

Big banks fume over hefty new Australia levy

AFP, Sydney

Australia's banking sector reacted with fury Wednesday to a government plan to slug lenders with a hefty new levy, calling it a "naive" tax grab that sent the wrong signal to global financial markets.

The move to raise Aus\$6.2 billion (US\$4.5 billion) over four years through a 0.06 percent charge on the borrowings of the big five banks -- ANZ, Commonwealth, Macquarie, NAB and Westpac -- was a key plank of the federal budget on Tuesday.

Treasurer Scott Morrison said the lenders could afford to pay, and the cash would help with budget repair and a raft of spending on infrastructure, health and schools.

"This represents an additional and fair contribution from our major banks, is similar to measures imposed in other advanced countries, and will even up the playing field for smaller banks," he said.

Morrison warned the banks --

some of Australia's most profitable companies -- not to pass on the hit to customers as it did not apply to mortgage or deposit accounts.

"If they do, take your money somewhere else, take your money to a regional or smaller bank," he said.

Rumours of the new tax sent bank shares tumbling on Tuesday, wiping Aus\$14 billion from their value, and the sharp falls continued Wednesday.

Business Council of Australia chief executive Jennifer Westacott called it a "worrying policy precedent".

"The banking levy effectively represents double-taxation of some of Australia's most successful companies, which already pay Aus\$11 billion in company tax each year, employ about 130,000 Australians and contribute to the superannuation (pensions) of millions more," she said.

Australian Bankers' Association chief executive Anna Bligh blasted the decision as "a political tax grab to cover a budget black hole".

"Contrary to the government's claim that the tax will only be levied on banking liabilities, the reality is that it will affect the entire banking system," she said.

"It is naive and misguided and has already sent the wrong signals to global financial markets about the strength and stability of our banking sector."

Bligh said there had been no consultation with the industry and warned "it should make every company in Australia which earns more than banks wonder who's next".

The government has in recent years faced calls for a national inquiry into the banking sector, which has been dogged by allegations of financial planning fraud and claims of manipulating reference rate benchmarks.

As part of the budget, Canberra said banks could face penalties of up to Aus\$200 million if their staff were caught ripping off customers, while regulators were handed more money to better police them.

Oil price rebound to boost economic growth, says European bank

AFP, Nicosia

Europe's development bank predicted Wednesday a pick-up in economic growth in most of the regions where it operates this year as rebounding oil prices boost Russia and other commodity exporters.

One weak spot is Turkey where growth is expected to slow as political uncertainty hits the economy, the European Bank for Reconstruction and Development (EBRD) said at its annual meeting in Cyprus.

Average economic growth in the EBRD region -- which also includes countries in eastern and central Europe, central Asia and the Mediterranean -- is expected to pick up to 2.4 percent in 2017 and 2.8 percent in 2018, the EBRD said.

That would mark an improvement from growth of 1.8 percent seen in 2016.

"Overall the news is good. Growth is faster... despite all the risks, all the global challenges," EBRD chief economist Sergei Guriev told a news conference. The rebound in world oil prices since the first quarter of 2016 has been positive for Russia as well as countries that rely on it for remittances and export demand, the bank said.

Russia is emerging from a two-year recession but even so the economic recovery is

expected to be relatively muted with growth seen at 1.2 percent this year and 1.4 percent in 2018, the EBRD said.

"Even though recession in Russia is over, we forecast only a very slow recovery and we don't see remittances going back to the peak of 2013, which means for the countries that rely on remittances from Russia this is continuing to be a difficult time," Guriev said.

Growth in Turkey is predicted to slow further to 2.6 percent in 2017 from 2.9 percent in 2016 as security and political concerns hit investor sentiment and tourism.

"While increased disposable income on the back of a 30-percent hike in the minimum wage in January 2016 resulted in an increase in private consumption, growth was hit by a sharp fall in tourism receipts, Russian sanctions, and geopolitical tensions in the Middle East," the EBRD said in its economic update.

"Weak consumer and investor sentiment following the attempted military coup in July 2016 compounded these problems."

Growth in the southern and eastern Mediterranean region -- which includes Egypt, Jordan, Morocco and Tunisia -- is projected to pick up to 3.7 percent in 2017, from 3.4 percent last year.

Brazil inflation drops to 4.08pc

AFP, Rio De Janeiro

Brazil's annual inflation rate fell to 4.08 percent in April, lower than official estimates and raising hopes that the South American economic giant is emerging from a prolonged slump.

It was the lowest increase in prices in almost a decade, when the July 2007 inflation rate came in at 3.74 percent. The result also surprised markets, and is only expected to pick up speed after inflation hits highs of 10.67 percent in 2015 and 6.29 percent last year.

The IPCA price index in April showed an increase of 0.14 percent against March, when it had risen to 0.25 percent, the Brazilian Institute of Geography and Statistics said. The IPCA index had logged a 0.61 percent rise in April 2016. It was the lowest month-on-month price increase since June 2012, when it hit 0.08 percent.



Nasrul Hamid, state minister for power; Selina Hayat Ivy, mayor of Narayanganj City Corporation; Masum-Al-Beruni, managing director of Power Grid Company of Bangladesh; and Md Shahid Sarwar, managing director of Dhaka Electric Supply Company Ltd, visit Svenska Kraftnat, Sweden's state-run national power grid development and transmission agency, in Stockholm yesterday. During the tour, the team is expected to attend meetings on waste management, grid, distribution and transmission systems, smart metering and electricity generation from waste.

ENERGY MINISTRY

German chemical industry sees growth ahead in 2017

AFP, Frankfurt Am Main

The industry body for Germany's powerful chemicals sector on Wednesday forecast a pick-up in growth for 2017, after a strong first quarter stoked by increased demand at home and abroad.

The chemical industry federation VCI hailed a 1.1-percent increase in production and a 2.8-percent rise in prices between January and March compared with the same period last year. It was the first time in a year that production had increased, VCI noted.

Both factors combined contributed to "significant" revenue growth of 3.8 percent over the first quarter of 2016, to 47 billion euros (\$51 billion), it said.

Domestic demand from industry and construction swelled in the first three months, the federation highlighted, while

exports to Europe, Asia and North America also expanded. Nevertheless, "one swallow does not make a summer," cautioned VCI president Kurt Bock.

"After the satisfying start, we'll have to wait and see whether the positive development continues. There are many unpredictable economic factors and political risks that could hamper the upturn." Higher oil prices, the impact of Brexit on the German and European economies, and economic weakness in South America could all put the brakes on growth, the federation warned.

VCI expects revenues in the industry to grow by around 3.5 percent to 191.2 billion euros over the full year, on the back of a 1.0-percent increase in production and rising prices.

2016 was a difficult year for chemical producers, with output remaining almost flat over the year while revenues fell back 3.0 percent.

Denim expo in Dhaka on May 17

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Apart from the local exhibitors, businessmen from China, Turkey, Spain, Italy, Pakistan, Japan, San Marino, Germany, Brazil, India and Hong Kong will also showcase their goods at the expo. Local companies will occupy nine out of the show's 58 stalls and booths while the rest will be used by the foreign firms and exhibitors.

The organisers will set up a "Trend Zone" at the show where visitors will be able to gain insight into the denim fabrics, styling and finishing available in Bangladesh. The Bangladesh Denim Times, a magazine for denim professionals and denim lovers, would also be on display at the exhibition.

On the sidelines of the expo, a semi-annual Sustainable Apparel Forum -- will be organised by Bangladesh Apparel Exchange, the country's only private initiative-led apparel sector promoter.

Steel millers oppose 15pc VAT on rod

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The price spiral will also push up the cost of the government's major infrastructure projects, including Padma bridge and metro rail projects.

"Infrastructure will be badly hit," said SM Khorshed Alam, vice-president of the Bangladesh Association of Construction Industry.

Realtors present at the meet said the cost of apartments would rise, affecting the real estate sector, which has been registering sluggish demand, in the process.

The steel millers also demanded zero VAT on the import of scrap and sponge iron.

Cuba is huge opportunity for US travel companies: BCG

REUTERS, Havana

Cuba represents a "huge" but challenging opportunity for US cruise, airline and hotel companies as American visitors to the Caribbean island could increase as much as sevenfold by 2025, according to a report by the Boston Consulting Group.

As many as 2 million Americans could visit up from 285,000 last year, excluding Cuban Americans, the BCG study published on Wednesday estimated.

Given tourism infrastructure is already creaking, that means there are business opportunities aplenty but US companies must learn to navigate a centrally-planned economy with its quirks.

US travel to Cuba has already surged, albeit from very low levels, in the last two years since the former Cold War foes announced a detente and the Obama administration eased travel restrictions to the island.

"The reality is that US travel to Cuba is in its nascent stages, and all the players are still learning how to make it work," the report read.

Global accolade for Bangladeshi pilot

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In every five years, the technical jury board selects only one pilot for this award from all the airline pilots' communities in the world.

The award was given to Helal for his outstanding contribution towards the improvement of the airline pilots, according to the statement.

Helal had earlier served Bangladesh Airlines Pilots Association as president for several terms. He joined Biman Bangladesh Airlines in 1984 and retired from there in 2014, Biman said.

China factory gate inflation slows as commodity prices drop

AFP, Beijing

Factory price inflation eased in April, data showed Wednesday, fuelling concerns about a growth slowdown in the world's number two economy and denting hopes for a pick-up a global recession.

The reading follows a series of weak figures out of Beijing in recent months, including on trade and manufacturing, as the government tries to turn the country's main growth engine from state investment and exports to domestic consumption.

The producer price index (PPI) rose 6.4 percent on-year, a sharp drop from the previous month's 7.6 percent and February's 7.8 percent -- marking the first consecutive drop since July. It was also slightly short of forecasts for 6.7 percent in a Bloomberg News survey.

"The sharp rebound in producer prices over the past year has now run out of steam," Chang Liu, a China economist at Capital Economics, wrote in a recent report. "We expect (producer price index) inflation to ease over the rest of 2017."

Global commodity prices -- particularly for metals and oil -- sank last week to five-month lows as global demand falls off, led by the slowdown in key market China.

China's economy, a vital engine of global growth, expanded 6.7 percent last year, the slowest rate in a quarter of a century. But a slight improvement in the past three months of 2016 provided signs of stabilisation.

The uptick in Chinese price growth in recent months had also fuelled hopes that it can export inflation around the world.

For years the global economy has been mired in tepid inflation or deflation which, if persistent, tends to be bad for industrial prospects and economic growth because customers delay purchases in hopes of getting cheaper deals in the future, starving companies of business and funds.

But Shen Jianguang, chief Asia economist at Mizuho Securities, said: "PPI has already peaked in China and it's on the way down further from here."

The consumer price index (CPI), a main gauge of inflation, hit 1.2 percent in April, up from a 0.9 percent gain in March, according to the NBS.

Two national holidays in April had driven up prices for air tickets, hotels, and tours, contributing to this month's CPI increase, the NBS's Sheng said.

PPI should continue to wane as authorities move to tighten economic policy, Julian Evans-Pritchard of Capital Economics said in a note, adding that CPI might rise slightly, but "should remain below two percent".

Analysts warned the country's first quarter growth of 6.9 percent would not be sustainable.

"Falling prices and destocking are reinforcing each other," head of China economics at Macquarie Securities Larry Hu told Bloomberg, adding that "the Chinese economy passed its peak".

IMF could be on board for Greek bailout: Slovak FM

AFP, Nicosia

Slovak Finance Minister Peter Kazimir suggested Wednesday that the International Monetary Fund was on board for financing Greece's third bailout.

"It seems to me that yes, that finally" the IMF is going to participate, Kazimir said at the European Bank for Reconstruction and Development's annual meeting in Cyprus.

"We have to congratulate (IMF chief) Christine Lagarde that she managed to convince the board to do it," he said.

"The amount is not important. It's symbolic... I've repeated many times that for us the IMF must be on board with technical assistance," the finance minister continued, according to a transcript provided by his ministry.

Greece and its creditors agreed a third, 86-billion-euro (\$94-billion) bailout deal in July 2015, but the IMF refused to take part, on the grounds that the targets were unrealistic and Athens' debt mountain unsustainable.

The IMF played a central role in the first two financial rescues of Greece. But the fund never formally joined the third bailout alongside the eurozone and there has been increasing talk it may choose to walk away.

Bangladesh to buy supercomputer: Palak

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The ICT division has asked Inspur to share the price of the supercomputer and the rate of return on investment.

Officials of the ICT Division said they would involve the Bangladesh Atomic Energy Commission and other allied public offices with the process.

Safety net schemes to get a boost

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However, the number of beneficiaries will be increased by 5,000 at both the primary and secondary levels, to make the total number of beneficiaries 80,000.

The maternity allowance programme for the poor lactating women will be extended to all municipalities from next fiscal year. At present, the scheme is being run in 10 municipalities.

The total number of beneficiaries for maternity allowance will be six lakh instead of five lakh. In both cases the allowance will be Tk 700 from next fiscal year from existing Tk 500.

The fund to provide assistance to cancer, kidney and liver cirrhosis patients will be raised by Tk 30 crore to Tk 50 crore. Each of them will get a maximum

of Tk 50,000.

The allowance for transgender people in the next budget will be Tk 700 per month from existing Tk 600.

Some Tk 11.35 crore will be allocated in the next budget to give allowance to about 7,550 transgender people.

Each of the elderly from the gypsy community (locally known as bede community) and other lagging populations will get Tk 700 instead of Tk 600 from next fiscal year.

Tea labourers are likely to be given Tk 5,000 per head instead of food assistance.

Besides, the freedom fighters' honourarium of Tk 10,000 will remain the same. They will get two festival bonuses each year totalling Tk 20,000.



Goutam Prosad Das, deputy managing director of Mutual Trust Bank, opens the 13th agent banking centre of the bank at Kakchira Bazar in Barguna.

MTB