

Hong Kong's GDP shrinks 1.3pc in Q2

REUTERS, Hong Kong

Hong Kong's economy contracted 1.3 per cent in the second quarter from the same period a year earlier, government data showed on Friday, following a weak performance in external trade during the period.

It was the second straight quarter of year-on-year contraction for the Asian financial hub's gross domestic product (GDP).

Seasonally adjusted GDP was 1 per cent higher in the second quarter than three months earlier, however.

Rising inflation, cooling global demand and weak consumer sentiment in the trade-reliant city remain significant risks for the recovery, analysts say.

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The second quarter's annual growth pace compared with a decline of 3.9 per cent in the previous quarter. The advance estimate for the second quarter had been a 1.4 per cent contraction.

Covid-19 restrictions have weighed on the city's economy since early 2020, grinding tourism and business trips to a halt and battering bars, restaurants and shops repeatedly for prolonged periods.

The curbs are partly blamed for a net outflow of 113,200 people from Hong Kong between mid-2021 and mid-2022, according to government estimates.

The city has shortened the mandatory hotel quarantine period for all arrivals to three days from seven, but, as much of the world is now co-existing with the virus, the restrictions are expected to keep the city isolated.

Its outlook was overshadowed by increasing inflation rates globally and an uncertain geopolitical situation.



Workers load onion imported from India onto a truck from a railway wagon for transportation to districts around the country. The photo was taken at Noapara railway station in Jashore recently.

PHOTO: HABIBUR RAHMAN

US move to negotiate drug prices a defeat for Big Pharma

REUTERS, Washington

Big Pharma spent more than any other industry to lobby Congress and federal agencies this year, a Reuters analysis shows, but still suffered a major defeat after failing to stop a bill that allows the government to negotiate prices on select drugs.

Despite the pharmaceutical industry's spending at least \$142 million on lobbying efforts, the \$430 billion Inflation Reduction Act to change climate, health and tax policies will become law. It cleared its largest hurdle last week with passage in the Senate, without any Republicans joining Democrats in voting for the bill, followed by passage by the US House of Representatives on Friday.

President Joe Biden will sign it into law next week.

The bill's imminent enactment represents a rare legislative defeat for the pharmaceutical industry and sets a precedent for curbing drug prices in the world's most lucrative market for medicines, according to congressional and industry officials.

"This is a major first step forward," Democratic Senator Patty Murray, chair of the Senate's health committee, told Reuters. "It is the first time we've been able to make this kind

of step to lower prices on pharmaceuticals ... which will set the stage for us to do more."

Health policy experts say the bill reflects the pharma industry's weakening influence on the Democratic Party and that its main argument against price negotiation -- that it stifles innovation -- is no longer persuasive for the public.

A Kaiser Family Foundation poll in October found that 83 per cent of Americans, including 95 per cent of Democrats and 71 per cent of Republicans, want the federal Medicare health plan for seniors to negotiate prices, a provision of the bill.

"The pharma guys upped the ante in throwing everything but the kitchen sink against this," said Senator Ron Wyden, a Democrat who chairs the finance committee.

The industry's powerful trade association, Pharmaceutical Research and Manufacturers of America (PhRMA), urged senators in a public letter to reject the bill. Its president, Stephen Uhl, told Politico that lawmakers who vote for it would not "get a free pass."

"Few associations have all the tools of modern political advocacy at their disposal in the way that PhRMA does," he said.

A PhRMA spokesperson said the group would continue to work with all lawmakers.

He did not address Uhl's comments about holding lawmakers accountable.

"We may not agree on every issue, but we believe engagement and dialogue is important to promoting a policy environment that supports innovation, a highly-skilled workforce and access to life-saving medicines for patients," said spokesperson Brian Newell in an email.

A Reuters analysis of lobbying and campaign contribution data from OpenSecrets shows that the pharmaceutical industry spent at least \$142.6 million on lobbying Congress and federal agencies in the first half of 2022, more than any industry, and at least \$16.1 million on campaign contributions during the current mid-term election cycle that started in January 2021.

Almost two-thirds of the money spent on lobbying, around \$93 million, came from PhRMA and its member companies.

The pharma campaign argued that prescription drugs do not contribute to inflation, citing an average 2.5 per cent rise in drug prices in the past year compared with a 17 per cent rise in health insurance prices.

Critics say the figures combine high-priced brand name drugs with much lower-cost generics, masking the impact on patients' costs.

Ukraine in default Says Fitch and S&P

REUTERS

Global rating agencies S&P and Fitch on Friday lowered Ukraine's foreign currency ratings to selective default and restricted default as they consider the country's debt restructuring as distressed.

Earlier this week, Ukraine's overseas creditors backed the country's request for a two-year freeze on payments on almost \$20 billion in international bonds. The move will save Ukraine some \$6 billion on payments according to Prime Minister Denys Shmyhal.

S&P lowered Ukraine's foreign currency rating to "SD/SD" from "CC/C." "Given the announced terms and conditions of the restructuring, and in line with our criteria, we view the transaction as distressed and tantamount to default," S&P said.

Fitch cut the country's long-term foreign currency rating to "RD" from "C," as it deems the deferral of debt payments as a completion of a distressed debt-exchange.

S&P also said the macroeconomic and fiscal stress stemming from Russia's invasion of Ukraine may weaken the Ukrainian government's ability to stay current on its local currency debt and lowered the Eastern European country's local currency rating to "CCC-plus/C" from "B minus/B".

Abu Dhabi stocks fall as oil drops

REUTERS

Abu Dhabi index closed lower on Friday, slipping off its record highs in line with oil prices as weak corporate earnings sapped investors' appetite, while the Dubai index bucked the trend.

Crude prices, a key catalyst for the Gulf's financial markets, fell more than \$1 to \$98.26 on Friday as Organisation of the Petroleum Exporting Countries (OPEC) cut its forecast for growth in world oil demand in 2022 by 260,000 barrels per day (bpd).

The Abu Dhabi index closed 0.6 per cent lower, snapping its 5-day gaining streak as conglomerate International Holding Company dropped 1.4 per cent and Emirate's largest lender First Abu Dhabi Bank decreased 0.8 per cent.

Argentina offers incentives for oil, gas industry

REUTERS, Buenos Aires

Argentina announced late on Friday a package of tax and customs benefits for the oil and gas industry meant to attract dollars to the South American nation, which is battling crippling inflation and a low level of foreign currency reserves.

The measures had been announced on Thursday - and follow other incentives for the agribusiness and tourism sectors also meant to attract dollars - and were formalized on Friday by new Economy Minister Sergio Massa.



Safiul Alam Khan Chowdhury, managing director of Pubali Bank, cuts a ribbon to inaugurate the bank's Aftabnagar sub-branch under Rampura branch in Dhaka recently. Mohammad Ali, additional managing director of the bank, and Sultana Sarifun Nahar, general manager and regional manager of Dhaka central region, were present.

PHOTO: PUBALI BANK



Hasibur Rahman, executive director of the Management and Resources Development Initiative (MRDI) - a media training organisation based in Dhaka, hands over water tanks to members of three local samities in the Sundarbans area recently. The organisation in collaboration with the Bangladesh Bank is conducting the initiative "Water for a healthy living in the Sundarbans".

PHOTO: MANAGEMENT AND RESOURCES DEVELOPMENT INITIATIVE

Stocks begin week

FROM PAGE B4

Wata Chemicals suffered the most, giving up 3.31 per cent. S Alam Cold Rolled Steels, Padma Islami Life Insurance, and LafargeHolcim Bangladesh declined more than 3 per cent.

Beximco Ltd was the most-traded stock on the day, accounting for 7 per cent of the day's turnover on the bourse. Shares of Sonali Paper made up 6.8 per cent of the turnover and

IPDC Finance 5.4 per cent.

Securities on the Chittagong Stock Exchange (CSE) also rose.

The Caspi, the all-share price index of the bourse in the port city, added 43 points, or 0.24 per cent, to end at 18,171.

Of the stocks, 102 advanced, 68 retreated, and 93 did not see any price movement. Turnover slipped to Tk 15.86 crore from Thursday's Tk 16.96 crore.

US employers struggle

FROM PAGE B4

"acceleration in retirements" since the pandemic struck, Diane Swonk, chief economist at KPMG, told AFP.

Millions of people opted for early retirement, concerned for their health and with sufficient assets -- thanks to a then-buoyant stock market and high real-estate prices -- to leave the workplace.

In the short term, Bunker said, "We're unlikely to get back to exactly the pre-pandemic level of labor-force participation because of the aging of the population." Adding to this, said Swonk, "We haven't had immigration at the pace to replace the baby boomers."

Restrictions imposed under president Donald Trump, plus the impact of Covid, steeply reduced the number of foreigners entering the country.

More cash needed to save Britons

FROM PAGE B4

"I will support people that need urgent help to pay their bills this winter. Failure to do this would push millions, including many pensioners, into a state of destitution."

Sunak is seeking to use the public clamour for more help on energy to make his argument against immediate tax cuts more palatable, while his rival continues to argue that lowering taxes as soon as possible is the best way out of the current squeeze.

Sunak has gone beyond Truss by promising to increase an existing 15 billion pound (\$18.20 billion) support package aimed at helping Britons cope with energy costs that are forecast to rise by 150 per cent from current levels by April 2023.

Yet opinion polls put Truss far ahead of Sunak in the race to win a majority of votes among members of the ruling Conservative Party who are voting by post, with a result due on September 5.

"It has rebounded a little bit, but still not at the levels we were seeing several years ago," Bunker said.

The Chamber of Commerce also underscored the impact of generous government assistance during the pandemic, which "bolstered people's economic stability -- allowing them to continue sitting out of the labour force."

Large numbers of women quit their jobs in 2020, in part because extended school closings required many to stay home to care for children.

Those who wanted to place children in day care were often frustrated, as labor shortages hit the day care sector as well.

Swonk noted that not only Covid infections but also the debilitating effects of long Covid have had a serious impact.

Correction

A photo caption published on The Daily Star on Friday mistakenly mentioned that Sahabub Alam Khan, chief financial officer of Dhaka Bank Ltd, received the award of appreciation as one of the highest taxpayers in the banking sector for 2021-22 fiscal year. In fact, Sahabub Alam Khan received the award of appreciation on behalf of the bank from Md Iqbal Hossain, commissioner of Taxes, Large Taxpayers Unit at the NBR's Tax Zone-1 office in Dhaka. We regret the mistake.

Rural road project

FROM PAGE B4

In early July, Md Hamidul Haque, acting project director, claimed that the LGED had completed around two-thirds of the physical work.

He, however, admitted that the coronavirus pandemic, at its peak in Bangladesh, caused the project to move slowly.

"We had several challenges during the pandemic, including tender complexities," he said.



Mohammed Monirul Moula, managing director of Islami Bank Bangladesh, inaugurates the bank's Tree Plantation programme over 47th martyrdom anniversary of the Father of the Nation Bangabandhu Sheikh Mujibur Rahman at Nayapaltan, Dhaka recently. Muhammad Qaisar Ali, Md Omar Faruk Khan and JQM Habibullah, additional managing directors of the bank, were present.

PHOTO: ISLAMI BANK BANGLADESH



Rezwan Ahmed Tawfiq, member of parliament from Kishoreganj constituency-4, inaugurates Rupali Bank's 4th sub-branch in Austagram upazila, Kishoreganj recently. Kazi Sanaul Haq, chairman of the bank, Md Obayed Ullah Al Masud, managing director, and Mohammed Jahangir, deputy managing director, were present.

PHOTO: RUPALI BANK



Syed Habib Hasnat, managing director of Global Islami Bank, virtually inaugurates the bank's 93rd branch in Dinajpur yesterday. Kazi Mashhur Rahman Jayhad, additional managing director, and Sami Karim, deputy managing director, were present.

PHOTO: GLOBAL ISLAMI BANK