

# China's services sector moderates but still solid



REUTERS/FILE  
A sales promoter waits for customers at a discount department store in Beijing.

China's sprawling services sector maintained a solid pace of expansion in January even though growth moderated slightly, a private survey showed on Sunday, offering continued support for the world's second-largest economy as manufacturing cools.

The Caixin/Markit services purchasing managers' index (PMI) fell slightly to 53.6 in January from 53.9 in December, but well above the 50.0 mark separating growth from contraction.

Overseas sales continued to support the sector, with new export business rising at the fastest clip in more than a year, thanks to efforts among Chinese services firms to attract foreign clients. Overall new orders also ticked higher, to 52.6 from 52.3 in December.

The resilience of the services sector, which accounts for more than half of China's gross domestic product, is key to countering the ongoing slowdown in manufacturing.

Chinese factories have been hit by a long-term restructuring of industries, a crackdown on pollution and China's

trade tensions with the United States.

"Overall, China's economic growth was weighed on by weakening domestic demand in January, although exports improved marginally as the Sino-US trade negotiations flagged signs of progress," said Zhong Zhengsheng, director of macroeconomic analysis at CEBM Group.

China's policies to support domestic demand and developments in the trade war "will remain key to the prospects of the Chinese economy. Given that the government has refrained from taking policies of strong stimulus, the downward trend of the economy may be hard to turn around for the time being," Zhong said.

Caixin's composite manufacturing and services PMI, also released on Sunday, slipped to 50.9 in January from 52.2 in December. The January manufacturing PMI, announced on Friday, was 48.3, the lowest since February 2016.

Beijing has taken a raft of measures in the past year to encourage growth - reducing the levels of cash that banks must hold as reserves to spur lending, cutting taxes and fees, and expediting infrastructure spending.

Resolving trade tensions with the United States remains key to improving sentiment and lifting the outlook for Chinese exporters.



MIDAS FINANCING  
Rokia Afzal Rahman, chairman of MIDAS Financing Limited, presides over a discussion on business development organised by the company at MIDAS Centre in Dhaka on Saturday. The chairman suggested ways for raising profit of the company and ensuring dividend for the shareholders. Shafique-ul-Azam, managing director, was present.

## SWIFT says it's helping BB rebuild network

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"SWIFT, the New York Fed and Bangladesh Bank have worked together since the cyber fraud event occurred ... to recover the entire proceeds of the crime and to bring the perpetrators to justice in cooperation with law enforcement from other jurisdictions," SWIFT said in a statement to Reuters.

The firm would continue to lend its support to international efforts to protect the global financial system from future cyber attacks, it added.

SWIFT - the Society for Worldwide Interbank Financial Telecommuni-

cation, a cooperative used by thousands of financial institutions around the world - did not say if it would also help Bangladesh Bank with the court case in New York.

A person familiar with the technical assistance agreement said the Fed would prepare affidavits and clear employees to testify at hearings or a trial, and also allow Bangladesh Bank to interview employees. It would also provide relevant non-privileged documents and information to Bangladesh Bank or to the court.

Bangladesh Bank lawyer Ajmalul Hossain QC declined to comment on

SWIFT's role in the legal case against RCBC.

In its suit filed with the US District Court in Manhattan, Bangladesh Bank accused RCBC and dozens of others, including several top executives, of involvement in a "massive" and "intricately planned" multi-year conspiracy to steal its money.

A 2016 Reuters investigation into the heist found that a series of missteps and miscommunication between the Fed and Bangladesh, little emergency backup, and slow reactions in New York to early warning signs all contributed.



KUWAIT AIRWAYS  
Adel Mohammed AH Hayat, Kuwaiti ambassador to Bangladesh, and Abu Amin Khan Chowdhury, country manager of Kuwait Airways, pose at Amari Dhaka on Thursday when the airline awarded its top passenger and cargo agents.



MUTUAL TRUST BANK  
Anis A Khan, managing director of Mutual Trust Bank, opens an ATM booth at Arrival Terminal-2 of Hazrat Shahjalal International Airport in Dhaka recently.

## NBR reaping benefit

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The official said they are doing detailed profiling of multinational firms operating in Bangladesh and plan to begin auditing of the foreign companies' transactions with their associated entities abroad this year.

The NBR framed the law on transfer pricing in 2012 in order to reduce the scope for illicit fund transfer and tax evasion by foreign firms. However, the law is yet to be fully implemented. Transfer pricing refers to the rules and methods for pricing transactions within and between enterprises under common ownership or control.

The accounting method allows multinational companies to shift net profits or losses to offshore or low-tax countries to maximise earnings. For instance, two subsidiaries of a company, one based in a high-tax country and another in a low-tax haven, can engage in trade with one another.

The low-tax subsidiary can quote abnormally high prices for goods or services from the high-tax subsidiary to ensure maximum net profits for the parent company, an unethical practice many multinational firms may resort to.

Some \$5.9 billion was siphoned out of Bangladesh in 2015 through trade mis-invoicing, said the Global Financial Integrity (GFI) in a report last week.

The amount of illegal fund outflow from Bangladesh -- at \$33.73 billion -- was 17.5 percent of the nation's total trade with advanced countries in 2015, said the Washington-based research and advisory organisation.

In order to enforce the law, the NBR reconstituted its Transfer Pricing Cell to monitor international transactions by foreign companies. The cell will examine transactions valued more than Tk 3 crore in a fiscal year by a multinational or its associated entities from Bangladesh.

## Remittances rise on weak taka

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In the monetary policy announced last week, the BB said additional foreign exchange flexibility would likely be needed to ensure that exchange rates remain well-aligned with the market forces. The statement hinted that the dollar price will increase further in the coming days, which will be beneficial for exporters and remitters.

# Wealth concentration a concern: UN official

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Seppo said the country has made good strides in some areas of the Sustainable Development Goals (SDGs). She lauded the country's improvement in the areas of reducing child and maternal mortality.

She said the country has made good progress in tackling disasters but faces risks of mega disasters and climate change.

She said further progress is needed in the area of restraining child marriage.

The UN official called job creation and skills training for the large number of unemployed youth a big challenge for Bangladesh.

"Strengthening the skills levels and employability of youths is crucial for accelerating poverty reduction and reaping the benefits of demographic dividends."

Seppo said despite the large increases in the absolute levels of social expenditure over the last few years, the proportion of total government expenditure on health, education and social protection has actually decreased.

She said ensuring rule of law and access to justice for the poor is still quite a challenge.

Arbitrary arrests, disappearances and the incidents of torture and the incidents of human rights violation against journalists and trade union

leaders are taking place.

"So, the government should focus on good governance as it has already announced a zero-tolerance against corruption. The capacity of law enforcing agencies needs to be improved."

Wahiduddin Mahmud, a noted economist, said the country has taken strides in the areas such as reduction of child and maternal mortality. However, the revenue-to-GDP ratio is still not satisfactory.

"If we look at social spending on health and education, the ratio in terms of GDP remains very low. With such a low social spending, we are still ahead of comparable countries in most social indicators. It is called Bangladesh's development surprise."

He said the best surprise has been there because Bangladeshi people, particularly in rural areas, are very eager to adopt anything. The people have taken the advantages of low-cost solutions, he said.

"However, the government needs to spend more for ensuring quality education and enabling the poor's access to health services."

Md Nojibur Rahman, principal secretary to the prime minister, suggested that the planning commission deepen the engagement of the government with development partners so that the country can make progress in SDGs' attainment.

MA Mannan, planning minister, said the country has integrated the goals and targets of the 2030 Agenda in its 7th five-year plan, including preparation of a number of key policy documents to identify the ministries and agencies responsible for SDGs' implementation and guide them in their actions.

The report said there is a need for enhanced international cooperation and support for achieving 41 of the 169 targets of the SDGs. Bangladesh has made good progress on all three of the first three SDGs pertain to ending poverty, hunger and improving public health and is on track to achieving the targets.

Of the 17 targets under the three SDGs, four have been met already, six are on track and five need more attention, said Shamsul Alam, a member of the General Economics Division, a branch of the Planning Commission, while presenting the report.

The progress on reducing extreme poverty measured by \$1.90 a day or by national poverty line and on expanding coverage of social protection and the proportion of government expenditure on services as a share of the total government expenditure is on track, said the report.

Mashiur Rahman, economic affairs adviser to the prime minister, also spoke.

## Economic zones' factories to get uninterrupted power

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The state minister also said entrepreneurs would not get gas and power connections if they set up industries in an unplanned manner.

Hamid said imported power is cheaper than locally generated one. It needs \$1.5 billion in investment to generate 1,000MW of power.

Salman F Rahman, private industry and investment adviser to the prime minister, said the economic development of the country has improved in the last 10 years thanks to the advancement in power generation.

"We have to achieve double-digit growth within next five years though it is really difficult," he said.

The businessperson said the private sector is the only engine that can help the country pull off the targeted economic growth.

"So, we have to remove all kinds of bottlenecks in achieving the growth target."

The adviser said the new cabinet is giving emphasis on businesses for further growth.

Shafiqul Islam Mohiuddin, president of the FBCCI, said private investment is not increasing at an expected rate due to unpredictable power tariff and bank interest rate.

He urged the government to give hints in advance about any power tariff plan to help investors take informed decisions on expanding businesses.

Ahmad Kaikaus, secretary of the power division, said the government has set a target to increase the installed power generation to 60,000MW by 2041.

Sheikh Fazle Fahim, senior vice-president of the FBCCI; Humayun Rashid, managing director of Energypac; Moin Uddin, chairman of Bangladesh Rural Electrification Board; Md Helal Uddin, chairman of the Sustainable and Renewable Energy Development Authority, and Mohammad Mejbahuddin, chief executive officer of the power division of United Group, were present.



DBL CERAMICS  
Abdul Wahed, chairman of DBL Group, along with the players of Chittagong Vikings poses at a "Dealer Meet" of DBL Ceramics at Dhaka Club on Saturday. Mohammad Khorshed Alam, head of sales at DBL Ceramics; Mohammad Bayazed Bashar, deputy general manager for planning and development, and Sheikh Tareq Zahir, chief financial officer, were present.



ACI MOTORS  
Arif Dowla, managing director of ACI Limited, and FH Ansarey, CEO of ACI Motors, distributor of Foton commercial vehicles in Bangladesh, attend a "First Foton Sales Celebration" at ACI Center in Dhaka recently.