'Central Asia through Afghanistan will be potential hub of trade'

KARACHI: Vice President of Pakistan Businesses Forum, Ahmad Jawad said Central Asia through Afghanistan will be the potential hub of trade and investment for Pakistan if all settle well after US forces exit, as Pak-Afghan trade has the potential of $8 billion a year.

All the neighbors i.e. Pakistan, Iran, China, Central Asian States and Russia are mostly on the same page for the peaceful settlement in Afghanistan and for the better future in economic terms. He said trade could be an important channel for accelerating growth in Afghanistan. A plausible trade-driven growth scenario for Afghanistan should promote economic and export diversification.

"Trade is believed to promote the efficient allocation of resources, allow a country to realize economies of scale and scope, facilitate the diffusion of knowledge, foster technological progress, and encourage competition in both domestic and international markets."

For a while, development of mineral resources has been thought to be the best avenue to improve trade and growth for Afghanistan.

Similarly Afghanistan's economy is dependent on Pakistan's resources in all sectors of the economy through formal and informal channels. This provides a huge opportunity for economic cooperation.

Government of Pakistan can offer incentives to Afghani producers/businessmen for setting up businesses in the recently developed SEZs where they can produce goods and export back to Afghanistan.

Since such production activities are difficult in Afghanistan due to security concerns, Pakistan can take advantage of the potential investment resource availability in Afghanistan.

Furthermore, Pakistani currency is acceptable for trade and the language barriers are minimal, this area of corridor-cooperation has immense potential for both countries.

Also there is a much greater economic and a broader development potential which can be realized by strategic policies by both countries.

This will not only help the region in developing more advanced economic base but would also result in peace and stability of the region. Areas where such potential exist include human capital, investment, trade in goods and services and policy coordination.

Jawad also said due to ups and downs in our foreign policy relationship, declining volume of Pakistani exports to Afghanistan is not only depriving the country of a major market for its products but also giving local exporters sleepless nights.

According to the State Bank of Pakistan (SBP), Pakistan's exports to Afghanistan fell 5.5 per cent from $790 million to $746.3m during the first nine months of the last fiscal year.

In this regard China could play an important role in building a railway track from Pakistan to Jalalabad and private sector dialogue must be held among the Central Asian chambers of commerce, Jawad added.

Monitoring Desk

U.S. economy added 850,000 jobs last month, as companies scramble to find workers

The U.S. economy gained 850,000 jobs in June and the unemployment rate rose to 5.9 percent, from 5.8 percent, a sign that the recovery of the world's largest economy is building momentum after misses in April and May.

Economists had expected gains of roughly 700,000 jobs and a drop of 0.1 to 0.2 percent in the unemployment rate as Americans have increased activities like air travel, staying at hotels, eating in restaurants and visiting movie theaters.

The positive employment report, released Friday by the Bureau of Labor Statistics, was cheered by economists.

"June's better-than-expected payroll gains provide some needed reassurance that the healing of the job market remains a work in progress," said Mark Hamrick, senior economic analyst at Bankrate. "The June showing is solidly above this year's monthly average pace of more than 500,000 jobs added or recovered."

Economists might have been too optimistic initially, said Julia Pollak, a labor economist at the jobs site ZipRecruiter, adding that it's hard to overstate the amount of disruption Covid-19 inflicted on the economy, and the extent to which it upended the career trajectories for millions of workers. All of this adds up to a critical function of the economy that isn't yet working normally.

"There are all kinds of bottlenecks and frictions in the process of restaffing entire industries," Pollak said. For instance, she added, a company that laid off all of its administrative personnel would have to recreate its human resources department before rehiring on a large scale.

Economists tend to dislike attaching too much weight to a single month's report, since it provides a backward-looking snapshot that, even with seasonal adjustments, can remain volatile.

"I think it's likely going to be pretty noisy here over the next few months as we go through the dog days of summer," said Cliff Hodge, chief investment officer at Cornerstone Wealth.

The trajectory of the labor market recovery over the next few months will give policymakers — and investors — a better sense of what the future holds. "I think we're going to be looking quite carefully at what the participation rate is doing," said James McCann, deputy chief economist at Aberdeen Standard Investments. "What the data could do is cement investors' thinking about when the Fed might announce a tapering of asset purchases," he said.

Policymakers have mostly agreed that current pockets of inflation are transitory. But if job gains are robust and both unemployment and underemployment undergo sustained decreases, worry about rising wages creating inflationary pressure could persuade Federal Reserve Chairman Jerome Powell and the other members of the central bank to revisit its massive bond-buying program sooner rather than later.

"It could nudge the Fed to act more quickly than market participants have baked in at the moment," Hodge said.

Weekly jobless claims data released Thursday showed initial applications for unemployment fell to a new pandemic-era low of 364,000, while payroll processor ADP reported on Wednesday private-sector job growth of 692,000 for June. More than 330,000, or nearly half, of those new jobs came from the leisure and hospitality sector. Overall, gains were broad-based, appearing in every sector except information services, which was down slightly.

Small businesses added 215,000 of those jobs, even though the economic activity taking place there — particularly at restaurants and bars, stores and hotels — has been constrained as business owners struggle to compete for workers with big-box retailers and chain restaurants for hourly workers.

"We are fortunate in the U.S. to have ubiquitous access to vaccines, which has led to a massive shift back to locally owned businesses in these sectors," said Eric Groves, co-founder and CEO of the small-business networking platform Alignable. "But with the surge comes a massive imbalance of supply and demand within the hourly labor markets," he said.

In ordinary economic cycles, sustained wage growth can draw people off the sidelines and back into jobs. In recent months, a confluence of factors has created a bottleneck that has interrupted labor flow and led to increased wages, particularly at the lower end of the pay scale.

"There have been some forces holding back stronger progress, and we expect that to ease," McCann said. "I think it's a labor market set to accelerate over the next few months."

A lack of child care, a skills mismatch and extended unemployment benefits have been frequently cited as potential deterrents keeping would-be workers from jobs, although opponents of rolling the program back before it expires in September say enhanced benefits give people a financial cushion that let working parents care for their kids and give displaced workers the chance to seek out new skills and credentials.

Even as vaccination levels rise, the ongoing fear of contracting Covid-19 lingers for many, Hodge said.

"With the delta variant, you're seeing a bit of a resurgence in virus jitters," he said. "People may still be uneasy about getting back out there and getting to work," particularly in high-contact service jobs, he added.

"It's trending in the right direction, but we're going to see fits and starts, especially as the benefits roll off," Hodge said. "It's going to be lumpy, but we think over the coming months, labor will continue to trend in the right direction."

nbcnews

Cruises return help Galveston's economic recovery along

GALVESTON — The Carnival Vista, an 1,100-foot-long cruise ship carrying hundreds of passengers, will slip out of Galveston Harbor Saturday on a course for Mahogany Bay in Honduras, signaling a rebirth of a local industry and symbolizing how far the state and the nation have come since the darkest days of the coronavirus pandemic.

The return of cruise ships to the Port of Galveston was celebrated by passengers, executives of Carnival Cruise Lines, and Galveston officials as another component of the island's tourism economy fell into place after a year of business closures, financial losses and layoffs. Before the pandemic, cruise ships brought about 1 million visitors through Galveston, staying in hotels, eating at restaurants and paying for long-term parking.

"It means everything to us that they're coming back," said Charles Tompkins, chief operating officer of Port Parking and EZ Cruise Parking, which own and operate a dozen lots on the island.

Few industries were hit as hard by the pandemic as cruise lines, which, just over a year ago, became floating infectious disease wards and emblems of the rapid spread of the coronavirus. One ship, the Diamond Princess, operated by Princess Cruises, notoriously spent weeks at sea with its passengers quarantined. More than a few people wondered who would ever go on a cruise again.

It turns out a lot. With the advent of vaccinations, people are coming back to cruise lines. The share of Americans concerned about getting on cruise ship fell to a pandemic low of 46 percent in June, plunging from 60 percent in April, according to a survey by Destination Analysts, a travel and tourism market research firm based in San Francisco.

Roughly 2,700 people — about 70 percent of capacity — will board the Carnival Vista Saturday. Royal Caribbean will resume sailing from Galveston in August, and Disney cruises in November. All told, 135 cruises are expected to leave Galveston this year and 238 next year, according to the Port of Galveston.

On HoustonChronicle.com: Galveston businesses are expecting a busy summer, but can't find workers The cruise lines are requiring passengers to be vaccinated against COVID-19. Carnival said it would require passengers to show proof of vaccination, based on requirements from the U.S. Centers for Disease Control and Prevention. The July cruises will operate with at least 95 percent of fully vaccinated guests, making exceptions for children under 12 and some adults who requested exemptions.

In early June, however, Gov. Greg Abbott signed a bill that prohibits Texas businesses from requiring customers to prove their COVID-19 vaccine status. Carnival said its vaccination policies are consistent with Texas law, which provides exceptions for businesses imposing COVID-19 protocols consistent with federal law and recommendations.

One of the passengers on the Carnival Vista will be Gina Breland, who describes herself as a dedicated cruiser who has waited impatiently for sailings from Galveston to resume. Breland, 51, of Houston, said she was hesitant about getting the vaccine until Carnival required proof of vaccination to board the ship

"I wanted (the vaccine) to be out a little longer," she said. "I wasn't afraid of COVID. I was afraid of not being able to cruise."

Breland, along with her sister, has taken about 10 cruises. She was on the Carnival Vista's last cruise in March 2020 and recalls, still with some bemusement, of returning to shore to find that it was nearly impossible to buy toilet paper. She had booked cruises for July, August and September last year — all canceled.

Breland and her sister were to drive from her home in northwest Houston Friday. They planned to spend a night in a hotel, shop and eat in Galveston's historic Strand district, and even get their nails done before boarding the ship, where they expect seven days of royal treatment.

"I'm a grandmother and mom," said Breland, who has three adult children and five grandchildren. "But when I'm out there, I'm the one being pampered."

The cruise industry generated $125 million of passenger onshore spending in Galveston in 2019, according to the Cruise Lines International Association, an industry trade group. About 16 percent of passengers, or some 160,000, stay overnight prior to cruise, according to the Galveston Island Convention and Visitors Bureau.

UN agency upgrades Korea to developed economy

A United Nations agency dealing with trade and development issues decided Friday to categorize South Korea as a developed economy.

The decision was made unanimously during the 68th board meeting of the U.N. Conference on Trade and Development (UNCTAD) held at the agency's headquarters in Geneva.

This is the first time that the agency has upgraded a member nation from the developing economy group to the developed one since its establishment in 1964.

UNCTAD classifies member countries into four groups based on U.N. Regional Groups, and South Korea used to be on List A consisting of Asian and African countries, but the change has moved South Korea to List B - the Western European and Others Group.

With the decision, the List B group now has 32 member countries, including Germany, France and Japan.

Last month, Lee Tae-ho, South Korea's new permanent Representative to the United Nations Office at Geneva, mentioned that Seoul was looking forward to playing a more active role at UNCTAD.

"In order to more effectively contribute to UNCTAD discussions as the sixth largest Aid-for-Trade donor in the OECD, Korea is now seeking to further institutionalize its engagement with other OECD donors at UNCTAD," he said. koreatimes

3 ways student debt impacts the economy

During the height of the pandemic, workers with college degrees were spared some of the harshest consequences. The Bureau of Labor Statistics reports that workers with a bachelor's degree are less likely to be unemployed and earn 67% more than those with just a high school degree. Plus, college graduates live longer than those without a college degree.

While student loans can be crucial in helping Americans access these benefits, economists say that student debt is holding the economy back.

Approximately 45 million Americans collectively owe $1.7 trillion in student debt. And even though federal student loan payments have been paused since March 27, 2020, the student loan crisis is still looming. The moratorium is set to expire Oct. 1, 2021 and politicians and experts warn that millions of borrowers may be thrown into "extraordinary financial hardship" when payments resume.

CNBC Make It spoke with Nela Richardson, chief economist of human resource management firm ADP, about three of the biggest ways student debt impacts the economy.

1. Generational inequality

Richardson stresses that student debt is a concern because of the way it disproportionately impacts young people today more than in previous generations.

Decades of cuts to education funding means that students pay much higher college costs than previous generations did. Over the past 10 years, college costs increased by more than 16% and student debt totals increased by 99%. Today, not only do roughly 70% of college students take out loans to pay for their education, but they take out larger volumes.

Plus, recent college graduates have entered the workforce during one of the most hostile labor markets in history for young workers. According to an analysis of BLS data by Pew Research Center, 2020 college graduates saw a bigger decrease in labor force participation than those who graduated during the Great Recession.

"Student debt falls heavily on the shoulders of young people. They have the lowest incomes and are most likely to have recently finished college," says Richardson. "We know from our data that young people were disproportionately impacted by the pandemic. They were more likely to report a job loss, a reduction in job responsibilities or a pay cut. When you add that to student debt, that creates quite a sizable hurdle."

The result is growing generational inequality that will have significant long-term consequences, she warns: "It's about macro growth. We should care [about student debt] because it does affect the future of GDP growth when there's a lack of investment among young people."

Federal Reserve data indicates that millennials control just 5% of U.S. wealth while baby boomers control over 52%. In 1989, when baby boomers were around the same age as millennials are today, they controlled 21% of the country's wealth.

2. GDP

Student debt impacts borrowers over time by raising debt burdens, lowering credit scores and ultimately, limiting the purchasing power of those with student debt. Because young people are disproportionately burdened by student debt, they will be less able to participate in — and help grow — the economy in the long run.

"What you want is widespread opportunity for investment over time. That's what's good for the economy. That's what's good for Wall Street," says Richardson. "If you don't have that, then you're looking at slower growth from the prime-aged working population — and that's problematic."

The Federal Reserve estimates that student debt shaves roughly 0.05% off GDP per year. While the current impact may appear relatively small, as borrowers struggle to buy homes, save for retirement and invest in the stock market, the impact may become more significant.

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