

US, China 'miles and miles' from trade deal: Ross

REUTERS, Washington

The United States and China are "miles and miles" from resolving trade issues but there is a fair chance the two countries will get a deal, US Commerce Secretary Wilbur Ross said on Thursday.

A 30-member Chinese delegation plans to come to Washington next week for a round of trade talks next week, he said, as the world's two largest economies try to meet a March 1 deadline to resolve their trade disputes.

Ross tried to tamp down expectations for the high-level talks.

"There is a very large group coming. There's been a lot of anticipatory work done but we're miles and miles from getting a resolution and frankly that shouldn't be too surprising," Ross said in an interview with CNBC.

"Trade is very complicated, there's lots and lots of issues - not just how many soybeans and how much LNG."

More important, he said, were the structural reforms that Washington believes are needed in the Chinese economy, as well as enforcement mechanisms for failure to adhere to whatever is agreed to.

US President Donald Trump has vowed to increase tariffs to 25 percent

from 10 percent on \$200 billion worth of Chinese imports on March 2 unless China takes steps to protect US intellectual property.

Trump also wants China to end policies that force American companies to turn over technology to a Chinese partner, allow more market access for US businesses, and reduce other non-tariff barriers to American products.

China has repeatedly played down complaints about intellectual property abuses, and has rejected accusations that foreign companies face forced technology transfers.

Chinese Vice Premier Liu He will hold in-depth discussions on economic and trade issues during his visit to the United States next Wednesday and Thursday, the Chinese commerce ministry said on Thursday. "During the upcoming high-level negotiations, both sides will continue to hold in-depth talks on various economic and trade issues of mutual concern," Gao Feng, spokesman at the commerce ministry, told reporters.

Firms in both countries are feeling the sting of US tariffs and retaliation from China. Apple Inc earlier this month rattled markets by cutting its sales outlook, blaming soft Chinese demand.

EU acts against 10 EU countries in money laundering crackdown

REUTERS, Brussels

The European Commission on Thursday warned Germany about its failure to apply EU rules against money laundering and stepped up action against nine other EU countries as part of a crackdown triggered by several scandals last year.

Germany was sent a letter of formal notice, the first step of the EU legal procedure against states, while Belgium, Finland, France, Lithuania and Portugal received reasoned opinions, the second step of the procedure which could lead to fines.

Other reasoned opinions were sent for the second time to Bulgaria, Cyprus, Poland, and Slovakia, the EU executive said.

The ten countries have two months to respond or face court action. The Commission had set a June 26, 2017 deadline for EU countries to apply new rules against money laundering and terrorist financing.



WALTON

Tahmina Afrose Tanna and Raisa Sigma Hima, directors of Walton Hi-Tech Industries Ltd (WHIL), greet Prime Minister Sheikh Hasina with a bouquet at Gono Bhaban in Dhaka on Monday on being elected prime minister for a third consecutive term. WHIL Chairman SM Nurul Alam Rezvi, Vice Chairman SM Shamsul Alam, Director SM Rezaul Alam and Operative Director Sharif Harunur Rashid were present.

RBI making u-turn, will cut rates by mid-year

REUTERS, Bengaluru

The Reserve Bank of India (RBI) will change its stance to 'neutral' next month and cut interest rates in June at the latest, according to a Reuters poll of economists pointing to an extraordinary U-turn in policy.

Just a month ago, economists predicted rates would start rising next quarter. But they have flipped that outlook in the first survey taken since RBI Governor Urjit Patel's sudden resignation on December 10.

"The policy outlook has been muddled by the resignation of Urjit Patel. His replacement, Shaktikanta Das, will likely lend a sympathetic ear to the government's wishes to keep policy loose," said Shilan Shah, senior India economist at Capital Economics.

Growth, while expected to cool compared with a survey three months ago, is still likely to remain stronger than in China, Asia's biggest economy.

Uncertainty over the outcome of a national election in May is seen as the main downside risk to Asia's third-largest economy. Over two-thirds of the 65 economists polled between January 21-23 said the RBI would hold its repo rate at 6.50 percent at its next policy review on February 7.

But nearly every respondent to an

additional question said the central bank would change its policy stance to 'neutral' from 'calibrated tightening' - a bias it only just adopted in October, which at the time surprised many analysts and traders.

With weak inflation and the sudden change in RBI's leadership, over 90 percent of 57 common contributors with last month's poll who predicted at least one hike next fiscal year are now forecasting either a rate cut or no change over the same time period.

"Our concern is that policy under Das will be kept looser than is appropriate for the benefit of the government," added Shah. "That will lead to a partial reversal of the success the central bank has had in reining in price pressures over the past five years, and lead to a permanent rise in inflation."

Inflation cooled to an 18-month low of 2.19 percent in December but is expected to average 4.3 percent next fiscal year. Core consumer inflation remained elevated at 5.7 percent last month.

The RBI's mandate is to control price pressures, which historically have been difficult to tame in India.

But Prime Minister Narendra Modi's governing Bharatiya Janata Party - which in 2014 won the first outright parliamentary majority in 30 years - has made clear it prefers stimulative monetary

policy ahead of national elections in May. The BJP lost three major state elections at the end of last year, largely due to angst among rural citizens about low crop prices and rising costs.

But Modi remains ahead in opinion polls after a series of planned vote-catching measures costing more than 1 trillion rupees.

"We will be studying Governor Das' policy bias carefully over the near-term and note that the risk of India returning to a high-inflation era has risen," said Tuuli McCully, head of Asia-Pacific economics at Scotiabank.

The RBI will by March transfer an interim dividend of 300-400 billion rupees to the government, about three or four times the amount paid last year, according to three sources with direct knowledge of the matter.

India's 2018/19 fiscal deficit is forecast to be 3.5 percent of gross domestic product compared to a previous goal of 3.3 percent, according to the poll. Finance Minister Arun Jaitley's target for the following year will be 3.3 percent.

Economists predict India's growth this fiscal year and next will be 7.3 percent, slower than predicted three months ago and lower than the International Monetary Fund's projection of 7.5 percent in fiscal year 2019-2020.



MTB

Anis A Khan, managing director of Mutual Trust Bank; MA Malek, editor of Dainik Azadi, and Jasim Uddin Chowdhury, managing editor of Daily Purbokone, inaugurate a newly installed cash recycler machine at Agrabad in Chattogram recently.

Tax receipts slow

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Revenue officials said collection growth reflects poor performance owing to showing inflated revenue figures for the last fiscal year. A senior official seeking to remain unnamed, however, feared leakage in import tariff. "Imports were higher than the collection from customs. It appears that duty was not assessed properly," the official said.

Bhuiyan said the total collection this fiscal year is likely to be in the neighbourhood of Tk 250,000 crore -- which is way short of the target of Tk 296,201 crore.

Earlier in the day, the NBR organised a ceremony to bid farewell to AMA Muhith as finance minister and welcome his successor, AHM Mustafa Kamal.

Massive reforms are needed to take the economy to a higher growth trajectory and attain the goal of turning Bangladesh into a developed country by 2041, Kamal said. "Some reforms have been done and some good works are going on. But our dream is big, so without reforms, the growth would be arithmetic."

Kamal said reforms in education are needed as it would be impossible to attain the 2041 goal without enhancement of human resources. The existing curriculum is unable to meet the demands for the fourth industrial revolution, he said.

"Our children will have to learn about artificial intelligence, blockchain technology and material science, quantum computing and things like these. We have to pay attention to this," Kamal also lauded Muhith's role in taking the economy to a new height in the last 10 years. "We had only a \$72 billion-economy 10 years ago. Today, it is \$274 billion," he added. Muhith said Bangladesh's tax-GDP ratio is one of the lowest in the world and the ratio should be raised to increase the state's capacity to finance expenditure.

He once again shared his idea of conducting a survey to find out the number of people with taxable income by enlisting the services of university students.

"Some innovative initiatives are needed to bring about improvement in our character," Muhith said. In response, the NBR chairman said his office plans to conduct a survey with the support of city corporations. "We have started doing a survey to expand the tax net," he added.

Agrani Insurance evades huge VAT

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Following the findings of the VAT Intelligence, the Insurance Development and Regulatory Authority (IDRA) served a show cause notice on Agrani Insurance and asked it to explain why punitive action will not be taken against it for depriving the government of revenue.

According to the show cause notice served on December 24, the company had been running business on credit breaching insurance laws.

The company did not give any reply to the notice even after a month although it was asked to complete the task in seven days.

When contacted, Gokul Chand Das, a member of the IDRA, said the company did not reply even after getting a 10-day extension. Now, the company will be summoned to a

hearing, he added.

The insurance authority is failing to monitor such irregularities due to a lack of workforce, he said.

This correspondent went to the head office of Agrani Insurance recently to meet its CEO Md Anwar Hossain. But Hossain referred the correspondent to Vice President Ahsanur Rahman Joarder.

Joarder denied any VAT evasion, saying the company mistakenly did not pay the VAT on time.

"But we have already paid the full amount that the VAT Intelligence has detected," he said. Bangladesh is the most underinsured country in the non-life insurance category, standing to lose as much as 0.8 percent of gross domestic product from natural disasters a year, according to Lloyd's of London, one of the leading insur-

ance marketplaces in the world.

Bangladesh fell one notch down to 43rd in the global ranking for insurance penetration in 2012, while the country's premium as a percentage of GDP remained the same at 0.2 percent in 2012. Bangladesh has 45 non-life insurance companies.

"The insurance penetration has remained low just because of the unholy practice of insurers to hide a big portion of premium collected as they have to share a percentage of it with the government," said Mohammodi Khanam, CEO of Prime Insurance Company.

Insurers collected Tk 11,150 crore in premium in 2017, up 7.39 percent year-on-year, according to IDRA data. Of the total premium, the contribution of the non-life insurance companies was Tk 2,934 crore.

Euro zone business growth lowest since 2013

AFP, Brussels

Eurozone business growth is at its lowest level in five-and-a-half years, according to the initial reading of a survey by data firm IHS Markit.

The firm's composite eurozone PMI fell to 50.7 points in January -- a 54-month low -- from 51.1 points in December, according to the survey published Thursday. A reading above 50 points indicates an expansion, and the trend appears to be heading towards stagnation.

"The disappointing survey data indicate that GDP is rising at a quarterly rate of just 0.1 percent," said Chris Williamson, an IHS Markit economist.

"The Eurozone economy slipped closer to stall speed in January, with companies reporting the first drop in demand for over four years," he added.

Williamson cited the "yellow vest" protests in France as a drag on the euro area, but noted: "German businesses are also reporting their toughest spell for four years."

Beef up local agency: EU

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Last fiscal year, Bangladesh exported goods worth more than \$21 billion to the EU and the EU nations' export to Bangladesh was worth \$3 billion, according to the ambassador.

She also suggested the government update the labour law and the export processing zone law to the standards of the ILO.

Japan wants FTA with Bangladesh

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Kamal said Japan is assisting Bangladesh in various mega projects. The Hazrat Shahjalal International Airport is being expanded with Japanese assistance. He said the way Bangladesh's economy is growing, more than 80 lakh international passengers will use the airport annually.

In the statement, Izumi said the Japan International Cooperation Agency is Bangladesh's biggest development partner and the assistance it provides is Japanese taxpayers' money. "It is the reflection of love from the people of Japan," he said.

Japan is giving 200 billion yen (\$1.8 billion) in loan to Bangladesh in six projects, including the metro rail one, the envoy said. "The level of loan will increase in future through state-level visits between the two countries."

The minister requested the ambassador to increase the foreign investment in Bangladesh -- to which Izumi responded positively.

Fabric makers look to expand global footprint

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Classical Hometex is exhibiting more than 500 categories of bed sheets with hundreds of colour combinations. Customers can buy a standard bed sheet at Tk 700 to Tk 1,500 and high-end bed sheet for Tk 2,000 to Tk 4,500.

Mohammad Hossein, general manager of Father Textile Mills, a concern of Asian Group, said the company is displaying suiting and shirting fabrics of more than 700 types of designs.

He said foreign buyers also visit the pavilion and check the quality of the products.

"Most of our products are of export quality as we supply fabrics to the local readymade garment sector," he said.



SHURJOMUKHI LTD

Syed Almas Kabir, president of the Bangladesh Association of Software and Information Services; Fida Haq, CEO of shurjoMukhi Ltd, and Rafiqur Rahman, executive director of Phoenix Insurance, attend a seminar on creating cattle insurance market by radio frequency identification tracking in Bangladesh, jointly organised by the shurjoMukhi and Phoenix, at Krishibid Institution Bangladesh on Wednesday.

Manwar Hossain, group managing director of the Anwar Group of Industries, receives a "Global Asian of the Year 2018" award in business leadership category presented by AsiaOne magazine at a hotel in Singapore.

ANWAR GROUP

