ICC chair praises MDG success of Bangladesh

ICCB

From left, **Mahbubur Rahman, president of the International Chamber of Commerce Bangladesh; Paul Polman, chairman of the ICC; Mashiur Rahman, economic affairs adviser to the prime minister; and Shehzad Munim, president of the Foreign Investors' Chamber of Commerce & Industry, attend a reception accorded to Polman, at a hotel in Dhaka on Sunday.**

STAR BUSINESS DESK

INTERNATIONAL Chamber of Commerce's Chairman Paul Polman has praised Bangladesh for the country's major role in the achievement of the Millennium Development Goals (MDGs) globally.

He spoke while addressing the guests at a reception hosted by the ICC Bangladesh at a city hotel in Dhaka on Sunday, according to a statement.

Polman said the MDGs had achieved notable progress on many global issues and given the hope to create a new world within existing means.

"That's why the 2030 Agenda for SDGs has also offered a set of bold, ambitious and innovative package to transform the world," he said in the statement.

"I believe Bangladesh's businesses will be able to understand what the individual SDGs are actually about, how their own activity contributes towards the achievement of each one and the action and investment required."

Polman also said that Bangladesh is consistently cited as one of the most disaster-prone countries in the world. Long-term impacts from a rise in sea level and global temperature could displace millions of people.

Improving the country's resilience to immediate and future climate risks is essential to the continuing development of Bangladesh, he added.

He highly praised the various activities of the ICC Bangladesh and its President Mahbubur Rahman.

Rahman said the global economy enjoyed a mini-boom between the end of 2016 and early 2018, when growth picked up in most major economies.

However, this phase is now over and the global economy looks poised to slow moderately from 3.8 percent in 2018 to 3.5 percent in 2019, led by deceleration in the US and further softening in China.

Mashiur Rahman, economic affairs adviser to the prime minister, drew attention to various electoral pledges of the Awami League on unemployment, poverty, and climate change.

He said the government is working on reducing the non-performing loans, improving doing business index, customs modernisation and other issues to attract more investment from both local and foreign investors.

Shehzad Munim, president of the Foreign Investors' Chamber of Commerce & Industry, said Bangladesh is now ideally poised for attracting foreign investments.

Prof Rehman Sobhan, chairman of the Centre for Policy Dialogue; Sir Fazle Hasan Abed, founder and chairperson of Brac; KM Hasan and Md Tafazzul Islam, former chief justices; Mohammed Farashuddin and Salehuddin Ahmed, former governors of the Bangladesh Bank; Mahfuz Anam, editor and publisher of The Daily Star, and leaders of various trade bodies were present.

Abe adviser says BOJ can shelve price goal

REUTERS, *Tokyo*

THE Bank of Japan can abandon its 2 percent inflation target or suspend efforts to achieve it once the job market is tight enough because the public is better off having prices fall, not rise, an economic adviser to Prime Minister Shinzo Abe said.

While inflation is stuck near 1 percent, the BOJ's ultra-loose monetary policy is going well as it created jobs and boosted wages for temporary workers, said Koichi Hamada, who is considered as among the key architects of the premier's "Abenomics" stimulus policies.

"Prices don't need to rise much. From the perspective of people's livelihood, what's more desirable is for prices to fall, not rise," Hamada told Reuters on Friday.

On the BOJ's elusive 2 percent inflation target, Hamada said "I think it can be abandoned. It isn't absolutely crucial." He added that the "appropriate target level of inflation can be decided by the central bank".

The remarks highlight the shift in public sentiment towards the BOJ's radical monetary experiment begun by Governor Haruhiko Kuroda in 2013 as among the three pillars of Abenomics.

At the start, Kuroda pledged to achieve 2 percent inflation in roughly two years with a huge dose of monetary stimulus to end two decades of grinding deflation and economic stagnation.

While the economy recovered and the jobless rate slid near full employment, years of heavy money printing have failed to fire up inflation as firms remain wary of raising wages.

Hamada, who meets Abe regularly, had told Reuters in late 2012 that it was desirable for the BOJ to target 2 to 3 percent inflation, and deploy unlimited monetary easing.

In Friday's interview, Hamada said the BOJ could suspend efforts to hit its price goal once the job market is tight enough, as the inflation target is useful "only as a tool for achieving full employment".

The BOJ, however, did not need to abandon its 2 percent inflation target right now, as that could serve as a "safety valve" for when the job market deteriorates again or a sharp yen rise threatens Japan's export-reliant economy, he said.

"Since the world economy faces substantial turbulence, the BOJ can wait (in changing) its policy stance," said Hamada, professor emeritus of Yale University.

Hamada said the BOJ did not need to ramp up stimulus either, because the labour market was tightening.

"Demand is exceeding supply now. As long as this trend continues, we don't need to worry too much," he said.

On whether Abe should proceed with a scheduled sales tax hike in October to 10 percent from 8 percent, Hamada said there was little reason to put off raising the tax with the job market in good shape.

REUTERS/FILE

A security guard walks past the headquarters of Bank of Japan in Tokyo.

Crude and politics mingle as Saudi crown prince visits India, China

REUTERS

Saudi Crown Prince Mohammed bin Salman shakes hands with Indian Prime Minister Narendra Modi in New Delhi on February 20.

CLYDE RUSSELL FOR REUTERS

TRADE and investment were the reported themes of Saudi Crown Prince Mohammed bin Salman recent visits to India and China, but it's probably more than coincidence that those two countries also happen to be the biggest buyers of Iranian crude oil.

Last week's trips to New Delhi and Beijing were centred on splashy trade announcements, including a $10 billion refining and petrochemical complex in China, and talk of $100 billion of deals in India.

If there was much analysis of the political implications of the visits it was more along the lines that the crown prince was polishing his image in the wake of the alleged murder of Jamal Khashoggi, a Washington Post columnist and critic of the Saudi government, at the Saudi consulate in Istanbul in October.

But it's also likely that crude oil was discussed between the crown prince and Indian Prime Minister Narendra Modi and Chinese President Xi Jinping.

China and India are the two key buyers of Iranian crude and are currently importing from the Islamic Republic under waivers granted by the administration of US President Donald Trump.

These waivers to eight of Iran's oil customers are due to expire in May, and the United States has indicated that it doesn't intend to extend them in order to ramp up pressure on Tehran to re-negotiate the deal to limit its nuclear programme.

It's here that the intersection of geopolitics and the crude oil market become interesting.

Saudi Arabia would like to curb the influence of Iran in the Middle East, while at the same time pursuing the often incompatible goals of keeping the mercurial US president on sides while maintaining relatively strong crude prices.

The Trump administration wants to isolate and pressure Iran, keep the Saudi Arabians as their key Middle East ally, but also keep crude prices relatively low so as to keep the voters happy and the US economy ticking along as the key 2020 presidential election creeps closer.

Throw in a side helping of US sanctions against Venezuela and some interesting dynamics emerge for the crude oil market, particularly as concerns supplies to India and China.

If the United States is successful in stopping, or severely curbing, exports from Venezuela and Iran, the refiners that will feel the most pain are those in Asia, particularly China and India.

This is because many of the refineries in those two countries are configured to process the heavy, sour crudes typically supplied by Iran and Venezuela.

It's far too simplistic to say that other oil exporters can make up any shortfall, as the type of crude that could be added to global supplies rapidly is likely to be more of the light, sweet grades, such as US shale oil.

Trump delays tariff hike on Chinese goods, citing trade talk progress

REUTERS, *Washington*

US President Donald Trump said on Sunday he would delay an increase in US tariffs on Chinese goods thanks to "productive" trade talks and that he and Chinese President Xi Jinping would meet to seal a deal if progress continued.

The announcement was the clearest sign yet that China and the United States are closing in on a deal to end a months-long trade war that has slowed global growth and disrupted markets. Trump had planned to raise tariffs to 25 percent from 10 percent on $200 billion worth of Chinese imports into the United States if an agreement between the world's two largest economies were not reached by Friday.

After a week of talks that extended into the weekend, Trump said tariffs would not go up for now. In a tweet, he said progress had been made in divisive areas including intellectual property protection, technology transfers, agriculture, services and currency.

As a result, he said: "I will be delaying the US increase in tariffs now scheduled for March 1. Assuming both sides make additional progress, we will be planning a Summit for President Xi and myself, at Mar-a-Lago, to conclude an agreement. A very good weekend for US & China!"

Mar-a-Lago is the president's property in Florida, where the two men have met before.

The president did not set a new deadline for the talks to conclude, but he told US state governors gathered at the White House that there could be "very big news over the next week or two" if all went well in the negotiations. The White House did not provide specific details on the kind of progress that had been made.

The Chinese government's top diplomat, State Councillor Wang Yi, told a forum in Beijing on Monday that the talks had made "substantive progress", providing positive expectations for the stability of bilateral ties and global economic development, China's Foreign Ministry said.

China's official Xinhua news agency said in a commentary that the goal of an agreement was getting "closer and closer", but also warned that negotiations would get more difficult as they approached the final stages.

"The emergence of new uncertainty cannot be ruled out, and the long-term nature, complexity, and difficulty of China-US trade frictions must be clearly recognized," Xinhua said.

Trump and Xi called a 90-day truce last year to give their advisers time to negotiate a deal. The threat of tariff increases represented significant leverage for the Trump team as Beijing is trying to stabilize China's cooling economy.

"We can't be sure whether this constitutes a major cave or success because we don't know the details of what has been negotiated. But ... agreeing to extend negotiations a few more weeks definitely is in China's interests," said Scott Kennedy, a China expert at the Center for Strategic and International Studies in Washington.

"At this point, the US has likely gotten all it's going to get out of China."

JP Morgan Asset Management market strategist Tai Hui said the move suggested both sides wanted a settlement of the dispute and added that further tariff escalation would have added to concerns about the US growth outlook.

Markets, which have been sensitive to the dispute as it has slowed global growth, and some US trade associations cheered Trump's move.

US equity index futures opened higher on Sunday evening as trading kicked off for the week. S&P 500 e-mini futures ticked higher after Trump's tweets on trade, suggesting Wall Street would open on positive footing on Monday morning.

Asian shares scaled a five-month high and the Australian dollar, a proxy for China investments, got a 0.4 percent lift from the news.

Chinese stocks and the yuan jumped at the start of trade, with the benchmark Shanghai Composite index up 2.1 percent, its highest since Aug. 1, and the yuan hit its strongest level against the dollar since July.

Trump leaves on Monday for Vietnam, where he will hold a summit with North Korean leader Kim Jong Un. The president, who faces a re-election battle next year, has portrayed his engagement with Kim and forcefulness with China as key successes of his presidency.

Trump said on Friday there was a "good chance" a deal would emerge. But his lead trade negotiator, US Trade Representative Robert Lighthizer, emphasized then that some major hurdles remained. Lighthizer has been a key voice in pushing China to make structural reforms.

China's negotiators stayed for the weekend and the two sides discussed the thorny issue of how to enforce a potential trade deal on Sunday, according to a person familiar with the talks. Tariffs and commodities were also on Sunday's agenda, he said.

US President Donald Trump

Negotiators have been seeking to iron out differences on changes to China's treatment of state-owned enterprises, subsidies, forced technology transfers and cyber theft.

Washington wants a strong enforcement mechanism to ensure that Chinese reform commitments are followed through to completion, while Beijing has insisted on what it called a "fair and objective" process. Another source briefed on the talks said that enforcement remained a major sticking point as of Saturday.

Reuters reported on Wednesday that both sides were drafting memorandums of understanding (MOUs) on cyber theft, intellectual property rights, services, agriculture and non-tariff barriers to trade, including subsidies.