

UK minister says pension 'triple lock' not under threat

REUTERS, London

Britain's business minister Kwasi Kwarteng said on Monday he was "pretty sure" the so-called 'triple lock' system for increasing state pensions would not be changed to pay for the cost of dealing with the Covid-19 pandemic.

British newspapers have suggested that the government was looking at suspending the 'triple lock' promise of increasing pensions by whichever is higher of consumer price inflation, average earnings growth, or 2.5 per cent.

Due partly to distortions from the coronavirus pandemic, annual wages in the three months to April grew by an annual 5.6 per cent - creating an extra 4 billion pound (\$5.5 billion) annual cost for future pensions.

"Lots of things have been discussed in government, I don't think that that's necessarily the way forward," Kwarteng told Sky News when asked if the 'triple lock' would be put on hold.

"I'm pretty sure the triple lock will stay." The promise to maintain the system for increasing pensions was in the Conservative government's manifesto of pledges ahead of the 2019 election, something to which Kwarteng alluded.

"I don't think the triple lock is under any threat at all," he told Times radio in a later interview. "It was part of our manifestos remember. It's been something we've been committed to for a number of years now and I haven't seen anything which suggests that we're going to undo it."



Elderly people listen to a tour guide in a church in central London.

REUTERS/FILE

Germany opens antitrust probe against Apple

AFP, Berlin

Germany on Monday opened an investigation against Apple over anti-competition practices, as the iPhone maker became the fourth US tech giant to be hit by such probes.

The antitrust authority had in recent weeks opened similar investigations against Amazon, Google and Facebook under a new law that came into force in January giving regulators more powers to rein in big tech companies.

The watchdog said it has initiated the first stage of the probe to determine if Apple has "cross-market significance".

"An ecosystem extending across different markets can be one indication of such a position held by a company," said the authority.

"Such positions of power can make it very hard for other companies to counter it.

"Andreas Mundt, who heads the Federal Cartel Office, said his service will look at whether Apple has established such a digital ecosystem across several markets around the iPhone with its proprietary operating system iOS.

"A key focus of the investigation will be

the operation of the App Store, because in many cases, it empowers Apple to have an influence on the business activities of third parties," he added.

Following the first stage of the probe, the office may then look at other specific issues after it received complaints from "several companies against potential anticompetitive practices."

This included a complaint against the company's alleged tracking restrictions of users in connection with the introduction of the iOS 14.5 operating system.

It added that complaints had also been filed by app developers disputing the usage of Apple's system for in-app purchases.

Germany's tougher stance against the digital giants came after new EU draft legislation unveiled in December aimed at curbing the power of the internet behemoths that could shake up the way Silicon Valley can operate in the 27-nation bloc.

The push to tighten legislation comes as big tech companies are facing increasing scrutiny around the globe, including in the United States, where Google and Facebook are facing antitrust suits.

American Airlines to cut 1pc of July flights as travel rebound strains operations

REUTERS

American Airlines on Sunday said it would cancel around 1 per cent of its flights in July to serve a surprise uptick in travel demand at a time when the airline struggles with unprecedented weather and a labor shortage at some of its hubs.

American Airlines said the move would bring additional resilience and certainty to its summer operations.

"(We) feel these schedule adjustments will help ensure we can take good care of our

customers and team members and minimize surprises at the airport," the company said in a statement.

The airline said its cancellations were targeted at impacting the smallest number of customers "by adjusting flights in markets where we have multiple options for re-accommodation."

The announcement was first reported by the WSJ. Airlines and other transportation operators have seen a quick ramp up in demand as US Covid-19 vaccination rates increased and travel restrictions lifted in recent weeks.

According to data from the US Transportation Security Administration, nearly 50 million airport passengers were registered in May, up 19 per cent from April. So far in June, the TSA has registered nearly 35 million air passengers.

American Airlines said the incredibly quick ramp up of customer demand also came at a time when bad weather caused multi-hour delays over the last few weeks, disrupting flight and crew work hours. The company said some of its vendors were also struggling with labor shortages, impacting the airline's operations.

Wall St bounces back on boost from banks, industrials

REUTERS

The Dow was set for its best day in more than three months on Monday as investors piled back into financials and energy shares that are set to benefit from a broader economic recovery.

The Dow Jones Transports Average, considered a barometer of economic health, jumped 1.9 per cent, while the domestically focused small-cap Russell 2000 added 1.7 per cent. The broader banking index rose 2.0 per cent after hitting

a two-month low last week.

Value stocks, which include banks, energy and other economically sensitive sectors and have led gains in US equities so far this year, outperformed their growth-oriented technology counterparts.

The trend was a stark reversal from last week when the Fed's hawkish signals on monetary policy sparked a round of profit taking that wiped out value stocks' lead over growth this month and triggered the worst weekly performance for the Dow and the S&P 500 in months.

MFS recognised for pivotal role

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New technologies and solutions are being added regularly to improve the service, make the distribution channel more efficient, and ensure foolproof security.

So, investment is taking place in the technologies, human resources, marketing and campaigns to make the digital ecosystem sound. The addition of technologies will continue in the years to come.

MFS operators are largely the carriers that are used to transfer money from one mobile wallet to another wallet or bank account. But it has a profound impact on the economy. We have seen that during the disbursement of the Honourable Prime Minister's Eid gift for about 35 lakh poor people.

Three MFS operators disbursed the fund so efficiently and cost-effectively that no question was raised. The government is very pleased, so some ministries have decided to use our platforms to transfer cash support

under their social safety net schemes.

The service is largely used by the low-income groups, who don't have access to the formal financial system. So, any move that stifles the growth of the MFS industry will also stall the financial inclusion agenda of Bangladesh and hurt the overall digitalisation. So, the proposed hike in the corporate tax rate requires reconsideration.

We understand that the government needs revenues to attain its development goals. But it will not gain much from the corporate tax rate hike as most of the MFS operators are not making a profit.

The finance minister has recognised the positive impact of the MFS sector in his budget speech which is a very positive sign. But, because of the added pressure set to originate from the hike in the corporate tax, we cannot relish our hard-won achievement.

The author is managing director of Nagad, the MFS wing of the postal department.

Vaccination key to fast business revival

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Addressing a virtual post budget discussion, the former International Monetary Fund (IMF) economist said there was really no allocation for the new poor in the budget.

The allocation for social safety net programmes, which includes freedom fighters and pension schemes, has been increased, not for the new poor and cottage, micro, small and medium enterprises (CMSMEs), he said.

Mansur said the total budget outlay of over Tk 6 lakh crore was not too big of an amount considering the current size of the economy.

In 1972 the then finance minister Tajuddin Ahmed's budget amounted to Tk 700 crore, which was 15 per cent of the GDP, whereas the current amount is 17.5 per cent of the GDP, he said.

The discussion on "Budget 2021-22: Bangladesh Towards a Resilient Future, Protecting Lives and Livelihoods" was jointly organised by the Metropolitan Chamber of Commerce and Industry (MCCI) and PRI and attended by business chamber leaders, government high-ups, researchers and lawmakers, including a minister.

Planning Minister MA Mannan echoed Mansur's views on vaccination. He acknowledged that Bangladesh required vaccines on a priority basis.

"However, I am cynical about the behaviour of some rich countries. They are sending vaccines to their favourite countries... (on) flights but some low income countries are not getting the vaccine," said Mannan.

Without mentioning any particular country, he said the government was looking east for cooperation over securing vaccines as it believed that direction was a source of hope.

"Vaccine does not help survival of democracy, vaccines save people," said the minister.

On the issue of new poor, Mannan echoed

the views of his colleague, Finance Minister AHM Mustafa Kamal. Kamal last week said the new poor was a new, temporary phenomenon.

Mannan said the incumbent government has also created a lot of new rich and so the old rich should come up to help the new poor.

The budget has been proposed to ensure justice, fairness and equity, Mannan said citing an example of the prime minister on Sunday having allocated 53,000 houses for homeless people.

In a keynote paper, PRI Research Director MA Razzaque said attaining the government target of a zero poverty rate would have been possible by 2030 had not the Covid-19 pandemic come about.

However, the target can be reached a bit late in 2038 even if the current economic growth continues, he said.

Razzaque said had not the pandemic come about, Bangladesh could have added some \$31 billion to its GDP in the past one year.

However, despite a lot of challenges and difficulties, Bangladesh and China attained positive economic growth, he said.

Moderating and co-chairing the discussion, MCCI President Nihad Kabir termed the proposed budget more effective, pro-people and business friendly.

Kabir also said vaccination, employment generation and slowdown of economic activities were also challenges for the government.

"Revenue mobilisation is going to be tricky," she added.

Appreciating the reduction of corporate tax by the government, she also sought separating the tax policy and collection wings of the National

Board of Revenue (NBR).

Praising the country's macroeconomic stability, PRI Chairman Zaidi Sattar said if the government could complete implementing five to six mega projects within the next few years, the GDP could grow by an additional 1 to 2 per cent.

He said the government's 6.2 per cent budget deficit was proposed because of the fallouts of pandemic.

"The Bangladesh economy is a development miracle," Sattar also said.

Adeeb H Khan, chairman of the MCCI's Tariff and Taxation Sub-Committee, urged the government for reconsidering increasing tax on mobile financial service (MFS) providers, reasoning that it was a rising sector in the country.

He said income tax should be applied only on income, not revenue. Advanced income tax and withholding tax need to be reduced, he said, hoping for some structural changes in the VAT system.

Abul Hassan Mahmood Ali, chairman of the Parliamentary Standing Committee of the Ministry of Finance, said the sole function of some people was to always defame the government.

"I became stunned when (name withheld as claim could not be verified) said the budget was a drama in parliament...I did not expect such an irresponsible comment such a respected person," he said.

Commerce Secretary Tapan Kanti Ghosh, Rupali Chowdhury, president of the Foreign Investors' Chamber of Commerce and Industry, Waseqa Ayesha Khan, chairman of the Parliamentary Standing Committee on the Ministry of Power, Energy and Mineral Resources, and MCCI Vice-President Anis A Khan also spoke.

GPH begins production at new plant

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is on the rise, said Abdul Haque, a retired banker who has invested most of his provident fund in the stock market.

On the back of the new plant, the company's turnover will jump as it is already using most of its capacity. However, fear remains whether the market is ready to absorb the higher amount of such products, he added.

In 2018-19, GPH Ispat's production capacity utilisation in MS billet was more than 80 per cent. For MS rod, the capacity utilisation was full. In 2019-20, it reduced in both cases due to the impact of Covid-19, according to the company's annual report for 2019-20. In recent year, steel consumption in Bangladesh grew at double digits.

"But 2020 was an exception due to the pandemic," said Kamrul Islam, executive director for finance at GPH Ispat.

In 2021, the steel demand rebounded by 8 to 10 per cent compared to the 2019, he said. "As our product quality is better, but the price is similar to others, the demand for our products is good. So, we are hopeful to see higher market share soon."

GPH Ispat's market share is around 15 per cent. In Bangladesh, the annual production of steel products stands at around 70 lakh tonnes.

"Our high-quality products are already being exported, and we have a plan to boost exports," Islam said.

The company started to export steel products to China in November 2020.

Floor price removal takes Dhaka stocks to new high

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On the DSE, 224 stocks rose, 119 declined, and 29 remained unchanged.

Turnover, an important indicator of the market, went up 11 per cent to Tk 2,043 crore. Tamijuddin Textile topped the gainers' list after advancing 10 per cent, followed by Paper Processing & Packaging, Bangladesh Monospool Paper Manufacturing, Alif Industries, and Intraco Refueling.

Beximco Ltd topped the turnover list with its shares worth Tk 111 crore changing hands, followed by Malek Spinning,

National Feed Mills, Maksons Spinning, and Fortune Shoes.

Sea Pearl Beach Resort & Hotel gave up the most, sliding 9.9 per cent. Index Agro, Sonali Paper, Dacca Dyeing, and United Insurance also saw major losses.

The port city bourse also soared on the day. The CASPI, the general index of the Chattogram Stock Exchange, rose 178 points to 17,762.

Among the 309 traded stocks, 195 advanced, 96 dropped, and 18 ended the day unchanged.

Bangladesh prepares for Libor phase-out

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Local exporters and importers now enjoy short-term foreign loans at the cost of a 6-month Libor plus 3.50 per cent per annum.

If businesses receive loans from the banks in the Eurozone, the European Central Bank benchmark rate would have to be followed in setting the lending rate.

The ECB has come up with the Euro short-term rate (€STR) benchmark rate, and the UK has introduced the Sterling Overnight Index Average (Sonia) benchmark.

A BB official said that the same method would be applicable for long-term foreign loans. The Bangladesh Investment Development Authority would come up with a guideline to this end.

Keep 5pc cash collateral with guarantor of foreign loans

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The central banker said that local businesses were getting loans at a cheaper rate from external sources as the interest rate charged by international lenders had declined sharply in recent months.

"This may push up the volume of foreign

loans in the private sector in the coming days," he said, adding that the latest central bank initiative would help strengthen the credit discipline in the banking sector.

A total of 147 Bangladeshi companies borrowed \$13.24 billion from external sources as of March last year, BB data showed.

Restaurants spring up in past decade

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"It shows that the hotel and restaurant sector expanded rapidly, and the sector is making valuable contributions," said BBS in the report.

Along with the growth of the sector, employment cost per person nearly doubled to Tk 69,048 per year in 2019-20. Employment cost includes salary, wages and cash and non-cash benefits.

The state agency carried out the survey by collecting data from 6,734 hotels and restaurants during March-April 2020.

Selim Raihan, executive director of the South Asian Network on Economic Modeling, said the number of hotels and restaurant had increased sufficiently as the lifestyle of people and their food habit had changed, and the demand for food items had increased in this decade.

"Nowadays, people buy food online," he said.

About the increased number of women workers in the sector, Prof Raihan said if the BBS report had been correct, the sector would have been just behind the garment industry in terms of female workers employed.

"But there has not been that much presence of female workers in the restaurant and hotel sector," Raihan said, calling the increase in the wage nominal.

The sector has been affected hugely by Covid-19, and this should have been included in the BBS report, he said.

"The Sanem conducts surveys every three months where hotels are also included. We have seen that many hotels have closed due to Covid-19. These issues should have come up in this report."

GP retrenches 159 employees

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job tenure and rank, and a two-year coverage of health and life insurance for the family.

"Grameenphone paid us salaries for each month although we had been out of work for the last one year. The operator preferred obtaining services from third parties for the tasks we were supposed to do," said one of the retrenched employees of a Grameenphone Centre.

He said he received the retrenchment notice through e-mails at the end of the office hour on Sunday.

"Grameenphone did not deploy us as part of its effort to cut operational costs. It gave us the feeling that we are no longer required. Although accepting VRS was optional, it was somehow a compulsory retirement," he said.

"We filed a case against Grameenphone in February this year as the operator kept 185 of its employees out of work for more than a year," said Mia Md Shafiqur Rahman Masud, general secretary of the Grameenphone Employees Union.

The issue of the industrial dispute is now pending in the High Court. The hearing of the case was supposed to take place tomorrow, he said.

"Under the circumstances, laying off workers is tantamount to disrespecting

the High Court. It is illegal. Now we will take the matter to court and raise our voice nationally and internationally," Masud said.

Md Hasan, head of external communications at Grameenphone, said GP cared for its employees and for those who intended to pursue opportunities elsewhere.

The company has established a skills and development centre to assist those who want to opt for an outside career, he said, adding that GP strictly maintained employment terms and conditions following the applicable laws of the land.

Grameenphone began its journey on March 26 in 1997, and started laying off workers in 2012 through golden handshakes. In 2012, the operator had 5,500 employees, of whom 4,500 were permanent. It got rid of 162 employees that year.

The lay-off continued in 2013 and 2014, but the flow slowed amid protests by its employees.

In 2015, the company introduced the scheme with better benefits than that of 2012's and kept dismissing workers every year since then.

At the beginning of 2021, the operator had 2,100 employees. It has come down to 1,841 now after 100 accepted the VRS, and 159 were retrenched.