

# Protectionism may raise, not cut, trade deficits: ECB

REUTERS, Frankfurt

Protectionist trade policies may increase, rather than reduce, a country's trade deficit, the European Central Bank said in a study on Wednesday, just days after finance chiefs of the world's top 20 economies dropped their pledge for open trade.

Seeking to reduce a large trade deficit, Donald Trump's U.S. administration has proposed a series of protectionist measures, such as new import duties.

The White House also wants to revisit some of its trade relationships, including with key partners Germany and China, which both sell more goods to the United States than they buy from it.

Indeed, the United States has already pulled out of the Trans-Pacific trade deal, asked for a review of the North American Free Trade Agreement and refused to reaffirm its pledge for open and free trade at the G20 meeting last weekend, raising fears that global trade will take a hit.

Yet the authors of the ECB paper -- published in its regular Economic Bulletin -- believe the opposite recipe is needed.

They said liberalizing global trade and importing cheaper intermediate goods improves competitiveness, helping firms keep their cutting edge over international rivals and lifting the country's exports.

"Adopting policies that facilitate innovation and reduce protectionist barriers may help to improve an economy's competitiveness," the ECB paper said. "Multilateral initiatives aimed at trade and financial liberalization may also reduce an economy's external imbalances."

"Participating in global value chains may give an economy a temporary competitive edge that results -- in order to smooth consumption over time -- in a rise in its current account balance," the ECB added.

The study also appeared to dismiss the U.S. administration's claim that countries running big current account surpluses may be using unfair trade practices.

Instead, it argued that countries will view their competitive edge as temporary, behaving with caution as they expect others to liberalize trade to improve their own efficiency and restore competitiveness.

"As a consequence, in order to smooth consumption over time, part of the income gain in the domestic economy will be saved, which improves the current account balance," the ECB added.

It added that if the advantage is perceived as permanent, then the current account balance is likely to deteriorate as consumption and imports rise to match what income levels.

# Singer's furniture fair kicks off today

STAR BUSINESS DESK

A furniture fair begins today on the premises of Giasuddin Islamic Model School and College at Hirajheel in Narayanganj.

The event—Singer Furniture Fair—will continue from 9.30am to 8pm everyday, the company said in a statement yesterday.



Shah A Sarwar, managing director of IFIC Bank, hands a memento and crest to Md Shafiqul Islam, managing director of Islam Garments Ltd, for "keeping trust on IFIC Bank and partnering mutual progress" over the last four decades. Atiqul Islam, former BGMEA president and director of Islam Garments Ltd, also attended the event at the office of Shafiqul Islam at Baridhara in Dhaka on Tuesday.

# Chinese supermarkets pull Brazil meat from shelves as food safety fears grow

REUTERS

Some of China's largest food suppliers have pulled Brazilian beef and poultry from their shelves in the first concrete sign that a deepening scandal over Brazil's meat processing industry is hitting business in its top export market.

The moves by Sun Art Retail Group, China's biggest hypermarket chain, and the Chinese arms of global retail giants Wal-Mart Stores Inc and Metro AG come days after China temporarily

suspended Brazilian meat imports.

Safety fears over Brazilian meat have grown since police accused inspectors in the world's biggest exporter of beef and poultry of taking bribes to allow sales of rotten and salmonella-tainted meats.

A spokeswoman for Sun Art Retail, which operates 400 Chinese hypermarkets, said on Wednesday the chain had removed beef supplied by top Brazilian exporters BRF SA and JBS SA from its shelves from Monday. Brazilian beef accounts

for less than 10 percent of Sun Art's beef supply, she said.

Wal-Mart has also removed Brazilian meat products from its stores, said a person familiar with the matter. He declined to be quoted because of the sensitivity of the matter.

Germany's Metro has withdrawn Brazilian chicken legs and wings from its Chinese stores, said a manager, who declined to be named as he was not allowed to speak to media. The retailer, with 84 stores in China, does not sell Brazilian beef.



Sohail RK Hussain, CEO of City Bank; Farid Masmoudi, director of Islamic Corporation for the Development of the Private Sector, IDB, and Md Ataul Goni Osmani, country director of CodersTrust, attend the signing of a deal at a programme on Tuesday to develop IT related capabilities of Bangladeshi freelancers.



Commerce Minister Tofail Ahmed, Prime Minister's Information Affairs Adviser Iqbal Sobhan Chowdhury, Chairman of Mercantile Bank Foundation Akram Hossain, Mercantile Bank Chairman Shahidul Ahsan and Managing Director Kazi Masihur Rahman pose with the recipients of Mercantile Bank Abdul Jalil Education Scholarship-2015, introduced by Mercantile Bank, at Bangabandhu International Conference Centre in Dhaka yesterday.

# Chinese developers post 2016 profit growth

REUTERS, Hong Kong

Chinese developers China Overseas Land & Investment Ltd and Country Garden Holdings Company Ltd on Wednesday said sales by area may see challenges in 2017 on government tightening, after reporting solid 2016 profit growth.

The companies were the first major developers to report their 2016 results after Beijing stepped up moves to cool the real estate market on concerns of a bubble, which could weigh on the developers' margins this year.

"The group is cautiously optimistic about China's property market in 2017. It is expected that policy regulation by the central Chinese government will continue," China Overseas' new Chairman Xiao Xiao said.

"China's property sales are expected to experience some resistance in the first half of 2017 as market consolidation accelerates, with the sector overall presenting both challenges and opportunities."

China Overseas Land, the country's sixth-largest homebuilder, said on Wednesday its core profit last year rose 13.8 percent to HK\$31.37 billion (\$4.04 billion), while profit for Country Garden, the country's third-largest builder, jumped 22.3 percent.

Despite its cautious optimism, state-owned China Overseas set a modest sales target for 2017 of at least HK\$210 billion, the same level it achieved last year. Xiao said the conservative guidance is due to the tightening policies.

Country Garden Chief executive officer Mo Bin told an earnings conference that he expects company sales by area will be flat in 2017, but the average selling price will rise significantly.

The company targets sales at 400 billion yuan (\$58.08 billion) this year, almost 30 percent higher than 2016, thanks to stronger growth in smaller cities and a bigger slate of projects due for completion.

# Globe to invest Tk 450cr to produce sunflower oil

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The market for sunflower, canola and rice bran oil still remains low.

In recent years, a number of local firms started producing rice bran oil, while some firms have also started marketing imported sunflower, canola and olive oils to cater mainly to the high-income groups.

In its plant, Globe will be able to process 1,200 tonnes of sunflower seeds daily, according to Shamim.

"We will cater to both the domestic and export markets for edible oil, particularly sunflower."

At present, the cheapest price at which sunflower oil is sold is about

Tk 200 a litre, which many cannot afford to buy.

"Our survey shows that offering the oil at reduced prices will encourage more consumers and the demand will grow."

Globe, which is targeting to hit the market in September, will sell its sunflower oil at Tk 150 a litre, he said.

At present, the market for sunflower and other higher priced edible oils stands at between Tk 40 and Tk 50 crore a month, according to Shamim.

The company, which exports beverages and products to 23 coun-

tries, has already completed the groundwork to export its sunflower oil.

The oilcakes from sunflower and other oilseeds will be sold to the local feed industry, he said.

Bangladesh's feed industry consumes 16 lakh tonnes (1.6 million tonnes) of oilcakes a year to meet the growing demand from poultry, livestock and aquaculture farms.

The demand for oilcake is met through locally crushed soybeans and imported soybean meals.

Bangladesh's soybean meal production in 2015-16 stood at 8.60 lakh tonnes, according to the USDA.

# Dhaka, Delhi to sign satellite deal today

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India will launch the satellite shortly, and other neighbouring countries such as Bhutan, Nepal, Sri Lanka and the Maldives will also take part in the initiative.

Both Bangladesh and India have already finalised the draft of the deal, the BTRC chairman added.

Indian High Commissioner Harsh Vardhan Shringla and Mahmood will sign the deal on behalf of their respective sides. State Minister for Foreign Affairs Shahriar Alam will also be

present at the ceremony.

Mahmood said the satellite will not impact the Bangabandhu-1 satellite commercially and technically. "Rather, we can get a backup for our own satellite." The government is expected to launch Bangabandhu-1 on December 16 this year, and around 70 percent of the satellite-building work has been completed.

The ground station building work will also be completed shortly.

Indian Prime Minister Narendra Modi first raised the idea of the South

Asian satellite in November 2014.

The initial plan was to call it Saarc satellite, but it has been renamed as the South Asian Satellite after Afghanistan and Pakistan pulled out from the project.

Delhi will design, build, launch and maintain the satellite for the benefit of the six nations in various fields including telecom and telemedicine.

The South Asian Satellite's lifetime will be 12 years, with the ability to cover the Saarc region only with its eight transponders.

# HC stays FBCCI election for two months

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The FBCCI election was scheduled to be held on May 14, petitioner's counsel Barrister Bodruddoza Badal told The Daily Star.

Citing the petition, the lawyer said the commerce ministry is required to publish a gazette notification in respect to the nomination of directors from the divisional chambers of commerce and industries under the Trade Organisation Ordinance, 1981.

But, Mymensingh Chamber of Commerce and Industries has been left out of the list in the gazette, although Mymensingh has been declared a division in 2015, he said.

Barrister Bodruddoza said the president of the Mymensingh chamber applied to the commerce secretary in March last year to include his name in the gazette notification as a nominated director of the FBCCI. His name is yet to be included.

When the FBCCI took the initiative to hold the election by appointing members of its election board, the writ petitioner moved a petition before the HC challenging the same.

Following the petition, the HC on March 6 directed the commerce ministry to dispose of the application of the Mymensingh chamber president, but the ministry refused to consider the plea on the ground that the election schedule has been declared.

After hearing the writ petition, the HC yesterday issued a rule asking the respondents to explain in four weeks why they should not be ordered to include a director nominated by the Mymensingh chamber in the voter list of FBCCI election.

Commerce secretary, FBCCI president and its members and election board have been made respondents to the rule, the counsel added.

# Video games: a frontrunner in IT

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Abir of MCC Ltd said games are like films, as those have huge entertainment components.

"There are different segments in games development. If our developers can do well even in one segment -- like designing, music or figure drawing -- it will be a big boost for the country's economy."

MCC recently launched three free episodes of a game named Mina. It was downloaded more than 10 lakh times in the last four weeks.

The games market depends on smartphone penetration and internet use and in both cases, the country has been doing well for

the last few years, said Abir, who is a former leader of Bangladesh Association of Software and Information Services (BASIS).

The global games market is worth no less than \$100 billion and if Bangladesh can grab even a small share of it, that could be huge, he added.

Targeting the global market, the government is set to establish mobile applications and games development institutes across the country.

The Skills Development for Mobile Game and Application Project will cost the government Tk 281.97 crore and will be implemented by 2018.

The project will develop 300 apps for the government and private sector, 50 mobile enterprise application solutions for different industries, 400 interactive education applications and 300 games.

The institutes will be set up in the divisional cities in partnership with universities.

Under the project, the government will offer training programmes and it is close to awarding work order to set up the labs and institutions, said Ranajit Kumar, the project director.

In another initiative, Bangladesh Computer Council is offering a yearlong diploma course on devel-

oping games from April.

Games are used for child education, health care and human resource development in many developed countries and not just for entertainment, said Alam of MassiveStar Studio.

Market insiders said the global games market chums \$800 million in advertising money a year. So if the country can plan properly, games can be a foreign currency earner, even in the free games sector, they added.

A leader of BASIS said they are getting a higher number of applications for new membership from games developers now than software companies.



Symphony Mobile's Director and Head of Service SM Morshed-Uz-Zaman opens the company's 49th customer care centre at Habiganj in Sayestaganj.