



A vendor prepares food items to sell at a market in Beijing. China's GDP growth may be significantly slower than official estimates suggest and the economy is more vulnerable to external shocks than widely believed, according to a global business think tank.

PHOTO: AFP

Omicron: Mild or severe impact on economy?

AFP, Paris

After limping its way back from the Covid pandemic last year, the global economic recovery has been rattled by the Omicron variant's rapid rise. The travel industry has been thrown into disarray again, workers have been forced to isolate at home and governments are facing a stark choice between imposing restrictions or letting the economy muddle through. Could the highly-contagious Omicron variant have a severe impact on the recovery? Or will its mild symptoms keep the economy from sinking again? The World Bank on Tuesday trimmed its global forecasts for 2022, warning that "Omicron-driven economic disruptions" among other factors, would cause growth to "decelerate markedly" this year. The Washington-based lender said growth would slow to 4.1 per cent after the 5.5 percent rebound in 2021 but

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warned it could be as low as 3.4 per cent. World Bank President David Malpass expressed concern about the "huge toll" the pandemic is taking on poor countries, pointing to "troubling reversals in poverty, nutrition and health." The head of the International Monetary Fund, Kristalina Georgieva, warned last month that it too may slash its global growth forecasts due to Omicron.

The IMF has previously banked on growth of 5.9 per cent for 2021 and 4.9 per cent this year. To soften the blow on the economy, US health authorities have cut the isolation period for asymptomatic cases by half to five days. Mark Zandi, chief economist at Moody's, told AFP he expects US growth of 2.2 per cent in the first quarter, more than half lower than a previous estimate of 5.2 per cent. "Omicron is already doing economic damage, as is clear from weaker credit card spending, a decline in restaurant bookings, air flight cancellations, and many schools going back to online learning," Zandi said. "However, I do expect Omicron to pass through quickly and for growth to rebound in the second quarter, and growth for the year to be unaffected," he added. "Broadly, I think each wave of the virus is doing less damage to the healthcare system and economy than the previous

wave." In the eurozone, tighter restrictions, consumer caution and absenteeism will reduce economic activity in the next few weeks, but the economy will rebound in February, according to Andrew Kenningham, chief Europe economist at Capital Economics. Developing countries with lower vaccination rates face greater uncertainty, and a zero-Covid policy in China could put hamper growth in the world's second biggest economy as it locks down entire cities. The travel industry was looking forward to a rebound in 2022 after it was devastated by border closures and lockdowns. But the emergence of Omicron during the key winter holiday season caused thousands of flight cancellations, cruises to be forced to dock and fewer hotel bookings. Investors, however, have been optimistic, as shares of airline and cruise companies have risen in recent weeks.

Prioritise power transmission: ICCB

STAR BUSINESS DESK

Experts suggest giving top priority to improving power transmission and distribution alongside on shore and offshore gas and oil exploration, as Bangladesh will need an estimated 34,000MW of power by 2030 to sustain economic growth of over 7 per cent. There has been a breakthrough over the past few years in power generation, with installed capacity reaching over 23,000 megawatts (MW), resulting in around 8,000MW of surplus as per Bangladesh Power Development Board (BPDB). But consumers in many areas still have been complaining about frequent supply interruptions due to transmission weakness, says a press release of the International Chamber of Commerce-Bangladesh (ICCB) sent yesterday. This was also reflected in the BPDB figures that show the country's transmission capacity has increased by only 104 kilometres (km) to 12,996 km in the last one year. The situation will further deteriorate with the start of power generation by 1,320 MW Rampal, 1,200 MW Matarbari and 2,400 MW Rooppur power plants within the next two to three years. In addition, attention should be given in resolving high system losses, delays in completion of new plants, low plant efficiency, erratic power supply, electricity theft and shortages of funds for power plant maintenance. Adequate supply of electricity is one of the key indicators of economic development. Bangladesh's GDP of \$455 billion is expected to become \$510 billion in fiscal year 2022-23. But this requires keeping an eye on the present commercial energy resources – indigenous natural gas, coal, hydroelectricity and imported oil, liquefied petroleum gas and liquefied natural gas. Biomass accounts for about 27 per cent of the primary energy and the rest 73 per cent is being met by commercial energy. Natural gas accounts for about 62 per cent of the commercial energy, imported LNG 8 per cent while imported oil accounts for the lion's share of the rest. According to recent world trend, the supply of LNG and coal may not only become uncertain but expensive for power generation from coal and gas based plants, says an ICCB news bulletin editorial of Oct-Dec' 2021 issue.

Taliban increase payment in wheat

REUTERS, Kabul

The Taliban administration said on Tuesday it was expanding its 'food for work' program, in which it uses donated wheat to pay thousands of public sector employees instead of cash as a financial crisis intensifies. Wheat, largely donated by India to the previous US-backed Kabul government, is being used to pay 40,000 workers 10kg of wheat per day for working five hours a day, agriculture officials told a news conference. The scheme, which has largely paid labourers on public works programs in Kabul, will be expanded around the country, they said.

NBR hunts for fake

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Fake (Shenzhen) Co Ltd in China by two Chattogram-based trading companies, Bappu Enterprise and Arafat Enterprise. However, the two companies were able to secure the release of about 197.4 tonnes of goods imported from the same exporting company between September 2020 and November 2021. According to Digi Anti-Fake's website, the company produces cigarette tax stamps, passports, ballot papers, and voter identification cards. Customs sources say the forgery of two consignments was identified by the CHC's Port Control Unit by analysing the related documents and trading history. Customs officials suspect that all of the 13 consignments imported contained fake cigarette band rolls that were declared as art paper from the exporting company. After seizing the two consignments, the CHC filed two criminal cases against the two importers and five owners of clearing and forwarding agents at Bandar Police Station in Chattogram on December 17 last year. As per the case documents, Assistant Revenue Officer Shahariar Hossain filed the cases on behalf of the customs commissioner, accusing eight persons. "A review of the exporter's website found no information on paper making but the importers brought in 13 consignments

of fake cigarette band rolls by declaring it as paper," the document said. As a result, the government has lost thousands of crores of taka in revenue. "Such crimes can only be committed by a well organised criminal gang, who should be identified and punished," it added. The document went on to state that the released fake band rolls can't be used in such a short time. So, it is necessary to interrogate the accused and seize the unused materials. Mohammad Salahuddin Rizvi, deputy commissioner of the CHC, told The Daily Star that it was very important to identify who is using these illegal band rolls. "It will be possible to identify the main culprits of this gang and the destination of these band rolls if the accused are arrested," he said. VAT Intelligence officials said as these band rolls were imported illegally, the government will not get any duty from the cigarettes sold using these tax stamps. The National Board of Revenue (NBR) collects around Tk 25,000 crore as revenue from the sale of cigarette band rolls each year. Moinul Khan, director general of the VAT Intelligence, Investigation and Audit Directorate, said that they had already formed a five-member committee to look into the destinations of the band rolls. "Further action will



PHOTO: REALME BANGLADESH

Darren Zhang, branding director of realme Bangladesh, and Mohammad Zahirul Islam, managing director of Smart Technologies (BD) Ltd, signed an agreement at the latter's head office recently for Smart Technologies to act as an official national distributor for the artificial intelligence of things products of the mobile company.

Economy to grow

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spending and monetary policies in uncharted territory. Rising inequality and security challenges are particularly harmful for developing countries," said World Bank Group President David Malpass. "Putting more countries on a favorable growth path requires concerted international action and a comprehensive set of national policy responses," he added. Inflation in China eased in December thanks to falling food and commodity costs, with analysts saying Wednesday's figures give policymakers room to unveil measures to kickstart the stuttering economy including interest rate cuts. Like most other countries, China has seen prices surge for much of the past year owing to



PHOTO: SOCIAL ISLAMI BANK

Abu Naser Chowdhury, deputy managing director of Social Islami Bank, inaugurates a monthlong training workshop on e-payment awareness activities of customs duty and government tax, fees and charges through a real-time gross settlement (RTGS) system at the lender's head office in Dhaka recently. Khondaker Md Shariful Alam, head of payment systems department, and representatives of Bangladesh Bank and Soanli Bank were present.



Abdul Hai Sarker, chairman of Dhaka Bank, cuts a ribbon to inaugurate the 'country's first-ever card experience centre' at its Dhaka head office on Tuesday. ATM Hayatuzzaman Khan, founder vice-chairman, Altaf Hossain Sarker, director, and Emranul Huq, managing director, were present.

PHOTO: DHAKA BANK

China inflation eases in December

AFP, Beijing

pick-up in the cost of energy, putting pressure on an economy also being battered by a crisis in the key, growth-driving property sector. Factory price inflation has been particularly affected, hitting a 26-year high in October and raising concerns that those rises will filter through to the global economy owing to China's crucial role as an exporter. But on Wednesday, figures showed producer prices rose a less-than-expected

10.3 per cent on-year last month, extending a slowdown seen in November. The consumer price index (CPI), a key gauge of retail inflation, came in at 1.5 per cent – down from 2.3 per cent in November and also short of forecasts. "The probability of a rate cut in the first quarter is high, and the closest window is this month," Bruce Pang, at China Renaissance Securities Hong Kong, said.