

US told to 'see sense' as Mnuchin pushes for EU, China concessions

AFP, Buenos Aires

US Treasury Secretary Steven Mnuchin on Saturday urged China and the EU to respect "free, fair and reciprocal trade" as his French counterpart fired back that the US needs to "see sense" amid fears of a global commerce conflict.

Mnuchin arrived in Buenos Aires for the Group of 20 summit of finance ministers and central bankers at the end of a week in which US President Donald Trump ramped up his inflammatory remarks and threats regarding global trade.

But far from backing down on Trump's outbursts, in which he described China, the EU and Russia as trade "foes," Mnuchin backed his president, in particular over a threat to hammer China with punitive tariffs on the entirety of the \$500 billion in goods it exports to the US.

"It is definitely a realistic possibility, so I wouldn't minimize the possibility. We've been very clear with our objectives," Mnuchin told reporters ahead of the start of the two-day G20 summit that brings together the world's 20 leading economies. "We share a desire to

have a more balanced relationship and the balanced relationship is by us selling more goods (to China)."

The US trade in goods deficit with China stood at almost \$376 billion in 2017.

Mnuchin said China must "open up their markets so we can compete fairly," although he insisted that to do so would be "a tremendous opportunity for us and a tremendous opportunity for China."

The brewing global trade conflict was always expected to dominate talks in the Argentine capital and Mnuchin made no secret that it is the US's top priority.

Turning to the EU, Mnuchin said it would have to make considerable concessions in order for there to be a free-trade agreement with the US.

"My message is pretty clear, it's the same message the president delivered at the G7: if Europe believes in free trade, we're ready to sign a free trade agreement with no tariffs, no non-tariff barriers and no subsidies. It has to be all three."

France's finance and economy minister Bruno Le Maire hit back, urging the US to "see sense."

"This trade war will produce only

losers, it will destroy jobs and put pressure on global growth," Le Maire told AFP. "We call on the United States to see sense, to respect the rules of multilateralism and to respect their allies."

Trump's protectionist policies saw him slap tariffs on steel and aluminum imports, angering allies the EU, Canada and Mexico, and triggering retaliatory measures.

The US president has also threatened to put levies on foreign car imports -- a big worry for Germany in particular. "Global trade cannot be based on survival of the fittest," Le Maire said.

International Monetary Fund chief Christine Lagarde opened the summit by reiterating her fears that increasing trade restrictions would hurt global GDP.

Lagarde said that taking into account "current announced and in process measures," an IMF simulation indicates that in a worst-case scenario, a half point would be cut from global GDP, amounting to some \$430 billion.

Small protests against the IMF were staged in central Buenos Aires both on the eve of the summit and

on Saturday, with locals angered by a 35 percent plunge in the peso between April and June.

Argentina secured a \$50 billion IMF loan in June to stabilize its economy as investor confidence in crisis-hit emerging economies sunk, with some \$14 billion taken out between May and June.

"The Argentine authorities are implementing a decisive reform plan that has the support of the international community and is backed by the IMF," said Lagarde.

"The Central Bank of Argentina has put in place measures that helped reduce financial volatility and improve transparency," she added.

Lagarde said growth in the country would "stabilize in the last quarter of 2018" with a "gradual recovery in 2019 and 2020."

Away from trade, Mnuchin moved to ease fears in the US that Trump would "jeopardize" Federal Reserve independence after he blasted the Fed's interest rate hikes in a television interview aired on Thursday.

"The president has made it very clear to me that he supports the Fed's independence," said Mnuchin.



Tamal SM Parvez, chairman of NRB Commercial Bank, presides over the bank's fifth annual general meeting in Dhaka on Saturday. The bank approved 5 percent stock and 5 percent cash dividends for 2017.

Appetite for junk stocks declines

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Turnover—another important indicator of the market—also jumped 15.6 percent from Thursday to Tk 1,054.93 crore yesterday, with 22.39 crore shares and mutual fund units changing hands.

Of the traded issues, 142 advanced, 171 declined and 26 closed unchanged on the premier bourse. BBS Cables dominated the turnover chart with 38.83 lakh shares worth Tk 40.98 crore changing hands, followed by Ifad Autos, Nahee Aluminum, KDS Accessories and Aman Feed.

Among the major sectors, engineering increased 2.36 percent followed by life insurance 1.10 percent, miscellaneous 0.88 percent and pharmaceuticals 0.53 percent.

Conversely, banks and financial institu-

tions declined 1.42 percent and 0.79 percent respectively. Aamra Technologies was the day's best performer with 10 percent gain followed by AFC Agro Biotech, Nahee Aluminum, S Alam Cold Rolled Steels and Quasem Industries.

Imam Button was the worst loser with a 10 percent fall followed by Savar Refractories, United Airways, Jute Spinners and Meghna Pet Industries. Chittagong stocks also soared with the bourse's benchmark index, CSCX, advancing 12.66 points to finish the day at 9,960.75.

Gainers beat losers as 118 issues advanced, 107 declined and 19 finished unchanged on the Chittagong Stock Exchange. The port city bourse traded 2.31 crore shares and mutual fund units worth Tk 80.11 crore.



Kazi Wahidul Alam, editor of travel and tourism fortnightly The Bangladesh Monitor, hands over a bouquet to Shahid Hamid FIH, executive director of Dhaka Regency Hotel, at the Sonargaon hotel in Dhaka on Saturday on the latter being elected executive board member of Pacific Asia Travel Association's worldwide chapter.

Bangladeshi factories among the safest

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Subsequently, he urged the national initiative to expedite the remediation works in the garment factories the platform is in charge of as those are lagging behind the Accord- and Alliance-affiliated factories.

Moriarty said he has been talking with the government and the factory owners for strengthening the safety monitoring organisations at the factory level.

The Remediation Coordination Cell, which is assigned to look after the factory safety progress after the departure of Accord and Alliance, has a long way to go to enhance its capacity.

Following the instance of Bangladesh some other countries like Vietnam and India are also planning to introduce the activities like Alliance

under the name of Life and Building Safety, he added. Alliance will depart from Bangladesh next year.

About the introduction of a helpline for garment workers, Tapan Chowdhury, a director of the Alliance, said the factory owners were of the belief that the channel might create trouble for the factories. "But that is not right."

Thanks to the helpline the owners are able to listen to the workers' real grievance. "It is a very healthy and a win-win situation," he added.

Established by the Alliance in mid-2014 as an empowerment mechanism for workers in Alliance-affiliated factories, the helpline allows garment workers to report and resolve substantive issues in their factories, ranging from emergencies and urgent safety concerns to workplace abuse and wage

compensation disputes.

Since its inception, more than 233,000 inbound calls from workers in over 1,000 factories have been received. To date, more than 80 percent of all substantive issues have been resolved, according to the Alliance.

"The Amader Kotha Helpline has become a valued asset for all parties," said Doug Cahn, president of The Cahn Group and global project manager for the Helpline. As of yesterday, Amader Kotha is available to 1.5 million workers across more than 1,000 factories in Bangladesh.

Since 2014, the Helpline has received more than 233,000 calls from workers and the broader community, and more than 80 percent of all substantive issues have been resolved, Moriarty said.

Shrimp exports fall for fourth straight year

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Bangladesh fetched the highest \$590 million from shrimp exports in 2011-12, but it began to decline since 2013-14 both in value and volume.

In the face of the consistent low prices in the global market, the local market has emerged as a cushion for farmers in recent years, thanks to rising income and purchasing capacity of people.

"Common people can afford black tiger shrimp now - a thing that could not be imagined a decade ago," said Md Masudur Rahman, managing director of Sea Fresh Ltd, a processor and exporter.

At present, fish traders sell black tiger shrimp at Tk 500-550 a kilogramme in the Dhaka market.

Hossain said exports are not viable if exporters have to buy shrimps at such a higher price.

"The domestic demand for shrimp is strong, and the prices in the domestic market are higher than those in the international market," he said.

Hossain demanded that the government increase the amount of cash subsidy from the existing 10 percent so that exporters can sustain competition in the global market.

"Farmers should be given low cost loans on easy terms," he said.

Britain is one of the big markets for the local shrimp, but the export destination faces uncertainty over Brexit, said Rahman, adding that the British market may improve if issues surrounding Brexit are resolved smoothly.

A leap in e-governance

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"We are now in the highest position (achieved till date) in all the indexes. However, our improvement might have not been reflected in all the studies."

Bangladesh ranked 124th in 2016, 148th in 2014 and 150th in 2012.

The country is improving its position with respect to digitalisation at a much satisfactory pace but it is not reflected in the study, Jabbar said.

"There might be a problem in our reporting process. Without that, there is no other reason to stay 115th while Nepal is 117th," said Jabbar.

Denmark secured the top position with 0.9150 (an average of the scores in provision of online services, human capacity and telecommunication connectivity) followed by Australia with 0.9053.

The remaining countries in the top 10 are Korea, the United Kingdom, Sweden, Finland, Singapore, New Zealand, France and Japan. Somalia ranked last.

Bangladesh's average was 0.4862, scoring 0.7847, 0.4763 and 0.1976 in the three respective areas. "We have done a lot in establishing networks up to the remotest parts of the country but it might have not been shown in the report," said Jabbar.

The government aims to make Bangladesh one of the top 80 countries by 2021, 50 by 2030 and 20 by 2041.

Zunaid Ahmed Palak, state minister for ICT, said the government has already digitalised 40 percent of its services and the situation would improve within coming December when another 50 to 70 services would be brought under e-service platforms. "Within 2021, 90 percent of the 1,400 government services will be available online," said Palak.

He said the country's position would be much better if "we can ensure interoperability systems in mobile financial service (MFS) and our mobile financial transaction could be expanded more than what was at present."

Interoperability denotes the ability of an MFS provider to enable transactions with other providers.

The government is now working to establish an interoperable payment gateway and will pass an act to ensure the facility, which will boost e-services, Palak added.

Secretary to ICT Division Zuena Aziz, Access to Information Programme's (a2i) Senior Policy Fellow Anir Chowdhury and a2i Project Director Md Mustafizur Rahman also spoke at the event.

300 businesses want to invest in Africa

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The government has given the green light to local DBL Group to invest in the African garment sector.

"We have started production in our Ethiopian factory in May this year. We will make the first shipment this month," said MA Jabbar, managing director of DBL Group, a Bangladeshi garment exporter.

Jabbar said he has a target to export \$38 million worth of garment items from the Ethiopian plant every year.

Some 1,290 people work in the factory set up at a cost of \$32 million; of the employees 200 were recruited from Bangladesh, he said. "We set up the factory in Ethiopia mainly to take benefit of the AGOA and shorter lead times."

"I want to invest in production of vegetables, butter, dairy, rice and maize in Uganda," said Manik Sanyal, managing director of Business Firm Ltd, a Tangail-based agro product company.

"If possible I want to establish a fishery in Uganda," said Sanyal, who runs seed and tea businesses in Bangladesh.

Helali, also the chairman of Dosh Disha Group, signed an agreement with the Ugandan agricultural ministry to acquire 20,000 hectares of land for farming paddy and other agricultural products in 2011.

The project is yet to be implemented as the government is delaying to give approval for foreign investment, he said.

"Had the agreement gone through, I would have produced paddy in Uganda. Of the total produce, 60 percent would have

been brought to Bangladesh and 40 percent would have been sold in the Ugandan markets." The Chinese and Indian companies are acquiring thousands of hectares of land in different African countries like Uganda, Ethiopia, Kenya, Sudan, Rwanda and Congo.

Bangladeshi businesses sought the government's support to invest in African nations long before their counterparts in other Asian countries, but they are still lagging far behind.

"I have been receiving either phone calls or applications from different entrepreneurs seeking approval for investment in Uganda," said Abul Hossain, honorary consul of Uganda in Bangladesh.

Apart from agriculture, Bangladeshi entrepreneurs have the opportunity to invest in different sectors, including pharmaceuticals, ceramics, jute and jute goods and food processing, he said.

"We will take a group of investors from Bangladesh to Uganda in September or October to conduct a feasibility study for making new investments there."

Last week, leaders of the International Business Forum of Bangladesh (IBFB), a platform of investors, urged the government to formulate a specific policy to allow local companies to invest abroad as many domestic industrial conglomerates are now capable of doing so.

"Many Bangladeshi enterprises have acquired adequate technical knowledge and financial capacities to compete in international markets," said Hafizur Rahman Khan, the immediate past president of the IBFB.

Telcos not welcome in mobile financial services

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The MFS providers in the country will be led only by scheduled banks.

The banks, which are already in MFS operation, are permitted to continue with their existing licences or they may form a subsidiary, the BB official said.

In case of new applications, the banks will have to form subsidiary companies to run the MFS operation and the company will play as payment service providers (PSPs).

One single bank, known as the parent bank, should have at least 51 percent of the equity of the PSP working as MFS. The remaining shares will be owned by NBFIs, NGOs and authorised entities.

The subsidiary model-based MFS provider will require a minimum paid-up equity capital of Tk 45 crore.

MFS providers will handle foreign inward remittances only if received through credits in nostro accounts of banks in Bangladesh. The amount will be deposited in MFS accounts of the beneficiaries in Bangladeshi taka.

No outward or cross-boundary transaction will be undertaken by MFS providers.

MFS providers are strictly prohibited from lending from their own funds.

But, they can act as agents of banks and NBFIs licensed by the BB and micro-financial institutions licensed by the Microcredit Regulatory Authority in disbursing loans and in accepting repayments on behalf of the principle concerned.

Nigeria national flag carrier plan gets mixed reaction

AFP, Lagos

Nigeria chose one of the world's top international airshows to unveil its plans for a new national flag carrier, with a glitzy launch aimed at attracting foreign

investors.

Aviation minister Hadi Sirika said Nigeria Air would take off in December with 15 leased aircraft and said talks have been held with manufacturers Airbus and Boeing to buy new aircraft.



Mohammed Mahtabur Rahman, chairman of NRB Bank, opens an agent banking outlet at Balinga Bazar of Sylhet's Beanibazar upazila yesterday. Md Mehmood Husain, CEO, was present.

G20 ministers call for greater dialogue on trade tensions

REUTERS, Buenos Aires

Finance ministers and central bankers from the world's largest economies meeting in Argentina said heightened trade and geopolitical tensions pose an increased risk to global growth and have called for greater dialogue, according to a draft communique from the meeting.

The draft reviewed by Reuters, which is still subject to possible revisions, also noted that emerging market economies are better prepared to adjust to external shocks but they still face challenges from market volatility and reversals of capital flows. "Global economic growth remains and unemployment is at a decade low. However, growth has been less synchronized recently and downside risks over the short- and medium-term have increased," the draft said.

"These include rising financial vulnerabilities, heightened trade and geopolitical tensions, global imbalances, inequality and structurally weak growth, particularly in some advanced economies."