US economy growing moderately in fourth quarter

The US economy likely maintained a moderate pace of growth in the fourth quarter, and probably again fell short of attaining the Trump administration's coveted but elusive 3 percent annual growth target because of slumping business investment amid damaging trade tensions.

The Commerce Department's snapshot of gross domestic product on Thursday will likely show the Federal Reserve's three interest rate cuts in 2019 helped to keep the longest expansion in history, now in its 11th year, on track and avert a downturn.



Trump administration's 18-month-long trade war with China last year fueled fears of a recession. Though the economic outlook has improved with this month's signing of a Phase 1 deal with Beijing, economists do not see a boost to the economy as US tariffs remained in effect on \$360 billion of Chinese imports, about two-thirds of the total.

"The economy has clearly slowed, but we are not barreling toward a



A worker moves a V6 engine, used in a variety of GM cars, trucks and crossovers, from the final assembly line at the GM Romulus Powertrain plant in Michigan, US.

stimulus fades from the White House and Republicans' huge tax reductions in 2018, a package President Donald Trump had predicted would lift growth persistently above 3 percent. settling back into the growth rates that So far it has fallen short of that goal.

The report comes on the heels of keep rates unchanged. Fed Chairman Jerome Powell told reporters on borrowing costs encouraged purchases

Growth is, however, slowing as the recession," said Ryan Sweet, senior economist at Moody's Analytics in West Chester, Pennsylvania. "The economy is coming off its sugar high in 2019 so is not surprising that we are we saw prior to the fiscal stimulus."

Gross domestic product probably the US Federal Reserve deciding to increased at a 2.1 percent annualized rate in the fourth quarter as lower

expected "moderate economic growth big ticket items, according to a Reuters survey of economists. A smaller import bill and more government spending are also seen keeping GDP growth at the same pace logged in the third quarter.

The forecast was, however, made before Wednesday's advance reports showing a sharp widening in the goods trade deficit in December as well as a drop in wholesale inventories. Retail inventories were unchanged last month. The data prompted some economists to cut their fourth-quarter GDP growth estimates by as much as five-tenths of a percentage point to as low as a 1.4 percent rate.

Growth estimates for 2019 are converging around 2.5 percent, which would be slower than the 2.9 percent notched in 2018. Economists estimate the speed at which the economy can grow over a long period without igniting inflation at around 1.8 percent.

The White House claimed that slashing the corporate tax rate to 21 percent from 35 percent, as well as shrinking the trade deficit would boost annual GDP growth to 3.0 percent on an sustainable basis. Economists have long disagreed, pointing to structural issues like low productivity and population growth. Some also argued that there was historically not a very strong relationship between corporate tax rates and business investment.

"If you are trying to get to 3 percent in an economy in its 11th year of recovery that's a tough task," said Sung Won Sohn, business economics professor at Loyola Marymount University in Los Angeles. "There is a lot of uncertainty. Even though we have this initial trade agreement, think there will be more trade wars after the (US presidential) election."

Fed Chair Powell also said the risks from trade tensions remained and businesses were adopting a "wait and



ANM Mahfuz, head of consumer banking at Prime Bank, and Jerome Lienart, general manager of Renaissance Dhaka Gulshan Hotel, exchange the signed documents of a deal in Dhaka recently. The bank's Platinum, World Mastercard and Monarch Prestige cardholders will get buy-one-get-one free buffet at the hotel.

No sweat for printers as orders pour in

More local printing houses joined the modernisation bandwagon the following year, inspired with the way taking risks helped others achieve

"Our capacity jumped suddenly. The government's decision gave us the courage to take risks and invest and we triumphed.'

The sector now has the capacity to print 100 crore books annually.

Hasina Newaaz, managing director of Orchid Printers, a major player and one of the oldest surviving firms in the sector, acknowledged the vital role the government move to distribute books for free had on the industry's growth.

At the beginning of the year, local printing houses delivered more than 35 crore textbooks for the government for distribution.

This in itself is a form of progress as in the past, students had to wait until the first quarter of an academic session to get their books," Serneabat added.

Over the past decade, various modern technologies for printing, binding and cutting have been brought to printing presses, some of whom now use eight-colour machines and computerised plate technology to speed up the production process and quality.

Binding, which was once done the sector since 2010. is now accomplished automatically in many presses.

"We have also adopted modern cutting machines. All these innovations have decreased the time it takes to

print, bind and cut," Moshin said. In the past, one binder could prepare a maximum of 500 books daily. Now, 3,000-4,000 books can be printed per day using modern binding machines.

Apart from making books, calendars and other conventional tasks, there have been strides made in the printing of packaging materials used for consumer goods such as locally made medicine and clothing.

"Once we had to depend on foreign firms to print accessories for export oriented garments. We do not have to do that anymore as the required machinery to print labels, price tags and such are available here," Serneabat said.

Serneabat has invested about Tk 30 crore to increase the capacity of his firm, Sanjana Printers, over the past ten years.

With the introduction of modern binding and packing printing, materials, his business has expanded from 1,000 square feet to 110,000 square feet. Entrepreneurs have collectively invested Tk 1,500 crore in

The printing sector is now selfsufficient and export-oriented as well as printed products account for 6 per cent of the country's total export earnings.

Including export, the total annual market size for printing is Tk 3,000 crore and local printers cater to almost all the demand, according to Serneabat.

There has been a radical change in our production capacity, especially because of automation. With our existing capacity, we can print for export even after meeting demands from the local market," said Rabbani Jabbar, managing director of Ananda Printers, which also has the capacity to print four crore books a year.

. The government should provide a scope to import paper, ink and other raw materials duty-free against export orders, Jabbar added.

Serneabat also made an appeal to the government, asking for an allotment of 200 acres of land near Dhaka for a printing industry enclave to help the sector flourish. Financing from banks will also

provide an impetus to import new and printing machinery, which would help the industry cater to the international market demand for printed materials,

'We need a lot of resources, but without a lot of conditions'

FROM PAGE B1

The implementation of projects in Bangladesh is a hard task. Besides, there are procedural problems for businesses, and the development partners can bring in expertise to help address these issues.

Momen also requested the development partners to live up to their own promises that they made to assist the developing countries. He floated the idea of creating a South-South Forum for finance and development, which can work for resources mobilisation.

"Bangladesh has a bright future," said Finance Minister AHM Mustafa Kamal, who chaired the concluding session.

At least 41 recommendations were from the meeting and the government will implement those over the next five years.

The government is aiming to reduce poverty from existing 17.2 per cent to 12.1 per cent by 2025. It is also targeting to bring down the ultra-poverty rate from 8.37 per cent to 5.28 per cent.

For the goals to be achieved, the government has set a goal of achieving 8.51 per cent GDP growth and investment 37.2 per cent of GDP, he said.

The growth would be achieved by implementing the mega projects and establishing an industry- and businessfriendly tax-regime.

At the same time, the government also wants to increase the revenue to 15 per cent of GDP. At present, Bangladesh's tax to GDP ratio is below 10 per cent of GDP, which is considered one of the lowest in the region, Kamal added.

The government will require Tk 7,741,800 crore in investment over the next five years to help materialise its plans, said Shamsul Alam, member of Bangladesh Planning Commission.

About 75 per cent of the sum will come

from the private sector. The country's gross domestic product (GDP) growth rate will hit 8.23 per cent in fiscal 2020-21, the first year of the plan, and will further increase up to 8.51 per cent in fiscal 2024-25, he said on the first day of

Effective partnership between the development partners and Bangladesh

speak of leaving none behind, said Prime Minister's Economic Adviser Mashiur

'We want to work in a way to accelerate our growth and equitable development, he added.

ERD Secretary Monowar Ahmed they have been able to create new areas of cooperation through the discussions around the challenges being faced by the development of Bangladesh.

"We want cooperation from our development partners," he said.

UN Resident Coordinator Mia Seppo said the development partners want to support the next five-year plan and continue the discussions on gender equality, governance structure, SDGs and economic equality. MAKE CITIES INCLUSIVE

At a session on urbanisation, speakers said nearly 50 per cent of Bangladesh's population is expected to live in cities by

Subsequently, they called for making city development more inclusive.

Attaining the SDG goal 11, which talks of sustainable cities and communities, would be impossible by 2030 without partnership between all stakeholders: the government, development practitioners, private sector and citizens, said SM Rezaul Karim, housing and public works minister.

Sudipto Mukerjee, United Nations Development Programme (UNDP) resident representative in Bangladesh, pointed out that the slum-dwellers keep the cities running.

They are actually the people doing all the menial jobs that otherwise no one else would be doing.

He called for learning more about the slum dwellers and their needs and their involvement in city planning exercises.

Angelika Fleddermann, head of German International Cooperation (GIZ), called for integrated urban planning involving the private sector and especially the vulnerable residents in the planning process.

The cities have to be made more resilient to climate change. It is becoming a, bigger and bigger issue here," she said.



Kazi Akram Uddin Ahmed, chairman of Standard Bank; Md Zahedul Hoque, vice chairman; and Khondoker Rashed Magsood, managing director, pose at the bank's annual business conference at Gardenia Banquets in Dhaka yesterday.

All is well at Ring Shine Textiles

Ring Shine even held a board meeting yesterday when they announced earnings per share (EPS) of Tk 0.45 for the second quarter (October to December) of its 2019-20 financial year. The MD usually goes to Singapore two to three times a

exception, Uddin said. The directors did leave the country following an internal misunderstanding but the factory is running as normal, said Md

month to spend time with his family and this latest trip was no

Abdus Sobhan, general manager of the DEPZ, on January 23. "We have been contacting the directors of Ring Shine Textiles regularly. They have made their commitments to us to come back soon," he said, adding that it would be within the next

one or two weeks. The directors are: Sung Jye Min, Hang Siew Lai, Hsiao Hai He, Sung Wen Li Angela, Sung Chung Yao, Sheao Yen Shin, Hsiao Liu Yi Chi and Chuk Kwan.

Yet another bewildering decision from BTRC

"We should not forget that almost half of the people in Bangladesh are yet to be connected.

As the government is pursuing 5G roll out, whose main attraction is IoT (internet of things), each subscriber will require multiple SIMs to avail the services, Farhad said.

The IoT is a system of interrelated computing devices, mechanical and digital machines, objects, animals or people that are provided with unique identifiers (UIDs) and the ability to transfer data over a network without requiring human-to-human or human-to-computer interaction.

We are hopeful that the BTRC will understand the situation and allow the mobile operators as many numbers as required for the greater interest of the country's communication endeavour,' Farhad added.

Govt now pushing for rice exports

Earlier, a commerce ministry report had suggested incentive for rice export against the backdrop of higher production than local demand in fiscal 2018-19

Bangladesh had surplus rice of 34.95 lakh tonnes last fiscal year after production hit 3.73 crore tonnes, according to the report.

Amid the production glut, rice millers had been demanding export subsidy. But the government imposed 62.50 per cent import duty in a bid to help farmers offset losses caused by price decline.

Exporters who want to get the cash subsidy will have to take prior permission from the commerce ministry and obtain certificates from the customs department, said the Bangladesh Bank notice. Millers using duty-free packaging materials for rice export will not be entitled to the subsidy.

Banks will have to preserve all subsidyrelated documents for three years so that the BB or other authorities can verify the export if necessary

The central bank will debit the amounts from banks if the subsidy is provided illegally. Stern actions also will be taken against officials involved in malpractice, according to the notice.

KM Layek Ali, general secretary of the Bangladesh Auto Major and Husking Mills Association, welcomed

the government move as exports have become necessary as production now exceeds demand.

"Due to the subsidy, we will become competitive in the international market, he said. Locally grown rice has so far been uncompetitive in the international market because of low prices from India, a leading exporter, according to Saha.

The incentive will encourage millers to buy paddy, which will also help raise prices at the farm gates, Ali said, adding that the export subsidy will not lead to abnormal spiral in prices.

The government had earlier slapped a ban on the export of parboiled rice but softened the stance last year, when it gave private operators the go-ahead to ship nearly one lakh tonnes abroad in the face of falling prices in the local market.

However, the private sector has long been exporting aromatic rice based on approvals from the commerce ministry.

The government move will help increase the overall export earnings that are now witnessing sluggish growth, the BB official said. Export earnings fell 5.84 per cent year-on-year to \$19.3 billion in

the first six months of the fiscal year. The receipts between the months of July and December last year were also 12.77 per cent lower than the half-yearly target of \$22.12 billion, according to data from the Export Promotion Bureau.

Is DITF proof of widening per capita income?

Although Khan left with simple household products, he wanted to treat the fair as though it were a festival despite there being a decidedly lack of

international flavour. Like Khan, Anadi Bushan Das, a Dutch Bangla Bank official, said that he only bought practical items such as

crockeries While non-branded products were costlier at the DITF than in the regular market, branded items were sold at discounted prices.

"The non-branded stalls are committing fraud with the customers, who are clueless about brands and

People are purchasing regular products like biscuits and crockeries they have extra spending money," Das

Begum Rokheya Parosh bought a Samsung smart television as the brand offered extra facilities such as cash back or after sales gifts for purchases made at the DITF.

She apparently had no intention of buying the Tk 35,000 television but changed her mind after seeing the offers on hand.

housewife Similarly, Saima Siddique bought a Turkish Cinderella doll for Tk 3,500 for her son, Abser Ehsan, just because the child liked the product.

Best Buy, a popular retail chain for household products and electronic appliances, has about 3,000 products with attractive discounts on display at their pavilion at the DITF, where from the fair at exorbitant prices as if customers have flocked to enjoy slashed prices.

At present, people want all kinds of household goods under one roof for their convenience. For that reason, Best Buy has become a popular destination for people from all walks of life, said Rahat Zahan Shamim, chief operating officer of Best Buy.

Customers can enjoy up to 30 per cent discount on purchases from Best Buy's DITF pavilion, while home delivery for products such as furniture worth upwards of Tk 3,000 is free, he

corporate house, bought a fair number of blazers from the Fit Elegance stall for Tk 5,600. Hossain said that due to his official working environment and the good quality of blazers on sale, he was

compelled to make the purchases

with his credit card.

Farhad Hossain, service holder at a

UK economy seeks to balance Brexit with global strains Britain's economy, lifted by the

post-election political country's stability, risks fresh turbulence as Prime Minister Boris Johnson seeks tricky Brexit trade deals amid global threats that include the coronavirus.

Recent positive British economic data offset weaker figures at the end of 2019, but this is not expected to have a lasting impact despite government promises of major infrastructure spending.

On eve of Brexit, there is a strong possibility that the Bank of England will later Thursday announce its first interest rate cut in more than three years, as economic headwinds gather

"There's still a huge amount of uncertainty over Brexit ahead of the deadline at the end of this year,' OANDA analyst Craig Erlam told AFP.

After Friday, Britain faces an 11-month Brexit period that expires on December 31, by which time Johnson will try to strike new trade deals with the EU and other countries around the world.

Erlam said that, despite data pointing to a slight uplift for the UK economy late last year, the outlook was far from rosy

"If the government can do as they promise then the honeymoon can begin in 2021," he said. Investors have been reassured by

Johnson's right-wing Conservative party, which coasted to victory on a pledge to get Brexit done on January 31. However, outgoing BoE governor

December's election triumph for

Mark Carney earlier this month said Britain's economic recovery is "not assured" despite a drop in Brexit uncertainties, prompting many analysts to forecast the central bank could cut its main interest rate by a quarter-point to 0.50 percent on Thursday.

That would be the first reduction since August 2016 -- when the BoE slashed rates to a record low 0.25 percent after the UK's referendum vote in favour of leaving the EU.