

UK economy unexpectedly picks up speed but Brexit effect felt

REUTERS, London

Britain's economy unexpectedly picked up speed in the last three months of 2017, according to data which showed that the prospect of Brexit was still weighing on the economy, but not as heavily as once feared by investors.

Gross domestic product grew at its fastest pace of 2017, rising by 0.5 percent from the third quarter and beating the median forecast in a Reuters poll of economists that growth would remain at 0.4 percent.

But the Office for National Statistics said the big picture was one of a slower and more uneven expansion in the world's sixth-biggest economy as it approaches its departure from the European Union in March next year.

In 2017 as a whole, growth was 1.8 percent compared with 1.9 percent in 2016, the slowest since 2012. For comparison, the International Monetary Fund expects growth of 2.4 percent in the euro zone last year.

Investors took the data as a sign that the Bank of England might move more quickly towards only its second interest rate hike in more than a decade. Sterling added to its recent strong rise against the US dollar and climbed against the euro.

The Bank of England said last

month it expected the economy might have slowed slightly in late 2017.

"If the UK economy does indeed struggle to move up a gear over coming months, the Bank will likely have to tread carefully when deciding whether to raise rates again this year," James Smith, an economist with ING, said. "We don't expect any change in policy from the BoE in February, but a rate hike at the May meeting is an increasingly close call."

The BoE's rate-setters are due to announce their next decision on borrowing costs on Feb. 8.

They raised rates for the first time since 2007 in November. Most economists have said they expect the next rate hike in late 2018 but some think it could come as soon as May.

Britain's economy grew more weakly than other big rich nations for much of last year as the impact of the 2016 Brexit vote pushed up inflation and many businesses turned cautious ahead of Brexit.

However, Britain has been helped by the recovery in the world economy last year which is expected to carry on in 2018. Finance minister Philip Hammond described the figures as excellence, underscoring the resilience of the economy. BoE Governor Mark Carney said on Friday Britain

could start to grow more quickly later this year, if there is clarity about its future relationship with the EU.

While recruitment agencies, letting agents and office management firms helped boost growth, companies which relied on spending by consumers had a much slower fourth quarter.

Manufacturers, who have prospered from demand spurred by the recovery in the global economy, also grew strongly.

Separate data published on Friday showed personal insolvencies hit a three-year high, reflecting the financial strain on many households.

Given the strength of global growth, Britain's would have grown by about 2.5 percent in 2017 were it not for the Brexit vote, Kallum Pickering, an economist with Berenberg, said.

Compared with the same period in 2016, growth between October and December slowed to 1.5 percent, its weakest pace since the first quarter of 2013 and down from growth of 1.7 percent in the third quarter.

The Reuters poll had pointed to growth of 1.4 percent.

Friday's data showed Britain's dominant services sector grew by 0.6 percent in the fourth quarter, gaining pace after growth of 0.4 percent in the third quarter, the ONS said.



Choudhury Russel Ahmed, managing director (current charge) of National Bank, attends the bank's annual conference for managers at Sikder Resort and Villas in Kuakata on Thursday.

National Bank Limited Annual Managers' Conference - 2018

Chief Guest : Mrs. Parveen Haque Sikder

Director & Chairperson, Executive Committee
National Bank Limited

ISPs can cut internet cost if demands met

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Moreover, the lowest and highest price limits have not been set by the telecom regulator although it is a key determinant of internet usage cost, the letter reads.

Even when a few days of transmission is required, the internet service providers have to sign at least a 13-month contract with the NTTN operators. All these increase the operational cost of ISPs, as there is a network usage charge apart from that for transferring every megabit, they said.

Before reaching internet service providers from international sources, internet bandwidth changes hands four times, the presence of two of which are completely unnecessary, said ISPAB.

The four intermediary traders have to share revenue with the government and pay VAT and taxes, all of which creates a burden for the end users, said Hakim.

ISPAB also sought permission to share each other's network and roll out IP telephony and triple play services.

IP telephony is technologies that use the internet protocol's packet-switched connections instead of the public switched telephone network to exchange voice, fax, and other forms of information.

Triple play service provided voice, video and data all in a single access sub-

scription. No new investment is required for these services and providing customers new products through these while sharing networks will ensure extra mileage in cost reduction, the association said.

It also stated that offering quality service was a challenge for its 718 members licensed in six categories due to the presence of over 4,000 illegal entities, who are running the same business.

Right after coming to office in the first week of this month, Jabbar stated his first priority to be reducing internet usage cost and improving service quality.

Attending another reception accorded by Bangladesh Computer Samity on Friday, he said he would sit with the telecom regulator within a short time and fulfil the demands, albeit only if it comes to customers' benefit.

However, a senior official of his office said the minister plans to sit with Prime Minister's ICT Affairs Adviser Sajeeb Wazed Joy to decide on the matter.

There are 8.02 crore active internet connections as of November, according to the Bangladesh Telecommunication Regulatory Commission. They consume a bandwidth of 547 Gbps, of which 405 Gbps goes through internet service providers who have only 53.42 lakh subscribers.

Appetite for savings tools finally fading

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If the government borrows from the banking system, the interest rate is 2.98 to 8.34 percent. But thanks to the overwhelming demand for savings instruments, the government's net borrowing from the banking

sector went into the negative in the first quarter of fiscal 2017-18. Between July and December last year, the government repaid Tk 3,980 crore to banks and Tk 3,896 crore to the central bank, taking its net borrowing to Tk 7,876 crore in the negative.

Gazette to be published within 3 days: minister

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The constitution of the board aims mainly at averting labour unrest. Massive demonstrations by hundreds of workers in Ashulia and Savar in December 2016 for a wage hike prompted nearly 100 factory owners to shut their production units.

The factories were reopened after a negotiation with the labour ministry and trade unions.

The Bangladesh Garment Manufacturers and Exporters Association sent a proposal to form the wage board to the labour ministry in August last year.

A four-member permanent wage board already exists. Whenever a board is announced afresh, two additional members representing owners and workers are usually included.

The permanent board is led by Senior

District Judge Syed Aminul Islam. The other three members are Kazi Saifuddin Ahmed, labour adviser to Bangladesh Employers' Federation (owners' representative); Fazlul Haque Montoo, executive president of Awami League's workers front Sramik League (workers' representative); and Kamal Uddin, a teacher of Dhaka University (independent member).

As the new members, the state minister for labour appointed Begum Shamsunnahar, women affairs secretary of Awami League, as workers' representative, and Siddique Rahman, president of BGMEA, as owners' representative.

The minimum wage was last fixed at Tk 5,300 in 2013, up from Tk 3,000 in 2010, Tk 1,662.50 in 2006, Tk 940 in 1994 and Tk 627 in 1985.

Regent Airways spreads wings to Saudi Arabia

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Regent currently operates flights to Muscat, Doha, Kuala Lumpur, Singapore, Bangkok, Kolkata, and Kathmandu.

"We have six aircraft and we are trying to use them efficiently," said Hanif Zakaria, chief commercial officer of Regent.

The airline began commercial opera-

tion in November 2010. It also operates domestic flights to Chittagong, Cox's Bazar and Saidpur.

Incorporated as HG Aviation, Regent is a wholly-owned subsidiary of Habib Group, a Chittagong-based conglomerate that has exposure in power, steel, readymade garments, textiles, spinning, cement, paper, and fertilizer, among others.



Md Arafan Ali, president and managing director of Bank Asia, attends the opening of a month-long foundation training for the bank's officers at the Bank Asia Institute for Training and Development in the capital.

Intel shares hit dotcom-era highs after bumper results

REUTERS

Intel Corp's shares rose 7 percent on Friday to their highest in almost two decades, after strong results offered the clearest sign yet that its years-long effort to shift away from a slowing PC business was paying off.

Shares of the company were trading at \$48.50 on Friday, adding nearly \$15 billion to its market value and hitting highs last seen in September 2000 during the dotcom boom.

Investors were also comforted by Intel's assurances that it does not expect any material impact from the recent disclosure of security flaws Spectre and Meltdown in billions of its chips.

The Santa Clara-based company helped found the personal computer industry and became one of the world's biggest chipmaker on the back of growing demand for PCs.

But, in the last few years, falling PC demand has pushed Intel to focus on making chips for data centers to offset

revenue loss.

Revenue from the company's higher-margin data center business jumped about 20 percent to \$5.58 billion.

"Intel is successfully navigating the transition from a PC-centric to data-centric company - specifically, Intel's data-centric businesses now comprise about 47 percent of revenue," Credit Suisse analyst John Pitzer said.

Pitzer upgraded the stock to "outperform" from "neutral."

The business is showing no signs of slowing down - Intel forecast its data center unit to grow mid-teens and PC-centric business in the low single digits this year, projecting overall revenue growth of 4 percent to \$65 billion.

"While we believe near term PC unit declines have been impacted by a lengthening in the PC refresh cycle, we view this lengthening as slowing over time, lessening the deleterious impact on overall company growth," Susquehanna Financial Group analyst Christopher Rolland said.

GP staff protest union registration delay

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Employees can't feel safe at their workplace without a union and multinationals allow it, they said.

Shibnath Roy, director-general of the Department of Labour, said the court ordered them to take steps in accordance with the law.

"We are always in favour of unions as part of our mandate and the department just needs to follow the process," said Roy over the phone yesterday.

In a statement, Grameenphone said, "We acknowledge the verdict and expect the director-general of labour will now do the needful in accordance with the laws."

Keep tax structure predictable

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He said repeated changes in duty classifications leave importers on a wobbly ground. At the same time, a reasonable level of protection is necessary to promote industrialisation in Bangladesh. Rules and regulations should be framed in view of production, industrialisation and revenue collection, he said, while stressing on the need for diversification of industrial production.

"So, customs officials don't just collect revenues; they have important roles in industrialisation." Rahman also said the efficiency of revenue officials and their business-friendly attitudes are vital. "There is no meaning of enforcing laws by shutting down production," the adviser added.

Many countries used duty protection for industrialisation, said Muhammad Abdur Razaque, chairman of the parliamentary standing committee on finance.

"If we impose duty properly on the import of powdered milk, we will not need to import milk after 3-5 years," he said, adding that dairy farming is expanding. He also touched upon the topic of illegal capital flight out of the country.

"It is alleged that a neighbourhood in Canada has been christened the 'Begum Para'.

The money was sent there through under-invoicing of exports and imports," Razaque added. Finance Minister AMA Muhith asked the customs department to be alert to prevent the entry of illegal items.

He said the government aims to double the tax to gross domestic product ratio to 20 percent by 2021 to increase the size of the national budget.

At present, the tax-to-GDP ratio stands at 10-11 percent. "It is a big target. But it is possible to achieve it seeing the way people are responding," said Muhith.

Many countries have a higher tax-GDP ratio, the minister said, adding that some countries have a tax-to-GDP ratio of 30-32 percent. "We may not go up to that level, but it is possible to achieve our target," he said, citing the growth of registered taxpayers to 31 lakh from 14 lakh from a couple of years ago as an encouraging sign.

"This is a very good sign. We should be proud of it," he added. Commerce Minister Tofail Ahmed and NBR Chairman Md Mosharraf Hossain Bhuiyan also spoke.



Md Habibur Rahman, managing director of Al-Arafah Islami Bank, attends a training course on banking for the bank's executive officers organised by Al-Arafah Islami Bank Training and Research Institute in Dhaka on Thursday.



Syed Samiul Huq, a director of Yuasa Battery Bangladesh, awards one of the best sales partners of the company at "Yuasa Battery Sales Partners Meet-2018" at a hotel in Dhaka yesterday. Syed Mahmudul Huq, chairman, also attended the event.

YUASA BATTERY