



PHOTO: AFP

A customer shops at a grocery store in Miami on March 11. US headline inflation is forecast to reach 4.2 percent in 2026, up 1.2 percentage points from the earlier projection.

Iran war erases global growth upgrade, fans inflation: OECD

REUTERS, Paris

The escalating conflict in the Middle East has knocked the global economy off a stronger growth path, the OECD warned on Thursday, as a near-halt in energy shipments through the Strait of Hormuz threatens to push inflation sharply higher.

The Paris-based Organisation for Economic Cooperation and Development said the global economy had been on course for stronger than expected growth before the war in Iran erupted, but that prospect has now all but disappeared.

Global GDP growth is now projected to ease from 3.3 percent last year to 2.9 percent in 2026 before edging up to 3.0 percent in 2027, as an energy price surge and the unpredictable nature of the conflict offset tailwinds from strong technology-related investment, lower effective tariff rates and momentum carried over from 2025.

"There's a high level of uncertainty around the duration and the magnitude of the current conflict in the Middle East and that means that this outlook is

subject to significant downside risks that could result in lower growth and higher inflation," OECD chief Mathias Cormann told journalists.

ADVERSE SCENARIO

The projections in the OECD's interim Economic Outlook are conditional on a technical assumption that energy market disruption moderates over time, with oil, gas and fertiliser prices declining gradually from mid-2026 onwards.

The 2026 projection is unchanged from the OECD's December forecast, but preliminary indications since then had suggested global GDP growth could have been upwardly revised by around 0.3 percentage points in 2026 had the conflict not escalated, a revision that has been entirely erased by the impact of the fighting.

With energy prices now soaring, G20 inflation is projected to be 1.2 percentage points higher than previously expected in 2026 at 4.0 percent, before easing to 2.7 percent in 2027.

In an adverse scenario where energy prices peak higher and stay elevated

longer, global growth would be 0.5 percentage points lower by the second year of the shock and inflation would be 0.9 percentage points higher, the OECD said.

US OUTLOOK

The war is compounding an already complex picture on trade.

US bilateral tariff rates have declined following the US Supreme Court ruling against tariffs imposed under the International Emergency Economic Powers Act, with particularly large reductions for several emerging market economies, including Brazil, China and India. Nonetheless, the overall US effective tariff rate remains well above that prevailing prior to 2025.

On individual economies, annual GDP growth in the United States is projected to moderate from 2.0 percent in 2026 to 1.7 percent in 2027, as strong AI-related investment is gradually offset by a slowdown in real income growth and consumer spending. The OECD had pencilled in a forecast of 1.7 percent this year and 1.9 percent for 2027 in December,

before the Supreme Court ruling.

US headline inflation is now forecast to hit 4.2 percent in 2026, up 1.2 percentage points from the previous projection.

DIVERGING PATHS

In China, growth is projected to ease to 4.4 percent in 2026 and 4.3 percent in 2027, both in line with the OECD's previous forecasts.

Euro area GDP growth is anticipated to slip to 0.8 percent in 2026, as higher energy prices weigh on activity, before increasing to 1.2 percent in 2027 helped by stronger defence spending. That marked a sizeable downgrade from December when the OECD had forecast 1.2 percent growth in 2026 and 1.4 percent in 2027.

In Japan, growth is projected at 0.9 percent in both 2026 and 2027 - both unchanged, as the rising cost of energy imports offsets robust business investment.

The OECD urged central banks to remain vigilant and called on governments to ensure any support measures for households were well-targeted and time-limited.

EU parliament backs Trump tariff deal -- with conditions

AFP, Brussels

European Union lawmakers on Thursday gave a green light - with conditions - to the bloc's tariff deal with US President Donald Trump, which Europe hopes to salvage while also racing to diversify its trade ties around the globe.

Brussels and Washington last summer clinched a deal setting tariffs at 15 percent for most EU goods.

But Trump's 2025 tariff blitz, including hefty levies on steel, aluminium and car parts, jolted the 27-country bloc into cultivating trade ties around the world, and it has since signed deals from South America to Australia and continues to pursue others.

But that doesn't mean the EU intends to walk away from its 1.6 trillion euro (\$1.9 trillion) relationship with its largest trade partner, the United States.

A large majority of EU lawmakers agreed to cut EU tariffs on some US imports - as a first step towards implementing the 2025 deal - but with additional safeguards.

"Today's vote is an important procedural step and a political signal that the EU stands by its word," EU economy chief Valdis Dombrovskis said in a parliamentary debate Thursday before the vote.

Before the US tariff deal is implemented by the bloc, it still needs to be negotiated with EU states - although Brussels hopes talks will go quickly.

A large majority of EU lawmakers agreed to cut EU tariffs on some US imports -- as a first step towards implementing the 2025 deal -- but with additional safeguards

EU trade commissioner Maros Sefcovic welcomed the move as a "crucial step" and said he would meet US Trade Representative Jamieson Greer on the sidelines of a World Trade Organization meeting in Cameroon on Friday.

ADDITIONAL SAFEGUARDS

The green light comes after months of delay as lawmakers resisted approving the accord due to transatlantic tensions over Greenland - and then put it on hold again following the US Supreme Court's ruling striking down many of Trump's levies.

The ball started rolling again after the European Commission, in charge of EU trade policy, said it would stick to the pact despite the US ruling and called on lawmakers to do the same, having received reassurances from Washington.

Trump, however, retaliated after the ruling with a new tariff regime - pushing EU lawmakers to tighten the existing agreement with numerous safeguards.

Lawmakers added several provisions in response, such as making the EU's tariff reductions automatically lapse in March 2028, and tying tariff cuts on steel and aluminium goods to similar reductions by the US side.

"Let's not be naive. More Trump coercion and chaos will come, and that is exactly why we say today no free pass, no blank cheque," EU lawmaker Kathleen Van Brempt said during Thursday's debate.

WTO conference kicks off

FROM PAGE B1

But these disruptions are a symptom of the wider disruptions shaking the international order created after the Second World War to prevent a repeat of the horrors of the first half of the 20th century, she said.

Okonjo-Iweala said some argue that we are in a rupture, a fundamental break with the past. Others counter that we are in more of a transition, as institutions and practices adjust to a world in which economic and geopolitical power are more widely distributed, and leadership is more diffuse.

She mentioned three important factors that have reshaped the multilateral trading system: first, the multilateral trading system changed the world; second, the world cannot go back; and third, looking to the future while keeping the multilateral trading system in mind.

Because open international trade has raised living standards and created wealth in both rich and poor countries, it has helped lift 1.5 billion people out of extreme poverty in recent decades.

However, she said these impacts were uneven: many poor countries, and poor people and regions within rich countries, were left behind.

There were job displacements. Nevertheless, it is indisputable that trade has been a major factor in raising living standards and in the unprecedented progress against poverty.

The volume of global trade today is more than 47 times higher than it was in 1950, while real global GDP has grown 15-fold over the same period.

"Now we are seeing resilience in the

face of disruptions and crises as we speak. Our new trade outlook shows that last year, global goods trade grew by 4.6 percent in volume terms.

"Yes, tariffs and uncertainty had a dampening effect, but these were offset by import frontloading, the AI investment boom, and favourable macroeconomic conditions.

"The huge increase in trade in AI-related products like semiconductors and processors accounted for 42 percent of global trade growth last year. I want to note here that most of these goods were exempt from new tariffs, and that the bulk of global trade is just about everything that goes into a data centre faces low or zero tariffs under the WTO's plurilateral Information Technology Agreement, to which 84 of you are participants," the WTO DG also said.

Global trade was severely disrupted by the fallout from Covid-19, and due to a system of rules and norms that kept trade flowing, economies have shown remarkable resilience through many global crises, more recently the global financial and food crises from 2008 to 2010, and the Covid-19 pandemic.

Services trade is set to grow by 4.8 percent, though this too could fall to 4.1 percent if travel and transport are dragged down by the Middle East conflict. But there are also upside scenarios, such as if demand for AI-related products remains strong.

An important factor in trade's resilience is that most economies have chosen to keep trading with each other on normal WTO terms that assure predictability, stability, and a good degree of openness.

The share of global goods trade conducted on most-favoured-nation (MFN) tariff terms has moved up and down in recent months - it has been a bit volatile, but our latest analysis shows that it still remains around 72 percent - nearly three-quarters of global goods trade.

WTO rules are still providing global trade with a stable core; however, much uncertainty is swirling around it.

She sought cooperation from WTO member countries to carry out reforms, as in the past thirty years since the Uruguay Round, not much has changed in the organisation's rules and governance.

This was bound to lead to tensions within and between the organisation's core functions.

These tensions were very much out in the open yesterday in this member-driven organisation, as one headline after another pronounces the organisation's impending demise or irrelevance.

Advocating for a multilateral trading system, Luc Magloire Mbarga Atangana, minister of commerce of Cameroon and chair of the 14th WTO Ministerial Conference, called for strong unity and positivity for the rules-based trading system.

For instance, because of this strong unity and positivity, the adoption of the proposal on reducing fisheries subsidies by member countries was possible.

The multilateral trading system will offer a unique opportunity for member countries, he also said.

The summit will continue until March 29.

BB reserve heist

FROM PAGE B1

The information helped identify several foreign suspects.

"Without getting information from those countries, it was not possible to complete the investigation properly. Due to delays in receiving responses to the MLAR requests, the investigation took longer," said Additional SP Mamun.

CID officials say they have gathered information from authorities in China and the Philippines as well.

On September 18 last year, a Dhaka court ordered the seizure of funds from Rizal Commercial Banking Corporation as part of the ongoing investigation.

Investigators said they have traced the laundering of the stolen funds across the Philippines, Japan, North Korea, Sri Lanka, India and China.

They say around 30 individuals and seven companies in the Philippines were linked to the laundering process.

According to investigators, Philippine businessman Kam Sin Wong has been identified as a central figure in the network. Wong allegedly hired North Korean hacker Park Jin Hyok, believed to be associated with the state-backed Lazarus Group, also known as APT38.

The hackers allegedly sent malware-infected links to BB officials by email, gaining access to internal

systems and initiating fraudulent SWIFT transactions.

Funds were routed through several intermediaries before being channelled into casinos, including Solaire Resort and Casino and Midas Hotel and Casino. Other entities identified in the laundering chain include Philrem Service Corporation, Centurytex Trading, ABBA Currency Exchange Inc and Beacon Currency Exchange Inc.

In Sri Lanka, investigators traced the attempted \$20 million transfer to an account at Pan Asia Bank in Colombo belonging to the Shalika Foundation, led by Hegoda Gamage Shalika Perera.

The transaction failed after the word "foundation" was misspelt, alerting authorities and preventing the funds from being withdrawn.

CID officials say eight individuals and institutions in Sri Lanka have been linked to that attempted transfer.

SCRUTINY OF CENTRAL BANK LAPSES

Investigators are also examining possible lapses within the central bank.

They are reviewing why the Real Time Gross Settlement (RTGS) system was connected directly to the SWIFT network without adequate risk assessment.

They are also looking into the approval process that allowed the SWIFT server used to manage foreign reserves to be linked with the RTGS system under the then-governor Atiur Rahman.

Some BB officials allegedly downloaded malware-infected files without verifying their source, while others are suspected of removing technical evidence after the breach came to light.

CID officials say these issues will be detailed in the charge sheet.

IMF calls

FROM PAGE B1

and economic challenges amid global uncertainty and geopolitical tensions.

Talks have also resumed on the stalled \$5.5 billion IMF loan programme approved in January 2023, which has been on hold since the fifth review in November last year.

Bangladesh may receive a \$1.3 billion tranche by June if it advances key reforms, including moving towards a more market-based exchange rate, strengthening revenue mobilisation, reducing subsidies, and addressing vulnerabilities in the banking sector.

Two instalments were released together in June last year, bringing the total received so far to \$3.6 billion.

Speaking to reporters after a separate meeting with the finance minister, Srinivasan said discussions with Bangladesh are mainly focused on policy measures.

"Our engagement this morning with the minister was centred on policies," he said, adding that IMF financing is fundamentally based on policy dialogue.

He said that Bangladesh, like many other countries, faces uncertainty due to global developments but reaffirmed the IMF's continued support.

The delegation also met with the central bank governor to discuss the technical aspects of the ongoing reform requirements.

Youth unemployment

FROM PAGE B1

Training programmes currently cover only 3.64 percent of the 55 lakh economically inactive young people, severely limiting potential impact.

The government's plan to expand substance abuse treatment will provide just 1,679 beds, a fraction of the 83 lakh affected individuals. Similarly, counselling and rehabilitation for online gambling remain almost non-existent.

This scale mismatch is further

compounded by fragmentation. Multiple agencies run programmes with limited coordination, unclear accountability, and weak monitoring and evaluation. The absence of systematic tracking makes it difficult to measure success or cost-effectiveness, reducing the overall impact of youth development initiatives.

Selim Raihan, an economics professor at Dhaka University, backed the government report on youth unemployment and its contribution to social risks.

"Yes, employed youth can also contribute to social risks, but those without work, income, or stable jobs are far more vulnerable," he said. "Their frustration increases exposure to issues like drug use, social instability, and even extremism."

He added that many young people who have completed their education but are unable to enter the job market experience a prolonged "gap period," during which they are particularly susceptible to these risks.