MODHUMOTI BANK

Zahid Maleque, health and family welfare minister; Momotaz Begom, a lawmaker; Humayun Kabir, chairman of Modhumoti Bank; and Sheikh Fazle Noor Taposh, chairman of the executive committee, open a Modhumoti Bank branch at Singair in Manikganj yesterday.

India plans to airlift components from China to help local tech industry

REUTERS, *New Delhi*

India is planning to backstop its growing electronics sector by arranging to airlift components from China, three government officials said, as it tries to contain the fallout from the coronavirus crisis in China.

India's federal technology ministry has asked electronics and smartphone industry lobby groups to draw up a list of components made in China which then can be airlifted, two of the officials said. China is slowly getting back to work after an extended shutdown, but it is still grappling with a range of production and logistics delays.

Electronics manufacturing, especially the assembly of smartphones, is a bright spot for India's otherwise flagging economy. But the country is still highly dependent on China for components such as camera modules and display screens.

The emergency airlift plans underscore the interconnected nature of global supply chains and the continued dependence on China for key goods even as some manufacturers - prompted in some cases by the U.S.-China trade war - move to build up capacity outside of China. Other industries are also exploring airfreight options.

The Automotive Component Manufacturers Association of India has reached out to its members to assess which parts are in short supply and can potentially be air-lifted, according to a source aware of the matter. India's auto industry relies heavily on China for parts such as electronic components, pressure sensors and fuel injectors.

India's embassy in China is also helping coordinate an airlift of drug ingredients from China, said a government adviser with direct knowledge of the matter.

For the electronics and smartphone components, the technology ministry "is in touch with aviation carriers and air freighters and they've been connected with the industry," one of the government sources said.

The airlifting of components from the Chinese cities of Guangzhou and Shanghai is one option being discussed, the official said. The sources did not say when the airlifting might begin. The aviation ministry did not immediately respond a request for comment.

Lack of truck drivers, a proliferation of road checkpoints and a shortage of workers at Chinese ports have slowed shipments even for parts that are still being produced, Reuters has reported. Air cargo firms have also reduced services in response to crew health concerns and uncertain demand.

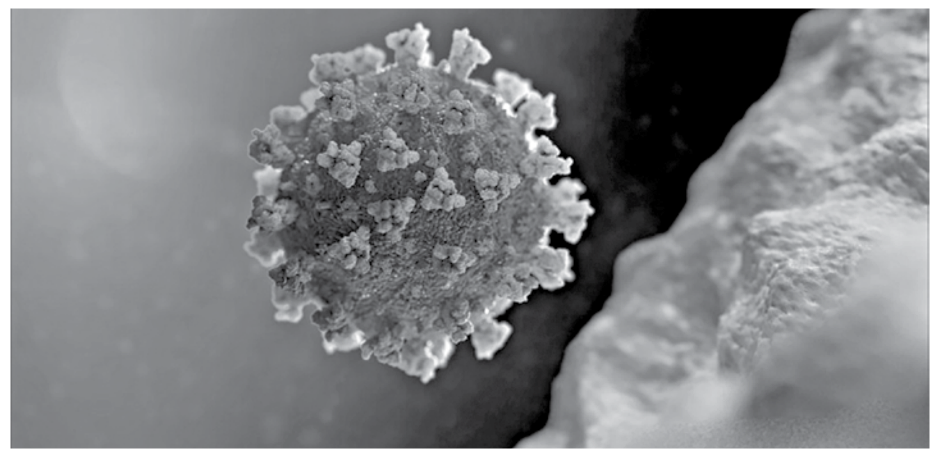
China is India's biggest trading partner, but India's imports of Chinese goods contracted in February to their lowest levels in nearly four years, trade ministry data reviewed by Reuters showed.

Smartphone makers in India thus far have largely weathered the virus crisis, partly because they had built up inventories of Chinese-made parts to cover the Lunar New Year holiday period when China's factories close down.

But those stocks could dry up soon. S.N. Rai, the co-founder of homegrown smartphone maker Lava, said the supply of some components had resumed, but the pace of production at his factory on the outskirts of New Delhi could soon slow down.

"The period between March 10 and March 20 is going to be very tough," Rai told Reuters. "In the absence of supplies, we might have to cut one or two of the three eight-hour shifts we have daily."

The India units of contract manufacturers Wistron Corp, which makes some of Apple Inc's lower-priced iPhones, and Flex Ltd have, through an industry body, asked for government help in securing components including camera modules and displays from China, according to two industry sources.



REUTERS/FILE

A computer generated image created by Nexu Science Communication and the Trinity College in Dublin, shows a structural model of the betacoronavirus. It is one of four genera of the COVID-19 or coronavirus strain, which recently broke out in Wuhan and has since made its way to many parts of the world.

IMF chief calls for all-out offensive to counteract epidemic

AFP, *Washington*

IMF chief Kristalina Georgieva on Wednesday called for an all-out, "no regrets" response to the new coronavirus epidemic which poses a "serious threat" to the global economy.

"At a time of uncertainty... it is better to do more than to do not enough," she said, warning that the impact of the COVID-19 outbreak will slow growth in the world economy to below the 2.9 percent posted last year.

The epidemic "is no longer a regional issue, it is a global problem calling for global response," Georgieva told reporters, warning that the financial need could top $1 billion.

The virus has shuttered factories, disrupted travel, infected nearly 95,000 people worldwide and killed more than 3,200, mainly in China, while some countries are struggling to test for and contain the spread of the illness.

That has spurred global policymakers to come out in force to mitigate the damage, including an emergency, half-point cut in interest rates by the Federal Reserve on Tuesday, followed by a similar cut by the Bank of Canada on Wednesday.

While some economists argue lower interest rates will do little to help address interruptions in supply chains, Federal Reserve Chair Jerome Powell said it should provide a boost to confidence.

And while Georgieva said the global financial system is in good shape now after being fortified in the wake of the 2008 crisis, "We do need to have measures that are bringing a sense of confidence," and prevent credit from freezing up.

The epidemic's impact on confidence and demand, as well as the steps imposed to contain it, are impacting economic activity, with the result that "global growth in 2020 will dip below last year's levels," she said.

IMF Managing Director Kristalina Georgieva

The IMF in January forecast growth this year of 3.3 percent, which means at least a half point will be lost to the virus.

But "how far it will fall and how long the impact will be is still difficult to predict," she said.

Georgieva said the fund's analysis had assumed the virus would be largely confined to China, which would have led to a sharp but short economic slowdown, followed by a quick recovery.

"Unfortunately over the last week we've seen a shift to a more adverse scenario for the global economy," due to the "sheer geographic spread of the epidemic around the world," impacting a third of the IMF's 189 member countries.

The fund is due to release its updated forecasts in mid-April.

Georgieva and World Bank President David Malpass spoke to reporters after a conference call of finance officials from member nations, who directed the IMF "to use all its available financing instruments to help member countries in need." "We are determined to provide the necessary support to mitigate the impact, especially on the most vulnerable people and countries," the statement from governing body the IMFC said.

It was the first time the group had ever held a meeting by teleconference, the IMF said.

Georgieva said the Washington-based development lender has $1 trillion in overall financing capacity, including $50 billion available without a formal IMF program, and $10 billion in no-interest funds for the poorest countries.

These are existing aid facilities that can be deployed quickly to deal with emergency situations, such as natural disasters.

Georgieva said the fund also has a grant program used for the 2014 Ebola outbreak that relies on government donations and is underfunded with only $200 million against a need that could reach $1 billion.

"I called on member countries to help ensure that this facility is fully re-charged and ready for the current crisis," she said.

The World Bank on Tuesday announced it had $12 billion available to help countries respond to the coronavirus threat, especially the poorest nations that are least equipped.

Malpass told reporters "the speed and breadth of the response is crucial to its effectiveness." As the US death toll rose to 11, Congress reached a deal on $8 billion in emergency spending to combat both the health and economic consequences of the disease.

The Eurogroup was still mulling an exceptional spending package as cases in Europe grew and Italy shuttered schools, but pledged to use "all appropriate tools to achieve strong, sustainable growth" including fiscal measures.

MCCI

Abu Hena Md Rahmatul Muneem, chairman of the National Board of Revenue, speaks at a luncheon meeting of the Metropolitan Chamber of Commerce and Industry, Dhaka, at the chamber's Gulshan office yesterday. Nihad Kabir, the chamber's president, was present.

Brazil economy slows in Bolsonaro's first year

AFP

The Brazilian economy slowed in President Jair Bolsonaro's first year in office, according to official data released Wednesday, disappointing news for markets that bet on the far-right leader to engineer an economic take-off.

And the outlook for Latin America's biggest economy is not much better for this year, given the damaging impact of the new coronavirus, analysts warned.

Brazil's economy grew 1.1 percent in 2019, down from 1.3 percent in each of the previous two years, said the national statistics institute, IBGE.

Growth for the fourth quarter came in at 0.5 percent.

Bolsonaro, who has been dubbed a "Tropical Trump," took office on January 1, 2019, after storming to a shock election win in a Brazil fed up with corruption scandals and coming off a brutal recession.

The former army captain vowed during his presidential campaign to jump-start the economy, winning the support of the business sector despite his open admission that he knows little about economics.

Giving vast power to his University of Chicago-trained economy minister, Paulo Guedes, he began implementing a sweeping agenda of pro-market reforms, austerity cuts and privatizations, including a long-sought pension reform that passed in October.

When Bolsonaro took office, analysts forecast economic growth of around 2.5 percent for the year.

The final figure came in at less than half that.

Brazilian President Jair Bolsonaro

"It was a cold bath of reality," said economist Victor Beyrute of Guide Investimentos.

"Brazil is going through a transition period, and the problem can't be solved in a year." Bolsonaro faced criticism for refusing to answer journalists' questions about the economy.

Instead, he made his daily appearance before the press corps with a surprise guest -- comedian Marvio Lucio, decked out in a presidential sash to imitate Bolsonaro.

The president referred all questions to his double, who asked, "What's GDP?" Critics did not find it funny.

"It takes a dumb president to find the 'humor' in growing poverty and inequality," tweeted Senate opposition leader Randolfe Rodrigues.

Economy guru Guedes sought to downplay the news, saying it was "no surprise" and that Brazil could grow more than two percent this year "if reforms continue." But the powerful minister's role looks increasingly threatened.

"He's not delivering what he promised.... The Paulo Guedes of today isn't the Paulo Guedes of January 2019," said Andre Cesar, of Brasilia-based consultancy Hold.

"He's facing the perfect storm." This is shaping up to be another tough year for the world's ninth-biggest economy.

Consulting firm Capital Economics said the latest data "masked a sharp loss of momentum late in the quarter," and warned of "growing headwinds from the effects of the coronavirus." Brazil, which has confirmed two cases of the new coronavirus, is particularly exposed to the economic impact of the disease because of its close ties with China, its largest trading partner.

Opec seen backing big oil output cut, but awaits Russian support

REUTERS, *Vienna*

Opec ministers are expected to approve on Thursday the outlines of a deal for a significant cut in oil production to shore up prices hammered by the coronavirus outbreak but they are still waiting for Russia to indicate whether it will back such a move.

Saudi Arabia wants Opec and its allies, including Russia, to cut 1 million to 1.5 million barrels per day (bpd) for the second quarter and to keep existing cuts of 2.1 million bpd, which expire this month, in place until the end of 2020.

But Riyadh, the biggest producer in the Organization of the Petroleum Exporting Countries, and other members of the group have yet to win Russian support for such a deal. So far, Moscow has indicated it would back an extension but not a deeper cut.

Saudi Energy Minister Prince Abdulaziz bin Salman, who met his Russian counterpart Alexander Novak in Vienna on Wednesday, has kept the market guessing about progress in the negotiations.

Asked about prospects for a pact shortly before Opec ministers began their meeting in the Austrian capital, the Saudi prince told reporters: "We will have to see today and tomorrow."

Moscow, which has cooperated on output policy since 2016 in an informal group known as OPEC+, has in the past shown reluctance during negotiations but has signed up at the last minute.

OPEC sources have signalled that preliminary talks with Russia this week in Vienna have been trickier than before.

The slide in oil prices to about $51 a barrel has made it tough for Opec states to balance their budgets, while Moscow has said it can cope with current prices.

"We now convene at a time when the outbreak of Covid-19 has had a pronounced adverse impact on economic and oil demand forecasts in 2020," Mohamed Arkab, Algeria's energy minister and current Opec president, told ministers as he opened the meeting.

"Complex challenges require collegiality and concerted action," he said.

Two Opec sources said they anticipated that Thursday's meeting in Vienna of Opec ministers would go smoothly, with an agreement on a big cut, possibly above 1 million bpd, although a third source said allocating quotas could be tough.

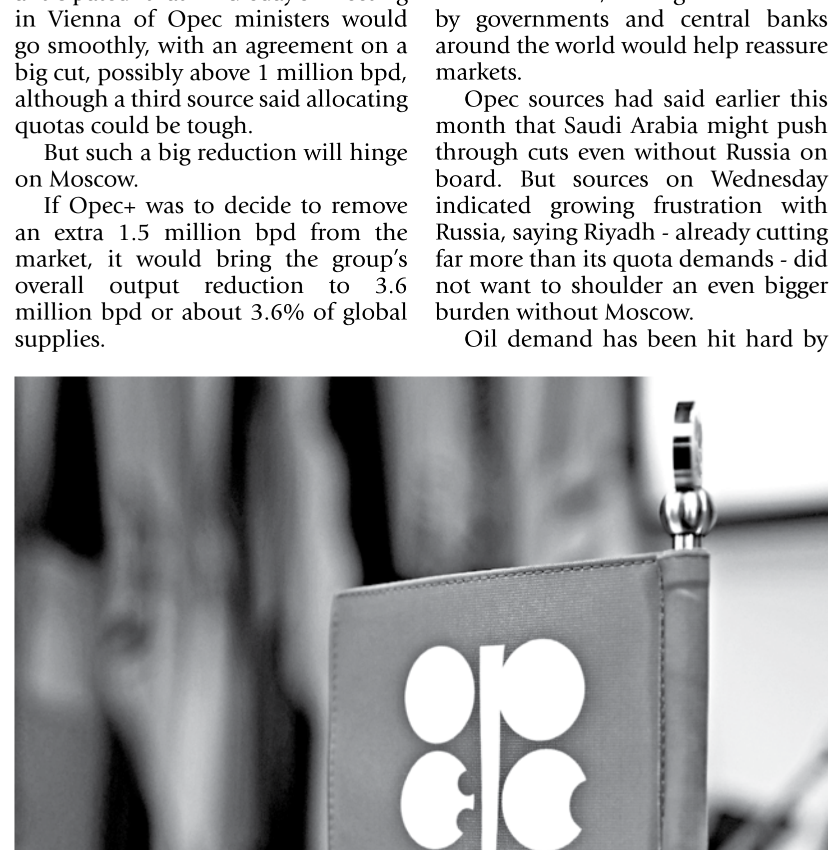
But such a big reduction will hinge on Moscow.

If Opec+ was to decide to remove an extra 1.5 million bpd from the market, it would bring the group's overall output reduction to 3.6 million bpd or about 3.6% of global supplies.

"Our expectation is that Opec+ will deliver a credible and coherent strategy that will take more barrels that what's priced into the market off the table," said Ehsan Khoman from Mitsubishi UFG, adding that stimulus by governments and central banks around the world would help reassure markets.

Opec sources had said earlier this month that Saudi Arabia might push through cuts even without Russia on board. But sources on Wednesday indicated growing frustration with Russia, saying Riyadh - already cutting far more than its quota demands - did not want to shoulder an even bigger burden without Moscow.

Oil demand has been hit hard by the coronavirus outbreak. Original forecasts for growth in crude demand in 2020 have been slashed, as factory operations, travel and other economic activities around the world have been curtailed by measures aiming to stop the virus spreading.



REUTERS/FILE

The Opec logo is seen at the intergovernmental orgainsation's headquarters in Vienna.

Russia's energy minister returned to Moscow for consultations on Wednesday but will be back in Vienna on Friday for the broader Opec+ meeting. Novak made no public statements during his trip this week to Vienna.