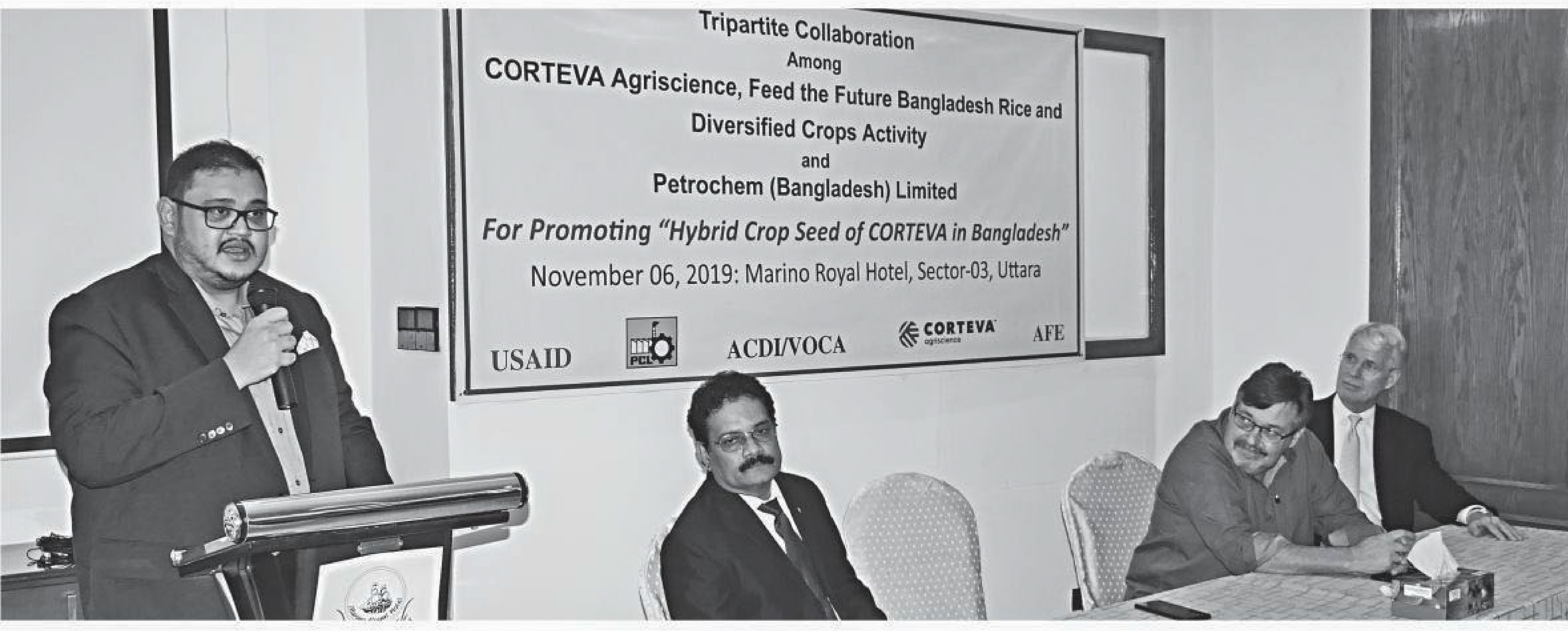

PETROCHEM

Charles J Hall, president and CEO of Washington-based international development nonprofit ACDI/VOCA; Cuan Opperman, chief of party at the USAID Feed the Future Bangladesh Rice and Diversified Crops Activity; JK Dash, head of business for American agricultural chemical and seed company Corteva Agriscience's Bangladesh operation, and Saif Uddowlah, managing director of Petrochem Group, attend the signing of a collaboration among the latter three entities in Dhaka last week for promoting Corteva's hybrid seeds.

UK spending plans, Brexit paralysis put rating at risk: Moody's

REUTERS, *London*

Moody's warned on Friday it might cut its rating on Britain's sovereign debt again, saying that neither of the main political parties in next month's election was likely to tackle high borrowing levels which Brexit had made even harder to fix.

In a toughly worded statement, Moody's said the fissures in Britain's society and politics exposed by its still-unresolved decision to leave the European Union would be long-lasting.

"It would be optimistic to assume that the previously cohesive, predictable approach to legislation and policymaking in the UK will return once Brexit is no longer a contentious issue, however that is achieved," the ratings agency said.

Moody's said Britain's 1.8 trillion pounds ($2.30 trillion) of public debt - more than 80 percent of annual economic output - risked rising again and the economy could be "more susceptible to shocks than previously assumed."

Both of the main political parties have promised big spending increases ahead of next month's election.

"In the current political climate, Moody's sees no meaningful pressure for debt-reducing fiscal policies," the ratings agency said.

Prime Minister Boris Johnson called the Dec. 12 election in an attempt to break the deadlock over how, and even if, the country should leave the EU, more than three years after the Brexit referendum.

Moody's said the "increasing inertia and, at times, paralysis that has characterized the Brexit-era policymaking process" showed how the UK's institutional framework has diminished.

Even once Britain was out of the EU, uncertainty would remain because of the "significant challenges" of reaching a future trade deal with the bloc, it said.

Any signs that Britain was unable to replicate the benefits of EU membership with trade deals in Europe and beyond would also be negative for the rating.

Moody's, which stripped the country of its AAA rating in 2013 and downgraded it again in 2017, said it was lowering the outlook on Britain's current Aa2 rating to negative from stable, meaning the rating could be cut again.

At Aa2, Britain is on the same level as France but below Germany's AAA rating by Moody's.

Moody's said the government, after reducing a budget deficit which leapt to 10 percent of GDP in 2010, had been increasingly willing to "move the goalposts" on making further progress.

"Successive governments have announced large, permanent increases in public expenditures, most notably a large increase in spending on the National Health Service, outside the normal calendar for fiscal policy changes and without detailed policy plans," it said.

Last month, ratings agency Standard & Poor's said it would cut Britain's AA credit rating if the country leaves the EU without a deal, and it, too, warned that Brexit indecision was causing government paralysis.

REUTERS/FILE

People walk through the Canary Wharf financial district of London.

EU heavyweight states push for joint supervisor against money laundering

REUTERS, *Brussels*

The European Union's largest states are pushing for the establishment of a new supervisory authority that would take over from states the oversight of money laundering at financial firms, after a series of scandals at the bloc's banks.

In a joint statement, Germany, France, Italy, Spain, the Netherlands and Latvia said the 28-country EU needed a "central supervisor" to tackle the flow of dirty money within the bloc's financial system.

The move comes after European lenders were shut down over money laundering in Latvia, Malta and Cyprus, while top banks from the Baltic and Northern Europe were involved in dodgy transactions worth billions of euros of Russian dirty money through the Estonian branch of Danske Bank, in what is seen as the worst money-laundering scandal on the continent.

The need for an EU supervisor emerged after repeated failures by national watchdogs at spotting and countering money laundering, the statement said.

"Where large financial interests are at stake, there is a risk of national supervisors being influenced directly or indirectly by supervised institutions or interest groups," the statement said. The six countries said the new supervisor could be a new body or an existing watchdog, the European Banking Authority (EBA), which would need to be beefed up.

The call for change comes just few months after the bloc has agreed to overhaul EBA's mandate to give the watchdog new powers to tackle money laundering.

That reform, proposed by EU finance commissioner Valdis Dombrovskis, a former prime minister of Latvia, quickly appeared as insufficient to many observers.

The move marks a major shift in Germany's position. While France, Italy and Spain have been calling for months for stronger rules against money laundering, Berlin had opposed more ambitious changes in recent overhauls.

The six states also call for new anti-money laundering rules, in what would be the sixth review of those provisions, just one year after their latest overhaul was agreed in a reform now judged as "not decisive" by the six countries.

Existing rules should be merged into a single piece of legislation directly applicable in EU states, the statement said, reversing the existing system that allows countries to adapt EU money-laundering rules to national prerogatives.

That has caused lenient application of the rules in several states that, the statement says, could offer "arbitrage opportunities" to lure financial firms.

The move comes after EU finance ministers discussed a reform of money-laundering rules at a meeting last month and before another gathering in December when a common EU stance is expected to be adopted on the matter.

The Finnish presidency of the bloc prepared in October a draft of the paper that should be adopted in December, which called for changes similar to those contained in the six-country statement

REUTERS/FILE

Danske Bank sign is seen at the bank's Estonian branch in Tallinn, Estonia.

IMF approves $450m loan tranche for Pakistan

AFP, *Washington*

The IMF on Friday praised Pakistan's economic performance and agreed on next steps, paving the way for release of another portion of a $6 billion, three-year loan package.

Once the International Monetary Fund board gives the go ahead, the Washington-based lender will provide $450 million to help right the South Asian nation's economy, on top of the $1 billion released in July.

"Despite a difficult environment, program implementation has been good, and all performance criteria for end-September were met with comfortable margins," IMF mission chief Ernesto Ramirez Rigo said in a statement.

The official, who led a team that spent two weeks in the country, pointed to signs of improving economic stability, including the move to a flexible exchange rate, and slowing inflation that is projected to fall under 12 percent next year.

But he said more work was needed to target money laundering and on terror finance controls.

Approval of the first performance review of Pakistan's policy program will also help unlock "significant funding from bilateral and multilateral partners." Under the loan program, the government agreed to slash civil expenditure and freeze military spending while promising to substantially raise revenues to stem a yawning fiscal deficit, and pledging to collect 5.5 trillion rupees ($36 billion) in taxes.

China export drop beats forecasts in October but more pain tipped

AFP, *Beijing*

China's exports suffered their third month of decline in October, and while the drop was less than expected there were warnings Friday of more pain to come as the US trade war rumbles on.

While tensions between the world's top two economies are beginning to ease, Beijing is struggling to get the engines of growth firing on all cylinders as demand for its goods around the world tails off.

In the latest sign of weakness, official data showed overseas shipments fell 0.9 percent on-year last month, though that is much slower than the 3.2 percent drop seen in September and much better than forecasts.

Economists surveyed by Bloomberg had tipped a 3.9 percent plunge.

Imports sank for the sixth straight month in October, dropping 6.4 percent, though that was also an improvement on the previous month and beat estimates.

China's trade surplus with the United States, a key point of anger in the White House, increased to $26.42 billion.

The economic powerhouses have been embroiled in a bruising trade war for more than a year, with punitive tariffs slapped on two-way trade worth hundreds of billions of dollars.

But markets have been buoyed in recent weeks by expectations the row, which has dragged on the global economy, could be easing as China and the US finalise a mini trade deal that is part of a wider agreement.

Hopes for an end to the stand-off were boosted Thursday when China said the two sides have agreed a plan to remove tariffs imposed on goods in stages if the phase one preliminary pact on which they are working is completed.

Ken Cheung Kin Tai, a senior strategist at Mizuho Bank said that the "less worrying trade figures should help suppress fears of weakening fourth-quarter China growth amid the trade war".

China's economic growth slowed to six percent in the third quarter, the weakest rate in 27 years.

However, analysts warned the subdued outlook worldwide will continue to weigh on trade.

"Slowing global growth and the uncertainty surrounding the US-China trade tensions will continue to dampen trade prospects in China and demand for imports," said Tommy Wu of Oxford Economics.

He added that further policy easing and support from the government could be expected to stabilise growth.

REUTERS/FILE

A truck transports a container at a port in Qingdao, China.

RFL GROUP

RN Paul, managing director of RFL Group, and Bidyut Basu, executive director of the group's Regal Furniture brand, attend a dealers' conference at the RFL's Rupganj factory in Narayanganj recently.

EU-Singapore trade deal takes effect Nov 21

AFP, *Brussels*

A landmark trade deal between the EU and Singapore, a major hub for European businesses in Asia, will go into effect on November 21, a statement said on Friday.

Both sides have praised the deal as a strong rebuke to the rising protectionism that has been championed by US President Donald Trump in Washington.

Export powerhouse Singapore is by far the EU's largest trading partner in Southeast Asia, with a total bilateral trade in goods of over 53 billion euros ($59 billion) and another 51 billion euros of trade in services.

European Commission President Jean-Claude Juncker hailed the deal as "a building block towards a closer relationship between Europe and one of the most dynamic regions in the world," a statement said.

S. Iswaran, Singapore's trade minister, said the deal's entry into force "is a strong signal by two like-minded partners on the need to continue upholding open and rules-based trade," Bloomberg reported.

The parties have also agreed an investment protection agreement, but this is the more controversial as it sets up a special court to decide business conflicts.

After a successful battle spearheaded by environmentalists in Europe, this aspect of the deal will need the national ratification by the EU's 28 member states before entering into effect. That process that could years.

The deal with Singapore came after the EU suspended efforts to strike a bloc deal with the 10-member Association of Southeast Asian Nations (Asean) in 2009 amid widespread disagreements, including European concerns over Myanmar's human rights record.

The EU has instead pursued deals with individual Asean countries and has concluded a pact with Vietnam.