | Purchaser name | Eastern Refinery Limited (On behalf of Bangladesh Petroleum Corporation). |
| 4 | Purchaser code | Not applicable. |
| 5 | Purchaser district | Chittagong |
| 6 | Invitation for | Supply, Installation, Testing and Commissioning of a process boiler (25MT/HR) at ERL. |
| 7 | Invitation Ref No. | ER/OPRN/BOILER-25/2016 |
| 8 | Date | July 20, 2016 |
| KEY INFORMATION | | |
| 9 | Procurement method | Open Tendering, Single Stage, Double envelope. |
| FUNDING INFORMATION | | |
| 10 | Budget and source of funds | Bangladesh Petroleum Corporation. |
| 11 | Development partners (if applicable) | Not applicable. |
| PARTICULAR INFORMATION | | |
| 12 | Project/program code (if applicable) | Not applicable. |
| 13 | Project/program name (if applicable) | Not applicable. |
| 14 | Tender package No. | Not applicable. |
| 15 | Tender package name | Not applicable. |
| 16 | Tender publication date | July 25, 2016 |
| 17 | Tender last selling date | September 07, 2016 |
| 18 | Tender closing date and time | September 08, 2016, 14:30 hrs. |
| 19 | Tender opening date and time | September 08, 2016, 15:00 hrs. |
| 20 | Name & address of the office(s) | Address |
| | -- Selling tender document (principal) | Accounts Officer (Cash), Eastern Refinery Limited, North Patenga, Chittagong, Bangladesh Phone: 880-31-2501261-7. |
| | -- Selling tender document (others) | ERL Liaison Office, YMCA Bhaban, 2nd Floor, 1/1, Pioneer Road, Kakrail, Dhaka-1000, Bangladesh. Phone: 880-02-8391990-1 |
| | -- Receiving tender document | Board Room, 1st Floor, Registered Office, Eastern Refinery Limited, North Patenga, Chittagong-4204, Bangladesh. |
| | -- Opening tender document | Board Room, 1st Floor, Registered Office, Eastern Refinery Limited, North Patenga, Chittagong-4204, Bangladesh. |
| 21 | Place/date/time of pre-tender meeting (optional) | Not applicable. |
| INFORMATION FOR TENDERER | | |
| 22 | Eligibility of tenderer | All countries except Israel are eligible. |
| 23 | Brief description of goods or works | Supply of a process boiler having capacity 25MT/HR steam production capacity at 12.5 bar pressure. |
| 24 | Brief description of related services | Installation, Testing and Commissioning of a process boiler having capacity 25MT/HR steam production capacity at 12.5 bar pressure. |
| 25 | Price of tender document (Tk) | Tk 5000.00 (five thousand). |
| 26 | Lot No. | Identification of lot Location Tender security amount (Tk)/USD Completion time in weeks/months |
| | 1 | ER/OPRN/BOILER-25/2016 Eastern Refinery Limited, North Patenga, Chittagong-4204, Bangladesh BDT 20,00,000 (twenty lac)/US Dollar 25600 twenty-five thousand and six hundred) a) Delivery of goods: 40 weeks from the effective date of letter of credit. b) Completion of related services: 60 days |
| PURCHASER DETAILS | | |
| 27 | Name of official inviting tender | Md Shahirul Hassan. |
| 28 | Designation of official inviting tender | DGM (F&A) and Authorized Representative. |
| 29 | Address of official inviting tender | Eastern Refinery Limited, North Patenga, Chittagong-4204, Bangladesh. |
| 30 | Contact details official inviting tender | Telephone No: 880-31-2501261-67, Fax No: 880-31-250126; Email: hassansahirul@gmail.com.bd; md-office@erl.com.bd |
| 31 | a) b) | The purchaser reserves the right to reject all tenders or annul the tender proceedings. If it is not possible to receive/open the tender on the scheduled date for any unavoidable circumstances, the same will be received/opened on the next working day at the same time and same venue. |

GD-1491