

# No parallel Brexit and trade talks: EU's chief negotiator

REUTERS, Strasbourg

Britain must stop pressing for immediate parallel talks with the European Union on a post-Brexit free trade deal, EU chief negotiator Michel Barnier said on Wednesday, and first agree on withdrawal terms.

Barnier said Prime Minister Theresa May's letter a week ago to trigger the two-year exit process was clearly a call for two parallel negotiations, one on how Britain quits the bloc and another on its future trade relationship with the EU.

"This is a very risky approach," he said in a speech to the European Parliament. "To succeed, we need on the contrary to devote the first phase of negotiations exclusively to reaching an agreement on the principles of the exit."

Those must include providing legal certainty for people and businesses affected by Britain's departure in March 2019, he said. There must also be a border arrangement that assures the fragile peace in Northern Ireland is not upset.

Only after progress on those issues would negotiators start "scoping" a

future pact on trade, security and defense, he said.

Barnier said the phased approach, outlined by European Council President Donald Tusk on Friday, was not intended to give the other 27 EU states a tactical advantage over London but to build trust and improve the chances of a deal in 2019.

In a veiled warning to Britain not to try to divide the bloc during the talks, he said: "Unity is essential ... also for our British partners. At the end of the day, if the (European) Union is disunited, there simply will not be an agreement."

"And if there is no agreement, the consequences will be heavy, for the United Kingdom especially, but also for the Union. That is why the no-deal scenario is not our scenario."

May has warned that Britain would rather that talks collapsed, leaving the country to exit the EU in 2019 without special agreements, rather than accept a bad deal.

The parliament in Strasbourg debated a resolution due to be approved later on Wednesday outlining its demands for a Brexit agree-

ment, which it will have to ratify.

Several members criticized comments by British politicians in recent days about Gibraltar.

Tusk has said Spain should have a say in any future EU-British relationship that affected Gibraltar. A former leader of May's party responded that Britain would be ready for war over Gibraltar as it was over the Falkland Islands in 1982.

"Are we off our heads?" asked Manfred Weber, the German leader of the center-right group, the parliament's biggest.

UK Independence Party leader Paul Nuttall suggested Britain respond by making its overseas territory of Gibraltar, on the southern coast of Spain, an integral part of the United Kingdom.

Nigel Farage, former UKIP leader and still its leader in the European Parliament, called the EU negotiating position "a form of ransom demand".

"You have been vindictive and nasty. You are behaving like the mafia," he said of the bloc. Rebuked by the Italian speaker of parliament, he amended his comparison to "gangsters".

# BTI's fair begins tomorrow

STAR BUSINESS DESK

A two-day exhibition of Building Technology and Ideas Ltd—Chayabithi Apartment Fair—will start tomorrow at the realtor's Chayabithi project at Uttarkhan in Dhaka.

The 48.5-katha project with 158 apartment units has been developed for the middle-income people, the company said in a statement yesterday.

The size of the apartments ranges from 935 square feet to 1,065 sft, according to the statement.

The fair is also offering a discounted price for spot booking as well as a 4-year installment facility, the company said.

# Greece wants eurozone summit if debt talks fail: Tsipras

AFP, Athens

Greece has asked for a eurozone summit to be held if creditor talks on Friday fail to break months of deadlock on the country's debt and reform goals, Prime Minister Alexis Tsipras said Wednesday.

"If the Eurogroup is not in a position to (produce a result) on Friday, I have asked EU President Donald Tusk to call a summit of eurozone countries," Tsipras said after meeting with Tusk.

However, both Tsipras and Tusk insisted such a step would not be necessary.

The EU president said he had "no doubt" there would be a breakthrough on Friday.

Negotiations between Athens and its eurozone and IMF creditors have dragged on for months amid disagreements on debt relief and budget targets for the country.

Tsipras on Wednesday accused hardline creditors of making "absurd demands" and "shifting the goalposts".

"(New) demands and requirements arise constantly... the games must stop," the Greek PM said.

Greek Finance Minister Euclid Tsakalotos on Tuesday flew to Brussels to relaunch the talks.

Upon leaving the meetings that stretched into late Tuesday, Eurogroup chief Jeroen Dijsselbloem tweeted "good progress" and

said the talks would continue on Wednesday.

Tusk noted Wednesday that a deal "will be possible thanks to the readiness of Greek people to sacrifice something."

Athens says its economy is performing better than expected, and it should therefore not be asked to make sacrifices beyond those agreed in its current multi-billion-euro bailout, which ends in 2018.

According to reports, the creditors are refusing to conclude the current audit without a pledge for fresh cuts in 2019.

Among the measures reportedly demanded by Greece's creditors are additional pension cuts, a reduced tax-exemption ceiling, and further deregulation of the energy and labour markets.

The impasse has held up the latest instalment of Greece's 86-billion-euro (\$92-billion) bailout, agreed in 2015, which it needs for debt repayments in July.

With the European Union already reeling from Brexit, Tsipras argued that Greece's current rescue programme -- its third since 2010 -- would collapse if his government were to fall.

His leftist-led coalition has just 153 MPs in the 300-seat parliament, which would make it difficult for Tsipras to push through another package of unpopular austerity measures.



Syed Mahbubur Rahman, managing director of Dhaka Bank, hands over a cheque for Tk 24 lakh to Sanjida Rahman, chairman of PFDA-Vocational Training Centre, at a programme for the welfare and development of underprivileged people with autism and neuro-development disability.

# Rod prices will go up for new VAT law

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"But we can tackle such a situation if we can recover from management deficiency at customs points," he said.

The government aims to implement the new VAT law from fiscal 2017-18. The law seeks to impose 15 percent universal VAT instead of multiple rates at present.

For example, consumers have to pay 5 percent VAT, which is also termed consumption tax, on electricity bills at present. But once the new law kicks in, the VAT rate for electricity will rise to 15 percent.

The new VAT law has the provision to collect more tax from health hazard-tobacco and tobacco products.

"We are almost at the final stage of the framing the plan."

The implementation of the new law will reduce the hassles faced by businesses at the NBR field offices.

"We want to confidently say that the whole VAT administration will turn into a service-oriented organisation after the implementation of new VAT," he said.

The revenue authority has opened a call centre to provide better services to taxpayers. One can get answers to VAT-related queries by calling to 16555, Hossain added.

At the discussion, NBR Chairman Rahman said the revenue authority will hold the century-old tradition of businesses -- halkhata -- to encourage taxpayers to clear up their dues at the end of the last month of the Bangla year, termed the Chaitra Sankranti.

In business terms, halkhata means updating book of accounts of the outgoing year and opening new ones on the eve of Bangla New Year.

"We will offer our taxpayers sweets to mark the Chaitra Sankranti. By

holding this, we are offering taxpayers the scope to clear due taxes in a respectable atmosphere."

The revenue authority will engage the youth for implementation of the VAT law.

Rahman also said the number of electronically generated TINs has exceeded 28 lakh early this week.

"If all the members of a family pay tax we will give recognition to the family," he added.

At the discussion, ERF members urged the revenue administration to take steps to curb the rising illegal capital flight from the country, catch the tax dodgers and give recognition to compliant taxpayers.

Some ERF members also suggested the authority to not impose the 15 percent VAT on gas and electricity as the spike may stoke inflation and affect the fixed and low-income people.

# Major power deals get green light

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The plants will produce 787MW of electricity and the price will be Tk 7.92 to Tk 8.40/kWh. A 115MW rental power plant will be set up in Chandpur by a consortium of Doreen Power Generation & Systems and Doreen Power House & Tech. The per unit price of electricity from the furnace oil-based power plant will be Tk 7.93/kWh.

Lakhdhavi will set up a 114MW furnace oil-based power plant in Feni, where the government will purchase electricity at Tk 8.30/kWh. PowerSource Association will set up a 104MW furnace oil-based power plant at Meghnaghat in Narayanganj, where the government will purchase electricity at Tk 8.35/kWh.

Another 113MW rental power plant will be set up in Rangpur by a joint venture of Confidence Cement and Confidence Steel. The per unit price of electricity from the furnace oil-based power plant will be Tk 8.21/kWh. The same joint venture will set up another 113MW power plant in Bogra, the per unit power price from which will be Tk 8.25/kWh.

Energypac Power Generation will establish a 115MW diesel-based power plant in Thakurgaon, from which the government will purchase electricity at Tk 8.22/kWh.

Energypima will set up a 113MW furnace oil-based power plant in Noakhali.

The government will purchase electricity from the plant at Tk 8.41/kWh.

The cabinet also approved a proposal of Summit Group to set up a floating liquefied natural gas terminal on Moheshkhali island in Cox's Bazar, the country's second, at a cost of \$500 million.

After the approval, the energy ministry will now sign two agreements with Summit Group: one for terminal use and the other for implementation.

"This will save the country \$2,500 a day," said an official of Summit Group.

Summit LNG Terminal Company, a unit of Summit Group, will develop the floating facilities within 18 months of signing the final contract.

The LNG terminal company will supply 500 million cubic feet of gas per day, for which the government will pay a total of \$1.56 billion a year.

The terminal, which will cost Summit \$500 million, will be set up on a build-own-operate and transfer basis.

The tenure of the agreement will be 15 years, after which the terminal will have to be handed over to Petrobangla without any cost, according to the energy ministry proposal.

If deemed necessary, Petrobangla can use the Floating Storage Regasification Unit as an LNG terminal.

# Exports rise on boost from apparel, jute

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Similarly, apparel exports to the US, the single largest export destination for Bangladesh, declined to some extent because of a volatile economy after the national elections. "People in the West are now spending more on smart gadgets than on clothing. This is a major reason for a fall in consumption of clothing items worldwide," Rahman said.

Jute and jute goods also performed well in the July-March period, as exports grew 13.94 percent to \$731.02 million, surpassing the target for the period at \$706.35 million. Shipments of leather and leather goods stood at \$922.96 million, up 8.41 percent year-on-year, against the target at \$893.93 million.

Furniture exports rose 18.21 percent to \$35.63 million and pharmaceuticals 9.44 percent to \$67.48 million.

Shipments of home textile increased 4.68 percent to \$582.09 million and plastic products 36.76 percent to \$91.40 million, riding on the back of a 10 percent cash incentive on shipments.

Some sectors fared badly: exports of frozen and live fishes declined 4.94 percent to \$382.59 million, falling 3.49 percent short of the target at \$396.41 million. Exports of petroleum byproducts fell 20.19 percent to \$195.31 million. The government has set the export target at \$37 billion for this fiscal year, which is 8 percent higher than the receipts in fiscal 2015-16.

# BB hikes credit card, consumer loan limits

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The decision has rationality in terms of reducing cash, checking transactions and promoting digital transactions, said Salehuddin Ahmed, former central bank governor.

The increased credit ceiling will create more demand in the market, which will support investment growth, he said.

The growing consumer loans may increase inflation but if supply of goods meets demand, then the inflation risks will be minimised, he added.

A hike in credit limit was anticipated as the use of credit cards is much lower in Bangladesh, in comparison to neighbouring India, said Biru Paksha Paul, former chief economist of Bangladesh Bank.

Consumption is the largest component of domestic output and the government's job is to stimulate it, he added.

Moreover, investment growth in terms of GDP remained slow. The higher consumption will encourage investment, he said.

A growth in consumer loans will absorb the excess liquidity, which is a headache for the banking sector at the moment, he added. The raised credit card limit will develop a habit of spending among consumers, said Mohammed Nurul Amin, managing director of Meghna Bank. Higher spending power will increase production and employment in the economy, he added.

The weighted average interest rate on consumer financing was 9.68 percent as of February, down from the overall lending rate of 9.77 percent, according to Bangladesh Bank data. Total loans under consumer financing stood at Tk 52,467 crore as of July-September last year, which was 8.39 percent of total loans in the industry.

# Crop insurance helping farmers weather storm

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Having this kind of cover would give farmers the ability to continue to plan and save for the longer term even if their harvests are suddenly and arbitrarily destroyed by bad weather, the ADB said.

A new weather index in conjunction with the Bangladesh Meteorological Department was generated using weather data for the past 25-30 years.

For the pilot, drought-prone Rajshahi, flood-prone Sirajgonj and cyclone-prone Noakhali were selected. Some 20 automated weather observation machines were installed on the roofs of different upazila parishad buildings.

The pilot programme will end on June 30 this year, and based on its inferences the government will decide whether it will roll out crop insurance on a nationwide basis.

The project cost Tk 21.34 crore, of which Tk 16.38 crore was provided by the ADB and rest by the government.

SBC organised a workshop yesterday to chalk out the draft regulatory framework for weather-based crop insurance. Crop insurance is immensely popular in India, Sri Lanka, Pakistan and Mexico, said Gokul Chand Das, member of the Insurance Development and Regulatory Authority.

He went on to suggest SBC to visit the countries where crop insurance is functioning successfully to gather in-depth knowledge on the product.

"It is a very complex product, so learning and awareness is needed among the concerned parties," said Arup Chatterjee, principal financial sector specialist of ADB's Sustainable Development and Climate Change department.

A strong database of farm households is needed to develop the product design and set premium, he said, while calling for a strong value chain to promote the product.

SBC has so far paid insurance claim of Tk 17.55 lakh against aman and potato harvests in Rajshahi and Noakhali districts.

# Set up a bank for easy inflow of remittance

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Selim Jahan, director of the Human Development Report Office of the UN and the lead author of the HDR 2016, presented the key findings of the report at a programme at the planning ministry.

The General Economics Division of Planning Commission and the United Nations Development Programme (UNDP) Bangladesh jointly organised the event.

In 2016, remittances to developing countries—a lifeline for many societies—were expected to reach \$442 billion, the report said.

Remittances enter through various channels (not all legal) for a raft of purposes, from pure consumption to education and asset purchases,

including land, according to the report. "But the transfer costs are steep, averaging nearly 8 percent worldwide to send \$200 internationally in 2015."

Consolidating and streamlining remittances could make them a funding source for human development priorities, it said.

An estimated \$1 trillion flows illegally out of developing and emerging economies each year, more than these economies receive in foreign direct investment and official development assistance.

"Beyond depriving the world's needy countries, this propels crime, corruption and tax evasion. Most of the money is lost through trade invoicing -- changing prices to secretly

move money across borders," the report reads.

"If exporting and importing countries collaborate to monitor invoicing through trade rules and other mechanisms, such flows can be identified and seized."

Referring women empowerment, the report said Grameen Bank is a leading experience in Bangladesh, where groups of destitute women helped empower individual woman economically and socially, which individual efforts might not have achieved.

The report also praised Bangladesh's Rural Employment Opportunities for Public Assets programme, female participation in the workforce and Brac's contribution to the education and other social services.



Shakhawat Hossain, consul of Portugal consulate; Marco Santos, CEO of Grupel, and Mohammed Ibrahim, managing director of Super Star Group, attend the launch of Grupel branded generators in Dhaka on March 29.