

# WTO drastically cuts global trade forecast

AFP, Geneva

The World Trade Organization Tuesday downshifted its global trade forecast, warning that anti-globalisation rhetoric and Brexit were pushing trade growth to its slowest pace since the financial crisis.

The warning comes as talks on a landmark free trade deal between the European Union and United States battle stiff opposition and as Britain's EU exit causes jitters.

The WTO said that global trade was now estimated to expand by just 1.7 percent this year, compared to its April projection of 2.8 percent.

The new figure is also a far cry from a projection a year ago that trade would swell by 3.9 percent this year.

Describing it as "wake-up call", the Geneva-based global trade body said growth had fallen to its slowest pace in around seven years when the global financial crisis hit. "With expected global GDP (gross domestic product) growth of 2.2 percent in 2016, this year would mark the slowest pace of trade and output growth since the financial crisis of 2009," the trade body said in a statement.

Looking ahead, the WTO said several issues, including Brexit's possible impact, had now cast a shadow and it

had revised down its 2017 forecast.

Trade is now expected to grow between 1.8-3.1 percent, down from the previously anticipated 3.6 percent, said the WTO, which sets the rules of global commerce.

Also clouding the outlook, the WTO said, is "the possibility that growing anti-trade rhetoric will increasingly be reflected in trade policy" as well as financial volatility due to monetary policy changes in developed countries.

"The recent run of weak trade and economic growth suggests the need for a better understanding of changing global economic relationships," it said.

It warned that "creeping protectionism", coupled with lacking trade liberalisation and perhaps the growing role of the digital economy and e-commerce might help explain the recent declining ratio of trade growth to GDP growth.

Last week, the Paris-based Organisation for Economic Cooperation and Development said Britain -- the world's fifth-biggest economy -- was poised to take a major hit next year from its decision to leave the EU.

The WTO said that the main impact of the shock vote in June had been on the value of the pound and

noted that it had not sparked an immediate economic downturn.

But, it added: "Effects over the longer term remain to be seen. Economic forecasts for the UK in 2017 range from fairly optimistic to quite pessimistic."

The WTO said the downgrade followed a sharper-than-expected decline in merchandise trade volumes in the first quarter, and a smaller-than-expected rebound in the second quarter.

The contraction, it said, was driven especially by slowing economic and trade growth in developing economies like China and Brazil.

China's banking sector debt came into the crosshairs earlier this month of the global central bank watchdog, the Bank for International Settlements, fuelling fresh fears about the world's second biggest economy.

But, said the WTO, North America, which showed the strongest import growth of any region between 2014 and 2015, was also hit by deceleration.

"The dramatic slowing of trade growth is serious and should serve as a wake-up call," WTO director general Robert Azevedo warned in the statement. "It is particularly concerning in the context of growing anti-globalisation sentiment," he added, cautioning against this translating into "misguided policies".



Civil Aviation and Tourism Minister Rashed Khan Menon poses with the officials and staff of Pan Pacific Sonargaon Hotel in Dhaka yesterday during a rally to observe World Tourism Day.

# Chinese user says new Samsung Note 7 exploded

AFP, Beijing

A Chinese user of the Samsung Note 7 said Tuesday his device exploded while charging, raising fears of fresh battery issues hitting the South Korean company's phones after a massive recall.

The news comes after Samsung was forced to recall 2.5 million Note 7 handsets shipped to the US, South Korea and other markets, following complaints that faulty batteries caused the phones to explode while charging. Samsung currently sources batteries

from a number of companies. The electronics giant has not named the maker behind the faulty battery but uses a different supplier for the Chinese market, where sales were not suspended.

Earlier this month, the company investigated two claims that Note 7 phones bought online in China had exploded, but found that the problem was caused by an external heat source, Bloomberg News reported.

In the latest incident on Sunday morning, a Chinese customer who

goes by the name Hui complained that his Note 7 "phablet" -- purchased on Saturday -- exploded and scorched his MacBook nearby.

Footage provided to AFP by Hui shows the phone, attached to a USB charger, melting as smoke wafts off of it.

Samsung representatives offered to refund Hui's money and compensate him for the ruined laptop if he turns in the phone, he said, but he has refused to hand it over because he wants the company "to make a statement about the issue".



Muhammed Aziz Khan, chairman of Summit Group, and Liu Yanbing, vice president of the First Northeast Electric Power Engineering Corporation (NEPC), attend a programme when the operation of Summit Bibiyana II Power Plant has been handed over by NEPC to Summit, after completion of the engineering, procurement and construction phase.

# Labour leaders want justice for victims of factory accidents

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The number of deaths at the workplace has been increasing for an absence of safety and security measures, they said.

Nearly 40 workers were killed in the Tampaco Foils factory in Tongi on September 10. The chemicals and boilers were not stored properly. The workers could not exit when the boiler exploded and the structure collapsed.

It also took more time for fire fighters to douse the fire as chemicals and other goods were scattered around the workplace.

The meeting was chaired by Anwar Hossain, joint coordinator of SKOP.



Anisur Rahman, national sales manager of Transcom Beverages Ltd, and Sayda Saeeda Zaman, CEO of Pizza Inn, exchange the signed documents of a deal at a programme. Transcom Beverages will be the exclusive beverages partner for the brands of Pizza Inn.

# US hits Chinese firm with sanctions over N Korea trade

AFP, Washington

The United States moved to tighten the economic noose around North Korea Monday, charging and sanctioning a firm owned by a prominent Chinese businesswoman for extensive trade ties with the regime.

In a move designed to choke-off North Korea's external economic lifeline, the US government targeted 44-year-old Ma Xiaohong and her vast conglomerate based in China's frontier city of Dandong.

The firm, Dandong Hongxiang, and a host of officials are accused of making up a "key illicit network supporting North Korea's weapons proliferation," according to Treasury sanctions tsar Adam Szubin.

Dandong Hongxiang did more than \$530 million worth of trade with North Korea between 2011 and 2015, according to a report by the Asian Institute for Policy Studies in Seoul and C4ADS in Washington.

That could have been enough to fund North Korea's uranium enrichment facilities, and to design, make, and test its nuclear weapons, the report said.

Some of the items traded included aluminum ingots, aluminum oxide, ammonium paratungstate and tungsten trioxide, materials used in nuclear enrichment centrifuges and missile design.

US officials said Dandong Hongxiang had acted on behalf of Korea Kwangson Banking Corporation, which has already been blacklisted by the United States and United Nations for its support for North Korea's nuclear and other weapons efforts.

The Justice Department placed three other individuals, Zhou Jianshu, Hong

Jinhua and Luo Chuanxu on the sanctions blacklist, banning American individuals or companies from doing business with them.

The department also moved to seize 25 bank accounts controlled by Dandong Hongxiang, on grounds that they "represent property involved in money laundering."

The sanctions came after Pyongyang carried out a series of tests on weapons aimed at developing a missile-borne nuclear weapon.

On September 9 North Korea conducted its fifth nuclear test triggering international outrage and threats of still further sanctions against the deeply isolated nuclear-armed country.

US President Barack Obama recently met his Chinese counterpart Xi Jinping in Hangzhou, China and urged stricter implementation of UN sanctions against North Korea.

He later met premier Li Keqiang in New York "and resolved to strengthen coordination" regarding the Korean peninsula, including "invigorating cooperation... in law enforcement channels on North Korea." Obama's call appears to have been heeded, at least in part.

Shortly after Obama's meeting with Xi, the Chinese authorities also announced they were investigating the company.

Dandong's provincial public security department said it had placed Dandong Hongxiang and its bosses under investigation for "serious economic crimes involved in trade activities."

Ma Xiaohong -- a communist party member -- had been open about her trade with North Korea.

# ADB revises up growth forecast for Bangladesh

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The budget of fiscal 2017 aims to raise revenue equal to 12.4 percent of GDP for financing a larger annual development programme.

Current spending will grow to 9.6 percent of GDP with an increase in public sector salaries and modestly larger subsidies directed mainly to agriculture and social welfare.

The implementation of the new VAT law, which had been scheduled for July 2016, was deferred until July 2017 to allow more time for the private sector to adapt their accounting systems and for greater outreach and education to small business. New revenue enhancing tax measures in fiscal 2017 budget included raising rates on net wealth tax, enhancing the minimum corporate tax, and broadening the base of the existing value added tax by bringing wholesale and retail traders into the tax net.

The revised forecast for export growth is 7 percent in fiscal 2017, reflecting slower growth than projected in Asian Development Outlook 2016 in the US and the euro area, the main textile markets. The import bill is revised to grow at 8 percent in fiscal 2017. The revision takes into account modest import expansion in fiscal 2016 when higher domestic production partly replaced imports.

Imports of capital machinery are expected to pick up on higher investment, while a rebound in demand for raw materials and a projected increase in oil prices were also taken into account. With the low oil price environment continuing, remittance inflows are likely to decline by 3 percent in fiscal 2017. The imposition by Kuwait, Oman, and Saudi Arabia of taxes on remittances will further discourage them. Nonetheless, the current account is expected to show a surplus of 1 percent of GDP in fiscal 2017.

# Truckers' strike disrupts container handling

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The drive resumed on September 24. The vessel—MV Ursula—left the port for Port Kelang of Malaysia, which was supposed to carry 477 TEUs loaded export containers and around 1,000 TEUs empty containers, said Captain AS Chowdhury, executive director of the ship's operating firm Sea Consortium. MV Shasta, another vessel that was scheduled to leave the port yesterday morning, postponed its departure time for technical reasons.

MV Xpress Lhotse, scheduled to leave the port by 7pm yesterday with 670 TEUs containers, has reset its departure time to 6.30am today. A group of leaders of the workers' platform sat with the officials of Chittagong Port Authority yesterday to resolve the issue, Golam Maola, convener of the platform, told The Daily Star.

The strike left about 5,700 TEUS export containers stranded at 16 inland container depots, said Ruhul Amin Sikder, secretary of Bangladesh Inland Container Depots Association. Three more vessels that were waiting at the port jetties for loading 3,500 TEUs export containers would leave the port this afternoon.

The export containers, which would miss the shipment at Chittagong port, would also miss the schedules of bigger vessels at nearby ports, like Port Kelang or Colombo or Singapore, said Khairul Alam Sujjan, director of Bangladesh Freight Forwarders Association.

Export cargoes from Bangladesh are at first taken to these nearby ports and then are loaded there on bigger ships bound for Europe, USE and other destinations.

# High stakes for India's \$84b airwave auction after Vodafone play

REUTERS, Mumbai

Vodafone's \$7.2 billion cash injection into its Indian business has turned up the heat just days ahead of an \$84 billion airwave auction which could decide who wins and loses in one of the world's fastest-growing telecoms markets. Spending may fall well short of that huge target.

But, industry insiders and advisers say, the race for premium spectrum will carve up 4G airwaves, and the spending spurge could even decide the size and timing of one of India's largest listings: Vodafone's own Indian IPO.

India's telecoms sector is crowded, cut-throat and often money-losing. Many carriers struggle under multi-billion dollar debt piles left by past auctions, prompting industry bodies to caution that high prices - as the government scrambles to close its budget deficit - could dampen future investment.

But few players will be able to sit out India's biggest auction, potentially more than double the size of all three past auctions. It will be a test of self-discipline, analysts and industry insiders say, but Vodafone's cash boost is a sign of how high stakes will be when the sale begins on Saturday (Oct 1).

The arrival of Reliance Jio, a carrier backed by oil and gas giant Reliance Industries, has shaken up the sector in the past month, as it injects more than \$20 billion to offer customers free data, calls and subsidised smartphones.

To battle Jio, analysts and industry players say, nationwide premium 4G services are a must. Both Vodafone, number 2 in India,

and third-ranked Idea Cellular have 4G services in just about half of India's 22 telecoms regions.

"For two operators at least, this is the auction to make their data bets clear," said Sanjay Kapoor, former CEO of top mobile carrier Bharti Airtel's India and South Asia operations. Vodafone is "basically telling you 'we are making a bet'."

All eyes are on the premium 700 MHz band spectrum, which is being put on block for the first time and accounts for half the estimated value of the auction. But its steep price - of \$1.7 billion per megahertz - could deter bidders, industry executives say, and interest could shift to the 1800 MHz band that can also do 4G and is available at less than a quarter of the price.

Airtel and Jio have nationwide offerings. But both are also expected to bid, largely to deal with volumes, raising interest and prices.

Ahead of Vodafone's cash injection, analysts had expected more cautious bidding. But the blind auction rarely under-shoots: last year, the government raised a third more than it expected.

"Despite a lot of scepticism, this will be a well participated auction, particularly for the people who do not have a good 4G footprint," said Sandip Das, senior adviser at industry consultant Analysys Mason and a former telecoms executive.

Vodafone has long been expected to list its Indian unit next year - an exercise in increased brand recognition as well as cash raising in a country with 1 billion phone subscriptions. It is expected to raise \$2-\$3 billion and could be India's biggest offering.



Syed M Altaf Hussain, chairman of Pragati Insurance Ltd, presides over a board meeting of the company at its head office in Dhaka yesterday.



Sirajul Islam, a member of the Board of Directors of EXIM Bank, opens the relocated Rajshahi branch of the bank on September 24. Mohammed Haider Ali Miah, managing director, was also present.