



**Md Shirajul Islam Mollah
Ceramic-maker's
body re-elects
top brass**

STAR BUSINESS DESK

Md Shirajul Islam Mollah, managing director of China-Bangla Ceramic Ind Ltd, has recently been re-elected president of the Bangladesh Ceramic Manufacturers and Exporters Association for a two-year term. The association also re-elected Moynul Islam, vice chairman of Monno Ceramic Ind Ltd, and Irfan Uddin, a director of Farr Ceramics Ltd, as its senior vice president and general secretary respectively, according to a statement.

Asia stocks sink after US bans Europe travel on virus

AFP, Tokyo

Stock markets tumbled Thursday after US President Donald Trump announced a 30-day ban on travel to the United States from Europe over the coronavirus. Asian markets were already a sea of red at the open, with traders taking their lead from a global rout as the World Health Organization declared the spread of the new virus was officially a pandemic. But Trump's announcement of the 30-day ban, which excludes Britain, caused further selling, despite a series of measures intended to ease the financial pain of the outbreak, which has paralysed travel and hit businesses around the world. Tokyo's benchmark Nikkei was down 5.42 per cent or 1,051.88 points to 18,364.18, while the broader Topix was down 5.06 per cent or 70.15 points to 1,314.97 in the hour after Trump's address. Australia's ASX was down 5.4 per cent, while Hong Kong tumbled three per cent at the open. The news also sent the yen higher, with the safe haven currency gaining as uncertainty continues. The dollar

fetches 103.63 yen by 01:30 GMT, from 104.57 yen in early Asian trade. "Trump travel ban: sell, sell, sell is being heard across dealing rooms in Asia," wrote Stephen Innes, global chief markets strategist at AxiCorp. "Travel restrictions equal slower global economic activity, so if you need any more coaxing to sell... after a massively negative signal from overnight trading in US markets, it just fell in your lap," he added. The losses followed another brutal session on the US markets, with wave after wave of bad news, including Hilton withdrawing its earnings forecast and Boeing saying it would suspend most hiring and overtime pay. The coronavirus outbreak has left virtually no sector untouched, though travel and tourism have been particularly hard-hit as countries institute travel bans and quarantine requirements. The Dow Jones Industrial Index plunged around 1,465 points, or 5.9 per cent, to 23,553.22 on Wednesday, in a bruising session that left the index more than 20 per cent below its peak, making it a bear market. Leading stock markets in Europe also retreated, including the FTSE 100

which dropped 1.4 per cent despite the Bank of England slashing its key interest rate to a record low and the government pledging \$39 billion of fiscal stimulus. Analysts said markets were struggling

under the weight of twin crises: the burgeoning coronavirus outbreak and an oil price war. Oil prices also fell sharply after Trump's comments, plunging more than five percent. The oil market was already under

pressure after Saudi Arabia and Gulf partner UAE stepped up a price war with plans to flood the global markets.

The move is the latest escalation of a fight among oil producers after Russia balked at an Opec-backed plan to cut production in response to lost demand from the coronavirus.

"The virus itself continues to spread in Europe and the US, meaning more extensive containment measures are likely, which will weigh further on global growth," said Tapas Strickland, senior analyst at National Australia Bank.

"Markets are crying out for a coordinated response to COVID-19 headwinds and a lack of concrete US policy action is rattling markets," he said.

Trump's address included several measures intended to ease the financial burden particularly for small business, including payroll tax relief and deferred tax payments.

But the measures did not appear to be enough to convince investors, though Innes said the stepped up US action could herald "an avalanche of global fiscal action across the board" that might cheer markets eventually.



REUTERS/FILE
A broker reacts while trading at his computer terminal at a stock brokerage firm in Mumbai.

Tk 100cr subsidy earmarked for farm machinery

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Farmers harvest most of their aman paddy during the months of November and December and the principal crop boro during May and June.

The average daily wage (excluding the cost of food) of a male farm worker rose 27 per cent to Tk 337 in May of 2016 from Tk 265 two years earlier, according to BBS data. Currently, farmers prepare more than 90 per cent of their total croplands by power tillers and tractors.

A majority of the grains, mainly rice, are threshed by machines and the rate of mechanisation is growing as farmers find the use of agricultural machinery beneficial in terms of cost-saving and timely cultivation.

However, the progress in mechanised transplantation and harvest has been slow over the years owing to the high cost of machines, a lack of machinery suitable for cultivating all types of soils and a dearth of operators and mechanics, said agriculturalists.

To provide support to farmers, the agriculture ministry requested the finance ministry in October last year to allocate a subsidy fund for combine harvesters, reapers and transplanter.

Agriculture Secretary Nasiruzzaman said the agriculture ministry sought the fund from the allocated subsidy of Tk 9,000 crore this fiscal year and the finance ministry would provide another Tk 100 crore if needed.

However, the finance ministry has fixed the ratio of subsidy and farmers' contribution at 50:50 for buying the machinery.

Based on that, the agriculture ministry set a ceiling for the price of a combine

harvester at Tk 28 lakh to prevent showing inflated prices, he said.

"We are trying to finalise everything so that farmers can buy the machinery with subsidy before the upcoming boro season," said Md Hasanuzzaman Kallol, additional secretary of the agriculture ministry.

Officials said a large number of farmers have applied for the subsidy support to buy combine harvesters and other equipment and Tk 350 crore would be required if all applications are granted.

With the current allocation, subsidy can be provided to buy 800-plus combine harvesters, and 400 reapers and transplanter, according to the officials.

"We had sought a priority list of farmers from the government's upazila level offices. We have already got the list and a panel here will take decisions so that support can be given to every upazila proportionately," said Sheikh Md Nazim Uddin, member secretary of the technical committee on the agri-machinery subsidy programme under the ministry.

Using farm machinery is the only option for reducing production cost and loss of crops, said Subrata Ranjan Das, executive director of ACI Motors, one of the leading farm machinery marketers.

Farmers can save their cost by around 70 per cent by using machinery like combine harvesters and rice transplanter, he said, adding that the government initiative will have a positive impact on farmers' income.

The demand for harvester is quite high and around 60,000 units of harvesters will be needed within the next 3-5 years for a positive impact.

"So, the allocation of Tk 100 crore is not enough to meet the requirement," Das added.

Japan govt to slash view on economy on coronavirus impact: sources

REUTERS, Tokyo

Japan's government is expected to cut its assessment of the economy in a monthly report due later this month, two sources familiar with its thinking said, highlighting the widening economic damage from the coronavirus outbreak.

In its monthly report for March expected on the 26th, the government could also remove language describing the economy as recovering moderately or replace it to reflect weakening fundamentals, the sources said.

The government kept its economic view unchanged in February, saying it was recovering at a moderate pace even as weakness centred on manufacturers continued.

Though it lowered its overall assessment four times last year, the government has consistently maintained that the economy was "recovering moderately" since January 2018.

Policy makers haven't reached agreement yet whether to keep or remove that phrasing, the sources said on condition of anonymity as they were not allowed to discuss the matter publicly.

The government is expected to cut its view on consumption as the service sector in particular takes a large hit from the coronavirus outbreak, which has sent financial markets into a tail spin on worries it could tip the global economy into recession.

It is also likely to take a dimmer view on capital spending and corporate profits, with manufacturers and service-sector firms both seeing growing pressure from the pandemic. Revised data released on Monday showed the world's third largest economy shrank at the fastest pace in almost six years in the December quarter as a sales tax hike hit consumer and business spending.

Could Thailand be an alternative to India for consumer goods?

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Every year, Salam, who previously had trading relations with India, imports \$1.5 million worth of snacks of the brand and distributes them through his agents. He has been doing business with Thailand for the last 10 years.

"Bangladeshi consumers have more trust in Thai products than goods from other Asian countries like China and India."

With the rising demand of Thai goods, Salam's business is growing at 20 per cent year-on-year.

"The secret to the business's success is that there is no border between Bangladesh and Thailand through which goods can be smuggled into."

He applauded the Thai embassy in Dhaka for working relentlessly to promote Thai companies in Bangladesh for many years.

"The embassy's cooperation helped a lot grow business here. Thai people are very cooperative. We feel encouraged," Salam added.

Superstores also sell Thai fresh foods and vegetables, dehydrated foods and fruits, according to Kamal Bayazid, owner of Thai Corner (Food).

Almost all superstores have a separate Thai corners as the demand for the items from the Southeast Asian nation is increasing, he said.

Bayazid supplies Thai fruits, vegetables and pastes of spices to superstores.

The three businessmen demanded Bangladesh sign a free trade agreement (FTA) with Thailand for easing business as the demand for Thai goods is going up.

The import duty on some of the Thai goods is more than 200 per cent, importers say. For instance, importers have to cough

up Tk 200 to import one kilogram of nuts. Such a high duty is a major barrier to flourishing trade between the two countries, they said.

Commerce Minister Tipu Munshi discussed the issue of signing an FTA during a recent visit to the country.

"The Thai government is very eager to sign an FTA. We are also actively considering to strike the FTA with Thailand and some other Asian countries soon," he told The Daily Star.

At the fifth joint trade commission meeting between Bangladesh and Thailand in Bangkok in January, the minister demanded trade benefit on the exports of 36 Bangladeshi products to Thailand.

"Our export basket is narrow. So, we can't exploit the Thai market that much," said Munir Hossain, vice-president of the Bangladesh Thai Chamber of Commerce and Industry.

"We can send garment items to international retail chains such as H&M and Zara, which have presence in Thailand."

If the proposed FTA is inked, textile, garment, pharmaceuticals, jute and jute goods and light engineering of Bangladesh should be included.

"Otherwise, Bangladesh might not benefit from the FTA," Hossain added.

Thai businesses are widening their footprint in Bangladesh as such a breakneck speed that Thai Airways has tripled its daily flights to and from Bangladesh, apart from state-run Biman Bangladesh Airlines and some private airlines.

"We are seeking Thai direct investment in the industries like hospitality, textile, motor parts and hotel management as they are already strong in these areas," Hossain added.

Khatunganj in troubled waters

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The Institute of Water Modelling (IWM) of the water resources ministry has been hired as the consultant firm to carry out the second study.

Bangladesh stands third among the countries most hit by natural disasters in the Global Climate Risk Index 2020.

The country faced 191 large-scale climate-related disasters between 1991 and 2018, said IWM Director Mollah Md Awal Hossain.

Bangladesh incurred losses of about \$1.69 billion over the past 20 years due to climate change and this accounts for 0.41 per cent of the total GDP, he added.

The study will aim at developing a risk profile for the industrial sector in order to provide industrialists, decision-makers and authorities an effective planning approach to minimising the loss and damages caused by climate change and natural disasters.

Forum For a Planned Chattogram leader Zarina Hossain, CPA Member (Admin) Md Zafar Alam, CDA Executive Engineer Ahmed Mainuddin, CCC Chief Engineer Rafiqul Islam and CCCI Director Syed M Tanvir, among others, spoke at the event.

Bourses in meltdown all over the globe

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Asian stocks plunged too. Japan's Nikkei 225 fell 4.41 per cent, Hong Kong's Hang Sang Index 3.66 per cent and India's BSE Sensex 8.18 per cent.

Bangladesh's economy is not isolated from the world economy, so its impact was observed on the stock market, said a leading merchant banker.

"The panicked investors have lost confidence in the market," he said.

On Monday, the massive sell pressure came after the first cases of coronavirus were confirmed in Bangladesh amid deepening fears about the spread of the infection in the country which might affect the country's economy, said International Leasing Securities in its weekly market analysis.

Besides, the macroeconomic indicators, including the falling credit and deposit growth in the private sector and the declining export earnings, also led the shaky investors to liquidate their holdings, it added.



BSRM
Md Sirazul Islam, executive chairman of Bangladesh Investment Development Authority, attends the 'Chattogram Innovation Dialogue 2020' organised by Bangladesh Innovation Conclave in the port city on Tuesday. Steel re-rolling mill BSRM and Elite Paint supported the event.

Coronavirus a 'catastrophe' for Paris tourist industry

AFP, Paris

Rachid Saïdi puts on a brave face at the Paris hotel he manages, forcing a smile even though the coronavirus outbreak threatens his livelihood as tourists avoid the City of Light.

Saïdi runs the Monsieur Saintonge, a four-star hotel in the heart of the hip Marais district, which has seen bookings drop by 30-40 percent so far in March.

"It is a difficult period, but we must be strong... There's nothing else we can do," Saïdi said as he pored over the bookings register.

"Despite cutting our prices in half... there has been no increase in reservations," he told AFP. "Even if we make the room price one euro (\$1.13), I'm not sure that more people will come!" Hotels and

restaurants across the city have been hit hard by fears over the virus, which has infected nearly 2,300 people in France and killed 48. Business travel has been particularly dented as major events are cancelled, including the International Tourism Trade show and Paris Book Fair.

The US government's ban on travel from Europe and its call for Americans to avoid overseas trips will only add to the pain.

The French capital and the surrounding Ile-de-France region saw 50 million visitors last year, spending a total of 22 billion euros (\$24.8 billion), according to the CRT regional tourism committee.

The downturn comes as businesses in one of the world's most visited cities are still counting the costs of a historic public transport strike that

crippled Paris for weeks on end, as well as months of anti-government "yellow vests" protests that often turned violent.

"It is starting to feel like catastrophe. It is worse than the strikes, worse than the yellow vests," Saïdi told AFP.

An enormous bottle of sanitising hand gel sits on the reception counter, next to a tray of health ministry pamphlets on preventing the spread of the virus.

Staff have been instructed to intensify cleaning of the hotel's 22 rooms, "mainly to clean the door handles, to clean the remote controls well; everything that a client can touch with their hands," Saïdi said, "and above all, to wash their hands every time they exit a room." Cleaners have been issued special gloves "and there are even some who wear masks," he added.

Coronavirus sends chills down bus operators' spine

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Buses operate on five cross-border routes: Dhaka-Kolkata-Dhaka, Dhaka-Agartala-Dhaka, Dhaka-Sylhet-Shillong-Guwahati-Dhaka, Agartala-Dhaka-Kolkata-Agartala and Dhaka-Khulna-Kolkata-Dhaka.

"And from tomorrow [today], no bus would be going to India. This is the peak season," he said, adding that Shyamoli's international services have already been hit by issues centring the national registry of citizens in India.

He, however, said Shyamoli's domestic operations were yet to be affected. Although some have cancelled tickets, others have snapped them up, he added.

Although their service is yet to be affected, they are very much fearful about it, said Mosharref Hossain, general manager of Hanif Paribahan.

"If the situation deteriorates, people, especially those from the countryside, would stop coming to Dhaka and thus our business would seriously be affected," he told The Daily Star yesterday. A Bangladeshi official working in an international organisation said their office had directed them to avoid crowds and advised limiting movement.

"I had a plan to visit a southern district to join a programme there but cancelled it as I had to use public transport to go there," he said, wishing anonymity.

However a top official of Dhaka Road Transport Owners Association said the effect of coronavirus was still not visible. Asked about their preparations, he said, "So far we have no preparation in this regard."

The narrative on rising inequality

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INEQUALITY HAS DEEP ROOTS

The bottom line is that structural transformation and governance deficits create, and low intergenerational mobility perpetuates, inequalities across generations. Addressing persistent inequality requires reforms to strengthen governance institutions, efficient growth, social protection and enhance opportunities for all without discrimination.

Breaking the cycle of low mobility and high inequality will require removing the disadvantages that certain segments of society face due to their pre-determined circumstances. The focus must be on selected interventions on which a body of rigorous evidence has been accumulated. Existing evidence points to early childhood development, universal health care coverage, good-quality education, conditional cash transfers, investments in rural infrastructure, electrification and income and consumption taxes as promising areas of interventions.

The author is an economist