BANK ASIA

A Rouf Chowdhury, chairman of Bank Asia, poses at the concluding ceremony of the "49th Foundation Training Course" for its 42 management trainees at the Bank Asia Institute for Training and Development in the capital's Lalmatia yesterday. The chairman awarded the certificates among the participants of the training course.

Shohoj summoned to court over illegal foreign employment

STAR BUSINESS REPORT

The High Court yesterday issued a rule asking the respondents to explain in four weeks why and how Rajiv Bhattacharya, senior vice-president of Shohoj Limited, has been working in Bangladesh without the requisite work permit.

The bench of Justice Moyeenul Islam Chowdhury and Md. Ashraful Kamal came up with the rule after hearing a petition filed by Ektander Hossain Howlader, an advocate and income tax practitioner, said Khurshid Alam Khan, the petitioner's lawyer.

As per the Board of Investment Guideline 2011, work permit is mandatory for foreign nationals working in Bangladesh. Maliha M Quadir, managing director of Shohoz, however, told The Daily Star yesterday Bhattacharya has valid work permit with legal documents.

The respondents include secretaries of the: home affairs, road transport and bridges, and information ministries; executive chairman of the Bangladesh Investment Development Authority; additional inspector general of the special branch of police; Bangladesh Bank governor; National Board of Revenue chairman; director general of the department of immigration and passport; Bangladesh Road Transport Authority secretary; Bhattacharya; and Shohoj Limited.

Khan said the petitioner earlier served two notices demanding justice and to take appropriate measures to investigate and stop Bhattacharya from working in Shohoj in violation of rules for the sake of national interest but to no avail.

World Bank leading the charge on development finance

AFP, *Washington*

The World Bank, whose new president is due to be appointed by mid-April, is a global financial organization whose mission is to end extreme poverty by supporting development projects.

Like its sister institution, the International Monetary Fund (IMF), it was created in 1944 at the Bretton Woods Conference held in the aftermath of the war.

Since then, it has financed more than 12,000 development projects through loans and grants, and also provides technical assistance, with a heavy focus on infrastructure, like roads, dams and electrical grids.

The lender has 189 member countries, with more than 10,000 employees and 130 branches around the world.

It has grown from a single institution into a group of five entities, the largest of which are the International Bank for Reconstruction and Development, which lends to middle- and low-income countries, and the International Development Association, which provides concessional loans and grants to the world's poorest countries.

For fiscal year 2018, IBRD had total outstanding loans of $183.58 billion.

The biggest borrowers last year were India ($3.45 billion), Egypt ($2.18 billion), Indonesia ($1.8 billion), China ($1.78 billion) and Turkey ($1.4 billion).

The largest IDA customers were Ethiopia ($3.12 billion), Bangladesh ($2.99 billion) and Nigeria ($2.59 billion), followed by Pakistan ($1.95 billion) and Kenya ($1.28 billion). The World Bank Group also includes three units that work in private sector finance:

- The International Finance Corporation (IFC), offers financing for private firms in developing countries.

- The Multilateral Investment Guarantee Agency (MIGA), as its name implies offers investors guarantees against losses associated with non-commercial risks in developing countries. - The International Center for Settlement of Investment Disputes (ICSID), which provides international tribunal mechanisms to arbitrate investment disputes.

The World Bank says it is "not a bank in the ordinary sense but a unique partnership to reduce poverty and support development."

Britain's financial heartland unbowed as Brexit risks deepen

REUTERS, *London*

Britain's financial services industry has emerged largely unscathed so far from the build-up to Brexit, with about 2,000 roles expected to have moved or been created overseas even as the risk of a disorderly exit grows, a new Reuters survey showed.

Many bankers and politicians predicted Britain's vote to leave the European Union in a 2016 referendum would prompt a mass exodus of jobs and business and deal a crippling blow to London's position in global finance.

But the number of jobs UK-based financial institutions say they actually expect to shift overseas has fallen steeply from the 5,766 predicted to move in the event of a no-deal Brexit in the last survey in September. This new estimate is about a fifth of the 10,000 flagged in the first survey in September 2017.

A no-deal Brexit would mean Britain leaving the European Union without an agreement on trade. Currently, the UK is on track for such a scenario because a deal giving London and Brussels a 21-month transition period to negotiate a trading relationship is at risk of collapse.

Most bankers, however, are confident a compromise will be hammered out. They are waiting to see what will be agreed and what the relationship will be, before making any final decisions about relocations.

The survey results are based on answers from 132 of the biggest or most internationally-focused banks, insurers, asset managers, private equity firms and exchanges to a survey conducted between Jan. 3 and Jan. 28. The jobs are equivalent to 0.5 percent of the 400,000 people who work in financial services in London.

Meanwhile, top investment banks plan to hire far more people in London than anywhere else in Europe, indicating they expect Britain will remain their main regional hub, at least in the short term, a separate Reuters survey showed.

"It will be a slow burn. We won't know what the full impact will look like for at least 10 years," said Catherine McGuinness, the de facto political leader of the municipal body that helps to run London's financial district, known as the City. "But the City is always changing and it will find a way to thrive."

Bankers' sanguine outlook comes even as the United Kingdom is on course to leave the EU in 52 days without a divorce deal, a step that could send shockwaves through financial markets. British lawmakers last week instructed Prime Minister Theresa May to renegotiate a Brexit divorce deal, a move that is fiercely opposed by other members of the bloc, meaning there is likely to be weeks of political brinkmanship.

The survey findings suggest London, which has the largest number of banks and the largest commercial insurance market in the European Union, is likely to remain the region's centre of international finance.

The decision to leave the EU has jolted London's finance industry, which has been a critical artery for the flow of money around the world for centuries.

Banks and insurers in Britain currently enjoy largely unfettered access to customers across the bloc in most financial activities. Elements long taken for granted, such as the right to buy and sell products in a single market, are suddenly in flux.

Under a worst-case no-deal scenario, consultants Oliver Wyman predicted as many as 75,000 jobs could go, while the London Stock Exchange suggested two years ago that figure could be as high as 232,000. The future of London as Europe's financial centre is one of the most important outcomes in the Brexit talks because it is Britain's largest export sector and biggest source of corporate tax revenue.

Large investment banks are expected to have moved about 890 jobs, just under half the number expected by end-March, according to interviews with more than two dozen industry sources.

Bank of America is moving about 200 employees to Paris by the end of February, according to sources. The bank declined to comment.

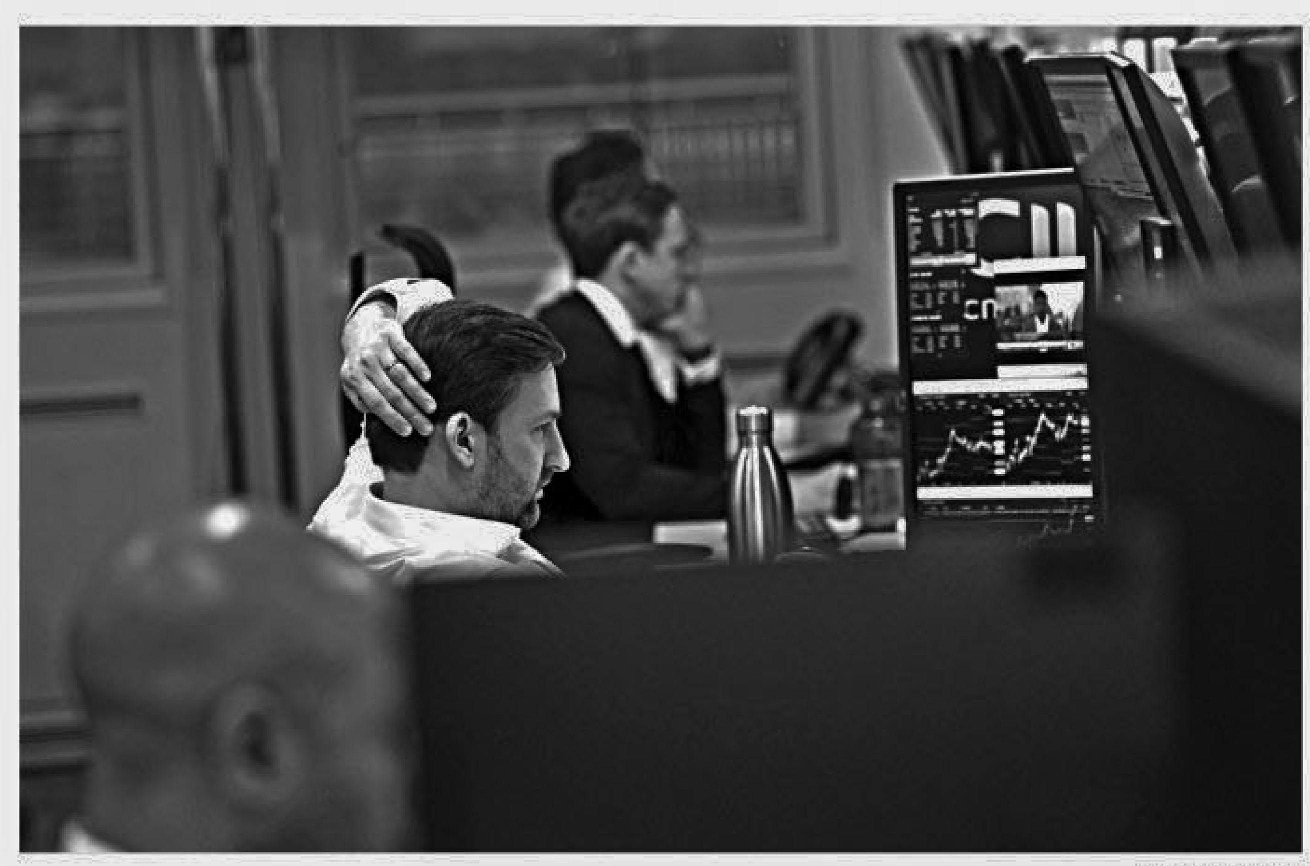
But many other finance companies are holding off staff moves until the political situation becomes clearer.

HSBC, which has publicly said up to 1,000 jobs could move to Paris, has so far not moved any staff, according to a source at the bank. Royal Bank of Scotland (RBS.L), which said it could move 150 employees to Amsterdam, also has not moved any employees, a source at the bank said.

Under the terms of the current divorce deal, only a basic level of access to the bloc's markets will be maintained after Brexit, but if Britain decides to leave the EU next month without a trade deal this would mean no transition period to lessen the turmoil.

A senior executive at one US investment bank said they would have to potentially double or triple the number of staff moved overseas if Britain leaves the EU without a trade deal.

So far, the executive added, the impact of Brexit had been much less than expected and was less of a concern than the slowing economy in China and political upheaval in the United States.



REUTERS/FILE

People work at their desks at the office of a financial derivatives dealer in London.

UN says EU could win big in US-China trade war

AFP, *Geneva*

Neither protagonist in the US-China trade war stands to benefit from their stand-off, the UN said Monday, suggesting others could cash in instead, with the EU possibly winning big.

In a report, the UN Conference on Trade and Development (UNCTAD) examined the repercussions of the tariff tit-for-tat already under way between the two trade giants, as well as the expected impact of a significant tariff hike scheduled to take effect on March 1.

The report, titled "The Trade Wars: The Pain and the Gain", said that "bilateral tariffs alter global competitiveness to the advantage of firms operating in countries not directly affected by them".

It predicted that the European Union would be the biggest winner, taking home some $70 billion in additional trade thanks to the trade war.

Last year, Washington and Beijing imposed tariffs on more than $360 billion in two-way trade, after Trump initiated the trade war because of complaints over unfair trade practices.

The two countries hailed "progress" in talks held in Washington last week aimed at avoiding an escalation of the conflict.

But if no deal is reached by March 1, US duty rates on $200 billion in Chinese goods are due to rise to 25 percent from 10 percent.

"Our analysis shows that while bilateral tariffs are not very effective in protecting domestic firms, they are very valid instruments to limit trade from the targeted country," Pamela Coke-Hamilton, head of UNCTAD's international trade division, said in a statement.

"The effect of US-China tariffs would be mainly distortionary. US-China bilateral trade will decline and replaced by trade originating in other countries," she said.

The study estimated that out of the $250 billion in Chinese exports subject to US tariffs, some 80 percent would be captured by firms in other countries, while 12 percent would be retained by Chinese firms and only six percent would be captured by US firms.

A similar scenario would apply to the $85 billion in US exports hit by Chinese tariffs, the report said, estimating that 85 percent would go to companies in other countries, 10 percent would remain in the US and only about five percent would go to Chinese firms.

"Countries that are expected to benefit the most from US-China tensions are those which are more competitive and have the economic capacity to replace US and Chinese firms," UNCTAD said.

The report indicated that the EU stood to benefit the most, with companies in the bloc likely to capture around $50 billion of Chinese exports to the US and about $20 billion of US exports to China.

Japan, Mexico and Canada would meanwhile each capture more than $20 billion in additional trade thanks to the tariff war, the study found.

Australia, Brazil, India, Philippines, Pakistan and would also notice "substantial effects relative to the size of their exports," it said.

But the trade war will also have a number of negative effects on global trade, especially within certain markets.

REUTERS/FILE

US President Donald Trump and China's President Xi Jinping arrive at a state dinner at the Great Hall of the People in Beijing.

BEF

Committee members of Bangladesh Employers' Federation (BEF) led by its president, Kamran T Rahman, call on Begum Monnujan Sufian, state minister for labour and employment, at her secretariat office in Dhaka yesterday.

RBI may change stance, inch towards rate cut

REUTERS, *Mumbai*

The Reserve Bank of India is likely to change its monetary policy stance to "neutral" from "calibrated tightening" on Thursday and move closer to a rate cut in April as inflation stays below the central bank's 4 percent target.

A softer stance would bode well for Prime Minister Narendra Modi's government, which wants to boost lending and lift growth as it faces elections by May.

The ruling Bharatiya Janata Party is already in an election mode. In its budget on Feb. 1, the government doled out cash to farmers and tax cuts to middle-class families, at the cost of a wider fiscal deficit and larger borrowing.

While two-thirds of 65 economists expected the RBI to hold the repo rate at 6.50 percent, most respondents predicted the six-member monetary policy committee (MPC) would shift its stance to neutral, according to a Reuters poll published on Jan. 24. Nearly half of respondents expected a 25 basis point rate cut by mid-2019.