

South Korean economy faces downside risks: minister

ANN, The Korea Herald

The nation's economy is heading toward uncertain territory due to a variety of factors at home and abroad which could restrict its growth, said Deputy Prime Minister and Finance Minister Hong Nam-ki on Thursday.

In a meeting for economic policies at the Government Complex Seoul, Hong cited three main factors— quarantine, external factors and fiscal situation — that may weigh on the growth of gross domestic product.

He clarified that the government would push for main policies — including supporting microbusiness owners, stabilizing consumer prices and supporting economic recovery — during the first half of 2022. The incumbent administration is to finish its tenure on May 9.

For the economic reinvigoration sector, the minister said exports should continue to play a crucial part in leading the recovery, as it did last year.

To boost exports, the government is moving to take countermeasures against the rising cost of logistics

To boost outbound shipments, the government is moving to take countermeasures against the rising cost of logistics among export-oriented enterprises, he said.

The minister's remarks came amid growing concerns over a discord in fiscal policies between the government and the central bank. The government plans to propose an extra budget of some 14 trillion won (\$11.8 billion) to support small businesses hit by the pandemic while the central bank has been seeking to curb inflation with a series of rate hikes.

The Bank of Korea raised the benchmark interest rate by a quarter percentage point to 1.25 per cent, in its third rate hike since August, amid the fastest growth in consumer prices in the last 10 years.

Meanwhile, an analysis from the Organization for Economic Cooperation and Development suggested that Korea's economic growth could slow down in the coming months.



In the first six months of fiscal year 2020-21, the implementing entities could spend 24.02 per cent of the government funds and 24.91 per cent of the project assistance funds.

PHOTO: STAR/FILE

ADP execution still below pre-pandemic levels

REJAUL KARIM BYRON and
DWAIPAYAN BARUA

Though overall annual development programme (ADP) implementation slightly rose year-on-year in the current fiscal year's first half, government spending for development projects is still below that of the pre-pandemic period.

The government managed to spend Tk 56,962 crore from its ADP budget in this fiscal year's six months till December, up from Tk 51,266 crore in the same period in fiscal year 2020-21.

This means implementing ministries and divisions have so far spent 24.06 per cent of their total allocation of Tk 2,36,793 crore for carrying out development activities in fiscal year 2021-22.

It was 23.89 per cent spent in the same period of the previous fiscal year, according to data from the Implementation Monitoring and Evaluation Division (IMED) under the planning ministry.

In the same period in fiscal year 2019-20, which could be termed as the pre-pandemic period, the entities could implement 26.59 per cent of their ADP allocation.

Of the overall ADP spending in the past six months, Tk 34,679 crore or 25.26 per cent could be spent from

government funds while Tk 19,553 crore or 22.21 per cent from project assistance.

According to the monthly implementation progress report of the IMED, the spending of government funds increased in the first six months year-on-year while of project assistance funds declined.

In the first six months of fiscal year 2020-21, the

Tk 1,278.91 crore from July to December, which is only 9.84 per cent of its total allocation of Tk 13,000 crore.

Performance of the health sector was also poor last fiscal year.

Despite giving special focus on the health sector amid Covid-19 pandemic, the health services division could implement only 58 per cent of its total ADP allocation

and Asian Infrastructure Investment Bank (AIIB) provided \$100 million each for the health sector.

World Bank gave \$100 million for purchasing different health related equipment and building ICU units and also provided \$500 million more for purchasing vaccines.

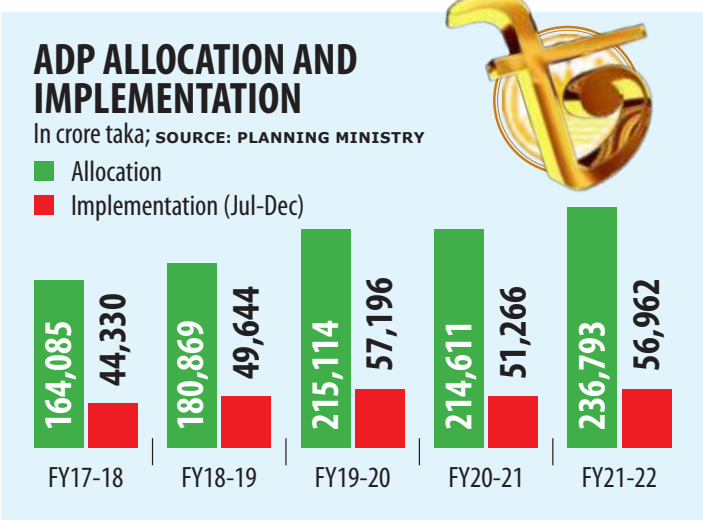
A health ministry official said some works under these projects have been carried out but the implementation was yet to be satisfactory.

The WB fund of \$500 million for vaccine purchase is yet to be spent, he informed.

Among the 15 largest allocation receivers, the industries ministry was the top performer in the first half of the fiscal year.

It implemented 52.84 per cent of its allocation, followed by housing and public works ministry (36.17 per cent), water resources ministry (28.54 per cent), road transport and highways division (28.36 per cent) and railways ministry (26.57 per cent).

Apart from the health services division, other low performing entities like shipping ministry implemented 11.52 per cent of its spending target while bridge division 17.68 per cent and Prime Minister's Office 19.19 per cent ADP implementation.



implementing entities could implement 24.02 per cent of the government funds and 24.91 per cent of the project assistance funds.

Even amidst the pandemic, the health service division has been one of the low performing divisions spending

last fiscal year.

This year different international donors have already provided huge amount of funds for enhancing health facilities to combat the ongoing pandemic.

Of the funds, Asian Development Bank (ADB)

Green logistics: the ultimate future in world economy

SYED ERSHAD AHMED

An eco-friendly transport system is inevitable in the ever-changing world where carbon emission is leading to global warming. It is the responsibility of the world leaders to get united and reach a sustainable agreement to limit carbon emissions and reduce global warming.

Transport manufacturers and users also must play a significant role in reducing carbon emissions and making transportation an environment-friendly business to run the wheel of the global economy.



UNDERSTANDING GREEN LOGISTICS

Green logistics ideals of encompassing energy-saving measures, complying with environmental regulations and coping with rising supply costs by adopting effective technologies, are becoming major issues in the world's logistics arena. This green or eco-friendly logistics in the worldwide supply chain lets a country or a company evolve new technologies and devise policies aiming to cut carbon emissions, making business sustainable and establishing strategic advantages over the competition.

The logistics industry needs to make a measurable and sustainable policy to minimise the environmental impact on transportation, warehousing, and other logistics activities.

The concept is not new. Various elements in the research work focus on taking steps to reduce carbon dioxide emissions and use alternative energy sources widely.

They underlined the need to invest in vehicle designing and transport infrastructure that can withstand the adverse effects of climate change.

Green logistics aims to find a balance between ecology and economy. Green transportation is effective in taking measures to become competitive amid rising supply costs. Transport is considered green when it supports environmental sustainability, emits low carbon, is economical and is socially acceptable. In a nutshell, green logistics could be termed as 'Environment-Friendly Transport System'.

WHY WORLD FOCUSING ON GREEN LOGISTICS

There are compelling reasons why green logistics is gaining ground. Green logistics policies represent a strategic advantage over the competition. Not only do they revalue the brand and set it apart, but they also prepare a company for the future, which inevitably must be sustainable.

The transport sector is a major source of greenhouse gas emissions worldwide, creating direct and harmful effects on the environment and other indirect effects.

Existing logistics systems affect the environment in various ways. For example, aviation emissions vary based on the length of the flight. In road transportation, cars, buses, and rails do have different types of emissions.

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Transport manufacturers and users must play a significant role in reducing carbon emissions and making transportation an environment-friendly business to run the wheel of the global economy

Fed sharpens tools to fight inflation

AFP, Washington

The Federal Reserve has its inflation-fighting weapons ready to fire, and when the US central bank's policy committee convenes this coming week, the focus will not be on whether they will pull the trigger but rather how many times.

With the Omicron variant of Covid-19 adding to economic uncertainty and fueling a spike in consumer prices rose not seen for decades, the Fed's decision Wednesday will be closely scrutinized for signs policymakers will take more aggressive steps to contain inflation.

The policy-setting Federal Open Market Committee (FOMC), which opens its two-day meeting on Tuesday, is widely expected to begin hiking interest rates in March, though a few economists note the possibility of early action.

"I think it's kind of a holding operation rather than a blockbuster meeting, but the March one will be more fun," Ian Shepherdson, chief economist at Pantheon Macroeconomics, told AFP.

Only months ago, Fed Chair Jerome Powell and other top officials were arguing that the sharp rise in inflation would be "transitory," but that stance grew increasingly shaky with each new data report showing prices rising and spreading to many goods, beyond cars and energy.

By the end of 2021, policymakers conceded they had miscalculated and pivoted, announcing they were ready to attack inflation head on.

They started by the bond buying program implemented to stimulate the economy, and accelerated the pace of the wind down at their last meeting in December.



People shop for groceries at a supermarket in Glendale, California on January 12. The 7 per cent increase in the Labour Department's consumer price index over the 12 months to December was the highest since June 1982, as prices rose for an array of goods, especially housing, cars and food.

PHOTO: AFP

Bitcoin falls again

REUTERS

Bitcoin dropped again on Saturday and was last down around 4 per cent for the day, hovering around the \$35,000 level.

Bitcoin, the world's biggest and best-known cryptocurrency, is now about half its \$69,000 peak in November.

It was last at \$35,049, after falling as low as \$34,000 and following a steep fall on Friday.

The currency has had wild price swings and has been hit as risk appetite has fallen on inflation fears and anticipation of a more aggressive pace of interest rate hikes from the US Federal Reserve.

Other risk assets have fallen with stocks falling on Friday.

In a research note on Friday, Edward Moya, senior market analyst for the Americas at OANDA, said bitcoin was falling as "crypto traders de-risk portfolios following the bloodbath in stocks" and in advance of next week's Federal Reserve policy meeting.