

Global economy: In work, but out of pocket

REUTERS, London

Unemployment in the world's biggest developed economies has been falling, at least since the end of the financial crisis. But wages, in the main, have not reacted as might be expected.

They have generally either grown only modestly, or even fallen.

Take, for example, resurgent Germany. Since 2012, the unemployment rate has tumbled to the lowest level since reunification. Wages and salaries have grown -- but only gradually and at nothing like a rate to imply pressure.

It is even clearer in Japan, where unemployment this year has fallen to a more than 20-year low of just 2.8 percent

"Everything tells us the labour market is tight in Japan," said Mark Williams, chief Asia economist at Capital Economics. "(But) the one place we are not seeing labour market tightness in is wages, which aren't rising at all."

One impact of this globally is that inflation has not picked up much despite the massive amount of stimulus hurled at it by central banks, including negligible or even negative interest rates. Indeed, it may be one reason why some banks appear to be less worried about low inflation than they were.

For the worker, the lack of inflation has masked some of the wage stagnation. (It has only become a hot issue in Britain, for example, since inflation took off after the Brexit vote.)

But this may not last. September's GfK sentiment index suggested German consumer morale may be about to cool as a result of a more negative expectation for incomes.

The more-workers-less-pay-growth phenomenon, meanwhile, is the subject of a new report from International Monetary Fund economists Gee Hee Hong, Zsoka Koczan, Weicheng Lian and Malhar Nabar.

They find the disconnect between unemployment and wages to be the result of a number of factors -- including the slowdown of productivity -- that are relatively new and which are probably not going to go away.

A key factor is an abundant workforce -- labour market slack in the jargon. But that is a seeming contradiction given the record low unemployment rates in some places. It comes down to people working fewer hours than they would like and the trend towards temporary contracts -- the gig economy, zero-hours contracts and so on.

That leaves a large number of workers for companies to choose from if wage demands rise.

"Despite employment growth, hours per worker have continued to decline and involuntary part-time employment has increased in more than two-thirds of countries," the IMF report notes.

A second factor is, in effect, the impact of globalisation and a more integrated global economy.

Local labour slack is essentially only part of the picture. "(Playing a possible role are) the threat of plant relocation across borders, or an increase in the effective worldwide supply of labour," the economists found.

Interestingly, a third factor -- automation -- was not found by the IMF team to have had a major impact, at least yet.

That may come later. In March, PwC



REUTERS/FILE

Container ships are seen at a loading terminal at the Hamburg harbour in Hamburg, Germany.

consultants estimated that by 2030 automation will impact -- do away with or change -- 38 percent of existing jobs in the United States, 35 percent in Germany, 30 in Britain, and 21 in Japan. Sounds a long time away, but it is just over 12 years.

ITALY NEXT

The political impact of all this is unknown -- although Britain's Brexit vote, the election of US President Donald Trump, and the rise of the far-right AfD in Germany all point at the very least to voter disenchant-

ment with the status quo.

So the next big test could be Italy, where unemployment is a stubborn 11.4 percent and wage growth has been running at negligible year-on-year rates.

Italy will have to hold a general election by the end of May next year and an economy deemed to be weak or unequal could boost support for parties that at the very least have been critical of the euro.

Among them are the 5-Star Movement, the Northern League and even former prime minister Silvio

Berlusconi's Forza Italia. Berlusconi recently raised the idea of a parallel currency to the euro.

The coming week will give a snapshot of Italy's economy, with September's purchasing manager indexes (PMI) and the unemployment rate for August. There will also be retail sales data -- sometimes a test of voter contentment.

Meanwhile, there will be a global economic snapshot for the end of the third quarter, from PMI across the globe to US payrolls.

Government internet shutdowns cost Africa dear

AFP, Johannesburg

Government shutdowns of the internet have cost sub-Saharan Africa about \$237 million since 2015, according to a study released Friday, as authorities increasingly implement planned disruptions.

At least 12 countries have had internet shutdowns, often before elections or when protests erupt, with mobile internet networks most recently suspended in Togo during opposition demonstrations.

"Internet disruptions, however short-lived, undermine economic growth, disrupt the delivery of critical services, erode business confidence, and raise a country's risk profile," the CIPESA report said.

The Collaboration on International ICT Policy for East and Southern Africa (CIPESA) released its findings at an internet freedom conference in Johannesburg.

"African governments should desist from ordering shutdowns," it said, adding that they cause long-term damage to many citizens' livelihoods and welfare.



BDDBL

Manjur Ahmed, managing director of Bangladesh Development Bank, attends the concluding ceremony of a five-day training on "Assessment of working capital, cash credit limit and general advance" organised by the bank at its training institute in Dhaka on September 21, when he handed over certificates among the participants.

Coal India looking to buy metal mines abroad

REUTERS, New Delhi

Coal India Ltd, the world's largest coal miner, has held internal talks to discuss buying metal mines abroad amid faltering revenues and rising employee costs, potentially signaling a strategy shift to cut reliance on the fossil fuel.

The state-run company plans to form two units: one to manage its local mining of iron ore, bauxite and manganese, and another to expand into copper and nickel mining overseas, two company officials involved in the planning told Reuters. "The plans of Coal India to enter into metal mining business both in India and abroad are in a very nascent stage, and of strategic and confidential nature," the company said.

Coal India, which has so far been unsuccessful in buying stakes in overseas

coal mines, is banking on government to government deals for its overseas foray into metal mining, company officials said, adding that any proposal that follows will be subject to board approval.

The plan to diversify into mining metals such as copper and nickel with no prior experience is being seen by analysts as a long-term strategy to firm up revenues, with no immediate results in sight.

"It may not happen for at least the next couple of years, given the track record of Indian PSUs (public sector undertakings) investing in other countries," said Gautam Chakraborty, an analyst at Emkay Global Financial Services Ltd.

The company has had little luck with overseas deals, and is still scouting for deals to buy a minority stake in "prime coking coal" mines in

Queensland in Australia, one of the officials said, adding that a majority stake looks unlikely.

The company first started evaluating proposals to buy overseas coal mines at the end of the last decade, and has since tried acquiring coking coal mines in Mozambique, with the deal falling through as the company was not satisfied with the mines offered.

Coal India, which plans to generate 1 gigawatt (GW) of renewable electricity this year, has also doubled its solar energy target to 20 gigawatts (GW), one of the officials said, without specifying a timeline. "With India going big on solar, and restrictions related to pollution coming in, they might want to get into a business they are sure about, given they are flush with cash," Chakraborty said.

Licensing process turns dubious

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Subsequently, it decided to go for a beauty contest auction.

One of the conditions set by the BTRC in the guideline for the auction was that the applicants must have experience of handling a minimum of 10 million customers over a three-year period in any market.

In its application, Infozillion claimed their foreign parent, Teletech, a Slovenian company, has about 24 million customers using MNP service in three markets -- Armenia, Montenegro and Slovenia.

However, according to the International Telecommunication Union's latest report, the total active connections in the three countries are 6.86 million, though their total population is less than 5 million.

Armenia has 3.43 million connections, Slovenia 2.39 million and Montenegro 1.04 million active mobile connections, according to the ITU.

BTRC officials also noticed this information but disregarded it during evaluation.

About its foreign partner's insufficient experience in implementing and operating MNP, Mabroor Hossain, managing director of Infozillion Limited, said: "They mentioned in their application that right now they are operating in three countries with a customer volume of more than 24 million."

However, he denied mentioning how

many customers Teletech have managed to port successfully.

"Porting number is not important. Rather, how many customers are connected with our partner's network in those countries is more important," he added.

Referring to the guideline, Aneek R Haque, a lawyer of the Supreme Court, said this is a clear violation of the telecom regulator's own guideline.

"In my view this company is not eligible for the licence if we go through the guideline," said Haque, who is also the former legal consultant of BTRC.

He also said there are some other confusion in the guideline and if any one challenges those clauses the licensing procedure may be delayed further.

The telecom regulator has been trying to introduce the MNP service, which would help bring more competition to the market and improve the service quality, for the last few years but it kept getting delayed for one reason or the other.

According to the application, Infozillion's foreign partner Teletech has 10 percent shares in the joint venture.

However, Infozillion Limited's 51 percent shares are currently occupied by foreign partners, according to the documents that the joint venture submitted to the BTRC.

Officials who are related with the process said it means in the joint venture the total foreign share holdings comes to 55.9 percent, which is also a violation of the guideline.

The guideline said the foreign equity in the joint venture will not cross 51 percent.

Hossain said they have furnished all the documents and will be compliant to the guideline, though he has no official confirmation about the BTRC's recommendations.

"Once the licence is awarded, the company will form a new company and over there we will get the chance to reduce the foreign shareholding," said Hossain, who is also a director of Hosaf Group, a company that was involved in money laundering between 2003 and 2007.

BTRC Chairman Shahjahan Mahmood said they have not independently verified Infozillion BD Telech Consortium's information. "This issue have not come up if we had not recommended it for the licence," he said.

The BTRC chairman said they have made its recommendation on the basis of the information placed by the companies themselves. "We have to take this information to be correct."

The recommendation now is in the prime minister's office as Sheikh Hasina, who also heads the posts, telecommunica-

tions and information technology ministry.

If the debates had come up earlier, BTRC would have been able to verify them independently, he added.

On September 12, BTRC send its recommendation to the telecommunication division, in which it mentioned that Infozillion got 92 marks out of 100.

Four other joint ventures applied for the licence: Greentech Mediafon (87), Brazil-Bangladesh Consortium (84), REVE Number (82) and Royal Green (53).

The licence acquisition fee has been set at Tk 10 crore, and the winning company will have to share 15 percent of its revenues with the government from the second year onwards.

The company must provide the service within 180 days of getting the licence.

Discussions on MNP started in 2009 and in June 2013, BTRC asked the mobile phone operators to introduce this service by January 2014. But the operators failed to do so.

Later, the BTRC decided to appoint a third-party company to implement the service.

Currently, some 72 countries including neighbouring India and Pakistan have introduced the service, with Singapore being the pioneer in this field.

Wheat imports soar as consumers cut costly rice intake

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Imports of the grain trebled to 56.90 lakh tonnes in five years till 2016-17 to meet the increasing demand as domestic production has remained stuck at 13 lakh tonnes for the last couple of years, according to official data.

In fact, local wheat production declined last season, said Abul Bashar Chowdhury, chairman of BSM Group, a Chittagong-based commodity importer.

"Many poor people are consuming flour as price of rice has become exorbitant," he said.

Chowdhury expected annual wheat imports to exceed 60 lakh tonnes at the end of the current fiscal year.

Importers opened letters of credit for the import of 25.14 lakh tonnes of wheat until September 23, Bangladesh Bank data showed.



ESQUIRE ELECTRONICS

Manzurul Karim, general manager for marketing and sales at Esquire Electronics Ltd, hands over a 32" Sharp LED Television to Maisha Tahsin, winner of the company's selfie contest "Esquire Eid Upohar" at a programme recently.