



Jamal Uddin, deputy managing director of IDLC Finance; Nazmul Haque, director for investment at Infrastructure Development Company Ltd, and Mohammed Ayub Khan, managing director of Debonair Synthetic Fiber, attend the signing of a term sheet at the IDLC's corporate head office in Dhaka recently for financing a project recycling waste plastic bottles to make polyester staple fibres.

Pakistan to pay foreign firm \$6b over mine closure: WB

AFP, Islamabad

Pakistan will have to pay almost \$6 billion in damages to a foreign gold mining firm whose dig was shut down by the government in 2011, the World Bank said Sunday.

The consortium Tethyan Copper company -- of which Canadian gold firm Barrick and Chile's Antofagasta Minerals control 37.5 percent each -- is the largest Foreign Direct Investment mining project in the country.

More than a decade ago the group found vast gold and copper deposits at Reko Diq, in the turbulent southwestern Baluchistan province, and had planned a hugely lucrative open-pit mine.

But the project came to a standstill in

2011 after the local government refused to renew the consortium's lease, and in 2013 Pakistan's top court declared it invalid.

On Friday, the World Bank's international arbitration tribunal committee awarded \$5.84 billion in damages to Tethyan, according to a statement from the company, because of the government's decision to shut down the mine.

Pakistan's attorney general, Anwar Mansoor Khan, said in a statement they had noted the decision "with disappointment".

The country's legal experts were "studying the Award and reflecting upon its financial and legal implications," the statement continued.

Ivan Arriagada, Antofagasta's Chief Executive Officer, said: "We are pleased to reach this milestone after more than seven years of arbitration."

"We remain willing to discuss the potential for a negotiated settlement with Pakistan and will continue to protect our commercial interests and legal rights until the conclusion of this dispute," consortium chairman William Hayes added.

It comes weeks after prime minister Imran Khan secured a \$6 billion bailout from the IMF, amid devaluations of the rupee and soaring inflation.

Barrick and Antofagasta say the proposed plant could produce 600,000 tons of copper and 250,000 ounces of gold a year.

China posts slowest GDP growth in three decades

AFP, Beijing

China's growth slowed to its weakest pace in almost three decades in the second quarter, with the US-China trade war and weakening global demand weighing on the world's number-two economy, official data showed Monday.

The slowing economy makes it more difficult for President Xi Jinping to fight back forcefully against Washington -- which is using tariffs as leverage to try to force Beijing into opening up its economy.

The 6.2 percent figure released by the National Bureau of Statistics was in line with a survey of analysts by AFP and down from a 6.4 percent expansion in the first quarter.

The GDP figures are within the government's target range of 6.0-6.5 percent for the whole year, down from the 6.6 percent growth China put up in 2018.

"Economic conditions are still severe both at home and abroad, global economic growth is slowing down and the external instabilities and uncertainties are increasing," said NBS spokesman Mao Shengyong.

"The economy is under new downward pressure."

Beijing has introduced measures including a massive tax cut to boost the economy, but they have not been enough to offset a domestic slowdown and softening overseas demand -- made worse by a punishing trade war with its biggest trading partner country, the United

States.

Total exports rose only 0.1 percent on-year during the first six months.

Analysts widely expect Beijing will step up support in the coming months. Mao told journalists:

Raymond Yeung of ANZ bank. "The Chinese government will not allow the quarterly growth to fall below 6.0 (percent)," he said in a note.

The month of June held bright spots for the economy.

Industrial output rose 6.3 percent,

didn't prevent growth from slowing in (the second quarter) and we see more weakness on the horizon," said Julian Evans-Pritchard of Capital Economics in a note.

Sales of big-ticket items such as cars have not held up, with sales down 12.4 percent in the first half of the year, according to the China Association of Automobile Manufacturers.

And growth in infrastructure investment has retreated from years of near 20 percent expansion -- coming in at a 4.1 percent rise in January-June.

Imports and exports also both shrank in June, while the urban unemployment rate ticked up to 5.1 percent for the month.

Meanwhile, extreme weather and highly contagious African swine fever have sent food prices skyrocketing, especially for meat, with the size of the world's largest pig herd down 15 percent in the first half of the year.

The trade war with the US has hit demand for China's goods, compounding slowing demand from the rest of the world.

"It's hard to escape the economic realities that the US-China trade war is having on global economies," said Stephen Innes, managing partner at Vanguard Markets.

Altogether the two economic giants have slapped each other with punitive tariffs covering more than \$360 billion in two-way trade, damaging manufacturers on both sides of the Pacific.



AFP

A man works on the pillar of a bridge under construction for China's high-speed rail network in eastern Jiangsu province.

"There is still much room for policy manoeuvring."

Monetary easing is expected to help boost the economy, and the central bank on Monday finalised a previously announced cut to the amount of cash that small and medium-sized banks hold in reserve.

With this year marking the 70th anniversary of the People's Republic of China founding, politics necessitates healthy growth, said

from 5.0 percent in May, which was the slowest increase since 2002.

Fixed-asset investment also picked up, rising 5.8 percent on-year in January-June, from 5.6 percent in January-May.

China's 1.3 billion consumers continued to open their wallets, with retail sales growing 9.8 percent on-year in June, up from 8.6 percent in May.

"A stronger end to the quarter



HRC BANGLADESH

Takahiro Suzue, chairman of Japanese shipping and logistics company Suzue Corporation, and Sayeed H Chowdhury, chairman of HRC Bangladesh, sign documents of an agreement at Westin Dhaka recently for forming joint venture HRC-Suzue Logistics (BD).



BEST ELECTRONICS

Syed Asaduzzaman, managing director of Best Electronics, opens the 122nd showroom at Khilkhet in Dhaka yesterday. The home appliances marketing company opened another outlet in Bongshal that day.

India business sentiment lowest since 2016

REUTERS

India's slowing economic growth, water shortage and regulatory hurdles have taken its business sentiment in June to the lowest level since 2016, a survey by market research firm IHS Markit showed on Monday.

The aggregate of private-sector companies forecasting output growth during this year fell to +15 percent in June from +18 percent in February. The level was earlier hit three years ago - its lowest since data became available in 2009, according to the report.

Hopes of pro-business government policies and a better financial flow continue to underpin optimism towards output and profitability growth in the year ahead, said Principal Economist Pollyanna De Lima said.

"As such, firms plan to expand capacities by taking on additional workers, though sentiment for all measures of expenditure are anaemic."

Capital investment confidence in India is among the weakest of all countries for which comparable data are available, ahead of only China and the UK, while optimism regarding

research and development is below the average for emerging markets, she said.

India expects its economy to grow 7 percent this year, after growth slowed to a five year-low of 6.8 percent in the last fiscal year, as New Delhi cautioned of challenges in keeping fiscal deficit in check earlier this month.

The country is also staring at a deficit monsoon this year, raising concerns over the output of summer-sown crops in a nation where 55 percent of arable land is rain-fed.

The survey also found companies were concerned about potential depreciation in the rupee pushing prices for imported materials higher, a lack of skilled labour, likely tax hikes, financial difficulties and customers increasingly demanding discounts.

The IHS Markit reports are produced on a triannual basis, with data collected in February, June and October.

A similar survey report last month by Thomson Reuters/INSEAD showed confidence among broader Asian companies was also at a 10-year low and showed little signs of easing.

Lot of success, lot to do

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As co-chair of the Global Commission on Adaptation, she is working alongside Ban Ki-Moon, former secretary general of the United Nations, and Bill Gates, founder of Microsoft, to bring the issue of climate change adaptation on equal footing with mitigation on the policy agenda.

She applauds Bangladesh's determination to adapt to a changing climate.

"That has been an example for many countries to follow. Bangladesh is at very high risk of climate change but the country is also very effective in building resilience to this changing climate."

Getting climate-resilient agriculture is going to be absolutely paramount for food security in Bangladesh, she said, adding that she is very impressed by the investment Bangladeshis are making in climate-resilient seeds, heat-resilient wheat and salinity-resilient rice.

"Living with the changing climate and not dying because of it -- is what Bangladesh is achieving."

The WB was among the first development partners to support Bangladesh following its independence. Since then, it has committed over \$30 billion, mostly in grants and interest-free credits to Bangladesh, supported by the International Development Association (IDA), the WB's arm for the poorest countries.

Bangladesh currently has the IDA programme totalling \$12.6 billion.

"This is our largest programme in low-income countries and it is a highly performing programme. It is a joy to visit the projects we support because they deliver good outcomes for people here." During her visit, she met with the government higher ups, including Prime Minister Sheikh Hasina.

"It was a meeting of minds. She has high ambition for improving the well-being of people here and for the economy to continue to grow. She is extremely determined to see poverty numbers brought down. And that is exactly what we embrace from the World Bank side."

"We discussed where we can be most useful. For example, there are congested roads in Bangladesh and they can be eased if waterways are used more for transportation. We would like to help to be supportive in this regard."

Speaking about the priorities for Bangladesh, the CEO said the first and foremost objective ought to be in imagining the economy of the future and the climate of the future and then taking policy decisions today that help to step into this future.

For example, skills are absolutely paramount to creating more cognitive skills to build a

population that is agile and that learns to learn. "No longer can you go to school and learn something and then rely on this learning for the rest of your life."

And that agility of the educational system requires advanced thinking and an investment in quality and not so much in the quantity of education.

"It is very simple. Countries that invest in their people today are going to be wealthy tomorrow."

The second priority is public finances and Bangladesh is taking it very seriously to raise revenue collection and rightly so because the government needs revenues to make investments in skills, health and resilient infrastructure.

What would make the biggest difference from Bangladesh is relentless focus on the wellbeing of people that may be left behind.

"From a very early age and from the day a child is conceived, it has to be taught that this is a cherished asset for the country. And I think judging by the ambition of the government and the ambition of the prime minister that focus on people is going to make the future of Bangladesh a bright future."

According to Georgieva, the WB can help Bangladesh improve its business climate.

Bangladesh has targeted to improve its ranking in the WB's Ease Doing Business Index to below 100, after ending up at 176th out of 190 countries in the latest ranking. This puts Bangladesh in the lowest position among all the South Asian countries despite moving up one spot in the index from the previous year.

"Yes, Bangladesh can go up. We have seen once countries set their eyes on eliminating red tape to businesses and improving conditions, they go up in the ranking. Your neighbour India last year celebrated becoming number 100. So, why not Bangladesh?" "We can offer our expertise on how you can zero in on obstacles."

Her advice is: "You can look at your ranking as a problem. Or, you can look at the current ranking as an opportunity and step up."

Georgieva said the International Finance Corporation, the private sector arm of the WB, and the Multilateral Investment Guarantee Agency (MIGA), its guarantee agency, have a strong presence in Bangladesh. The IFC has \$1.2 billion investment and the MIGA about \$500 million.

"Using these institutions, which specialise in creating markets and building more business opportunities, is a way we can be supportive."

It would then create a better enabling environment for domestic private investment and also for foreign investment to flow.

The government is taking structural reforms

quite seriously because the country has to be competitive in the region and globally.

As a lower middle-income country Bangladesh is facing higher interest rates, at 2 percent, for loans from the WB, up from 0.75 percent it had paid until the country gained the new status in 2015.

"Well, the good news is that Bangladesh is doing well and income per capita has gone above \$1,500. That places the country in a different category. We have a very transparent and fair treatment of all countries."

When a country is very poor, it can have access to primarily grants and when the country gets wealthier, then it pays very low interest rate. "We are still offering 30 years repayment and five years grace period. These are very good conditions for financing."

But she stresses when it comes down to helping Bangladesh, the Washington-based lender is doing its part. For the Rohingya refugees, it has provided \$400 million in grants.

"It is strictly on a grant basis because it is an extra burden on a country that still has many problems of its own. And I want to very calmly say that Bangladesh is an example for others to follow in example of generosity."

"You give hope to people persecuted that humanity prevails. And for that the country deserves all the help we can get."

Georgieva, who holds a PhD in economic science and an MA in political economy and sociology from the University of National and World Economy in Sofia, said the ongoing trade war between the US and China worries her.

"It is not a good sign when two large economies are faced with disagreements that could impact business sentiments around the world. The trade tensions have been a negative factor for global growth and trade is slowing down."

"We have revised our growth forecasts downward partially because of this trade tension. But the world economy is still quite strong and the downward correction we have made on growth forecast is for now expected to be corrected upward in 2020."

Georgieva said amid the trade tension, a vast majority of the countries are doing the right thing. The majority of the countries are looking for ways to continue to function in multilateral agreement environment.

In fact, there are many new bilateral agreements that are being signed by big trading blocs like the EU or Japan, seeking to expand opportunities.

"Our advice to developing countries is: do not fall for introduction of tariffs. Open up. It has served you well in the past and open economies are the economies that grow faster."



PREMIER LEASING AND FINANCE

Nargis Anwar, vice chairman of the Premier Leasing and Finance, presides over the 17th annual general meeting at the Fars Hotel and Resorts in Dhaka on Thursday. The company approved 5 percent stock dividend for 2018. Abdul Hamid Mia, managing director, was present.