STOCKS As on Wednesday
DSEX ▼ 0.46% 5,123.06
CSCX ▼ 0.40% 8,869.89

COMMODITIES
Gold ▲ $1,856.21 (per ounce)
Oil ▼ $50.70 (per barrel)

ASIAN MARKETS
MUMBAI ▲ 0.87% 46,666.46
TOKYO ▲ 0.26% 26,757.40
SINGAPORE ▲ 0.56% 2,872.80
SHANGHAI ▼ 0.01% 3,366.98

CURRENCIES As on Wednesday STANDARD CHARTERED BANK

	USD	EUR	GBP	CNY
BUY TK	83.95	100.98	111.04	12.64
SELL TK	84.95	104.78	114.84	13.28

Star BUSINESS

DHAKA THURSDAY DECEMBER 17, 2020, POUSH 2, 1427 BS ● starbusiness@thedailystar.net

Akij to go big at Bangabandhu Shilpa Nagar

INVESTMENT AT A GLANCE

SECTOR	NUMBER OF INDUSTRIAL UNITS	INVESTMENT (IN CRORE TAKA)	JOBS TO BE CREATED
Chemical	4	825	600
Health and hygiene	4	1,000	1,100
Light engineering	1	50	150
Agribusiness	3	680	320
Food and beverage	6	925	570
TOTAL	**18**	**3,480**	**2,740**

SOURCES: BEZA

Jagaran Chakma

Akij Venture, a concern of Akij Group, has expressed its intention to invest Tk 3,480 crore to set up 18 manufacturing facilities at the Bangabandhu Sheikh Mujib Shilpa Nagar (BSMSN) in Chattogram.

The investment will be made over the next 10 years in three phases.

An initial proposal for the investment project has already been placed with the Bangladesh Economic Zones Authority (Beza) for approval, said Ferdoush Saleheen, chief supply chain officer of Akij Venture.

"Akij Group always makes quality investments and ensures the development of international standard facilities to grab the domestic and global markets," he said.

As per the plan, Akij Venture would make the investment to establish production facilities, which will create 2,740 new jobs.

Although the project is still in its early stage, Akij Venture has sought cooperation from the Beza to help materialise its plans by providing required land.

Akij Venture has sought 307 acres of land at the BSMSN to accommodate the project, which includes a private port to load and unload goods.

READ MORE ON B3

Pandemic slows green finance initiatives

Experts call for raising the game to cope with changing climate

AKM Zamir Uddin

Ananta Apparel and Universal Menswear -- two concerns of Ananta Group located in the Adamjee export processing zone in Narayanganj -- built green factories around four years ago.

The factories have adopted better waste disposal methods, low-carbon emission technologies, energy efficient appliances and many other technical know-hows in order to produce goods in an environment-friendly manner.

"An additional investment of 15 to 20 per cent was needed to set up the green factories compared to the funds required to build a traditional industrial unit," said Sharif Zahir, managing director of Ananta Group.

"We already got back the extra investment as the production cost at a green factory is usually lower than that in a traditional unit," he said.

Three or four banks financed Ananta Group's project to set up the two factories, where around 10,000 workers are employed.

Alongside Ananta Group, 123 other businesses involved in the garment sector have set up green factories, which have brightened the country's image before the outside world.

Following the collapse of Rana Plaza building in April 2013, international communities raised concerns over the garment sector's compliance with global standards.

As a result, local apparel producers took the extraordinary initiative to construct green factories, improve workplace safety and protect the environment from industrial pollution.

But the country's other industrial sectors are still far off from setting up such climate-friendly industrial units.

For instance, only one shipbreaking yard -- the PHP Ship Breaking and Recycling Yard -- has so far turned into a green one.

There are around 150 shipbreaking yards in the country, which is a cause for concern considering their level of pollution.

Although the central bank started a journey in 2009 to pursue banks for loan disbursement for setting up green factories, the initiative has yet to gain momentum in keeping with the size of the country's economy and the latest measures taken by the global community.

The outstanding loans under green finance stood at Tk 28,529 crore as of September this year, up 131 per cent year-on-year, central bank data showed.

But September's figure is only 2.50 per cent of the outstanding loans to the tune of Tk 11,41,086 crore in the banking sector.

"The outstanding figure has not reflected the whole image of Bangladesh Bank's efforts," Khondkar Morshed Millat, general manager of the Sustainable Finance Department of the central bank, told The Daily Star.

The figure was calculated after the deduction of the previous loans disbursed by banks and non-banking financial institutions (NBFIs), he said.

The central bank is forming a sustainable finance policy for banks and NBFIs, which would give a boost to green banking in the days to come, he said.

"This will help fight the adverse impacts of climate change," said Millat.

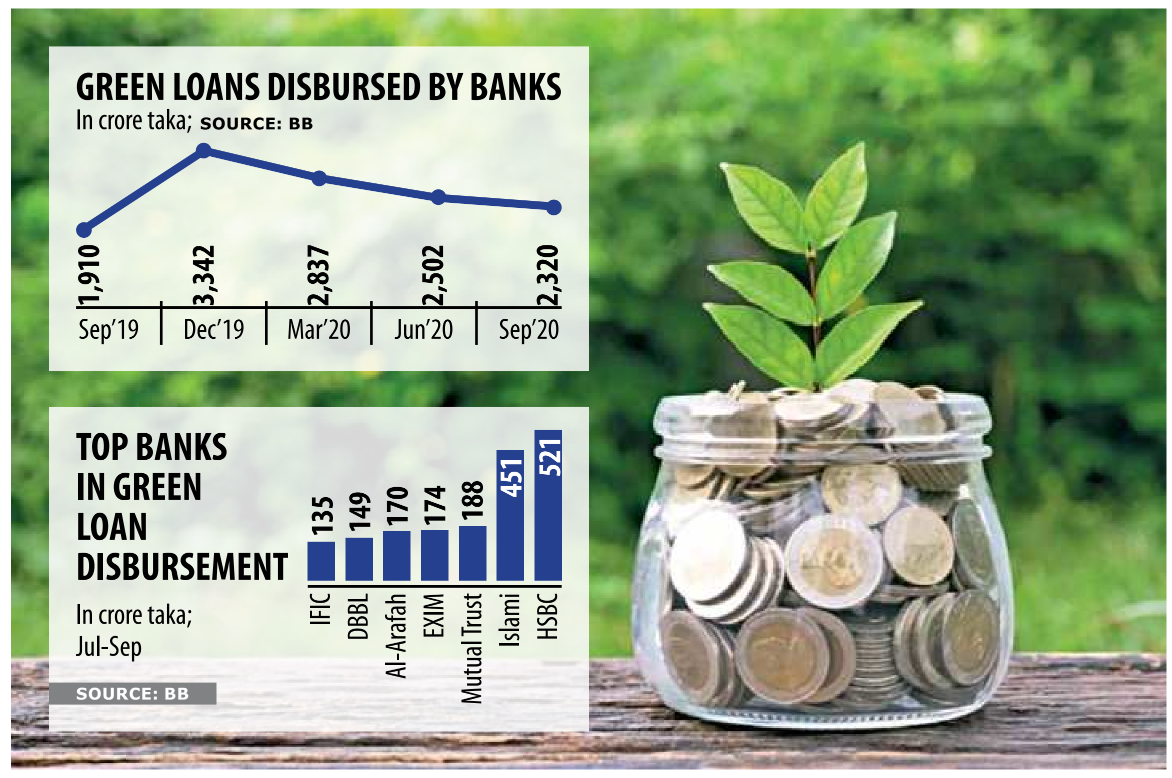
Green banking is a genre of banking practices which considers all social, environmental and ecological factors with an aim to protect the environment and conserve natural resources. It is also called ethical banking or sustainable banking.

The ongoing economic hardship caused by the coronavirus pandemic has also dealt a fatal blow to the green finance initiatives taken by banks.

Between July and September, banks gave out Tk 2,320 crore, down 7.27 per cent from that of three months ago and 30 per cent from the final quarter of last year.

However, loan disbursements under green finance in the third quarter of this year increased 21.46 per cent from that of a year ago, when banks gave out Tk 1,910 crore.

READ MORE ON B3



Banks to shell out another Tk 1,350cr on stocks

The investment thru a BB incentive may boost investor confidence

Ahsan Habib

Banks are going to invest an additional Tk 1,350 crore in the stock market by utilising Bangladesh Bank's incentive, a development that will likely to boost both liquidity flow and investor confidence.

The highest investment commitment came from United Commercial Bank followed by Rupali, Pubali and Janata.

As of December 10, lenders had invested Tk 700 crore in the market but the additional investment will likely to flow into the market in the coming months, according to central bank data.

The move comes at a time when local banks are facing excess liquidity due a lack of demand for loans because of a possible second wave of the pandemic.

The Covid-19 outbreak is also affecting investment decisions, because of which prices of many stocks are staying relatively low.

"We have decided to invest in the stock market as many scripts are still lucrative and it might be profitable if the investment can continue for a long time," said a top official of a scheduled bank, preferring anonymity.

"Profitability in the banking sector is in danger due to the ongoing pandemic. So, we are searching for every possible way to utilise our funds," he added.

According to the official, local entrepreneurs are struggling amid the Covid-19 outbreak, which may turn many good borrowers into defaulters.

As per Bangladesh Bank data, lenders have decided to invest in the stock market mainly after the outbreak began in early March, several weeks after the central bank had offered an incentive in the form of a Tk 200 crore fund.

On February 10, the banking regulator rolled out a package that allows banks to set up a Tk 200 crore fund by taking it from Bangladesh Bank through a repurchase agreement against treasury bills and bonds owned by them.

But as of March 24, lenders had invested only Tk 30 crore in the stock market under the initiative.

READ MORE ON B3

Dhaka Stock Exchange Ltd.

TAKEAWAYS

- UCB to make the highest investment followed by Rupali, Pubali and Janata
- Banks will benefit from lucrative prices of stocks
- The new fund will boost investor confidence
- On Feb 10, banks were allowed to build up a Tk **200**cr fund each thru repurchase deal with BB
- As of Mar 24, lenders invested only Tk **30**cr in total
- As of Dec 10, the amount hit Tk **700**cr

DSE ordered to halt direct listing of Best Holdings

Laws don't permit direct listing of private companies

Star Business Report

The regulator has ordered the Dhaka Stock Exchange to stop the procedure to discuss a proposal on allowing the direct listing of Best Holdings Ltd as private companies can't raise funds from the capital market without initial public offerings.

The board of the DSE was set to discuss the proposal at a meeting today.

Rejaul Karim, a spokesperson of the Bangladesh Securities and Exchange Commission (BSEC), yesterday said the commission had asked the exchange not to go ahead with the plan.

The owner of the Le Méridien Dhaka hotel wants to offload 4.35 crore shares worth Tk 283 crore at an offer price of Tk 65 each.

In December 2016, the BSEC ordered the DSE and the Chattogram Stock Exchange not to go for direct listing of companies that are not owned by the government.

With the direct listing, existing investors and promoters can directly sell shares to the general public through stock exchanges.

READ MORE ON B3

Covid restrictions in Europe add to woes of garment suppliers

Refayet Ullah Mirdha

Lockdowns and tightening of coronavirus restrictions ahead of Christmas in several European countries to tackle the second wave of infections have started adding to the woes of garment exporters in Bangladesh.

Europe is the largest trading bloc for Bangladesh and accounts for more than 60 per cent of the country's exports.

Of the total shipment to the EU, more than 90 per cent are apparel items.

Last fiscal year, apparel shipment stood at $27.95 billion, which was $12.49 billion in FY10.

The apparel shipment has been facing a crisis from the onset of the unprecedented pandemic. Recently, it has started recovering from the first phase of the pandemic-induced shock. But the second wave, which started from September, may nip the early recovery in the bud.

Most of the major export destinations such as Germany, France, Spain, the Netherlands, and Italy have either announced lockdowns or are considering to announce strict measures to restrict the movement of people following a surge of infections in recent weeks.

The Netherlands has entered a five-week lockdown, with non-essential shops, theatres and gyms all closing. Germany enforced a hard lockdown from yesterday after the number of infections hit record levels.

As part of the restriction measures, non-essential shops would remain closed, and garment items fall in this category. The sales in the retail shops in Europe dropped 21 per cent this Christmas compared to that a year ago, according to media reports.

"As Germany, the single largest importing country in the EU, is going into lockdown until January 10, it will only aggravate the negative impact on the exports," said Rubana Huq, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

"Apparel is a non-essential item, and it will take a nosedive."

With a slight pause, the recurrence of Covid-19 has appeared as "decapitating the already dead", Huq said.

Injured by the first wave, the industry was already bleeding and left to such a disrupted and weakest position that a repetition of a fraction of the magnitude of the first wave may be more intense, she said.

MA Jabbar, managing director of DBL Group, a garment exporter, said the second wave, as well as the lockdowns ahead of Christmas in Europe, had already impacted the shipment from his company.

READ MORE ON B3

MAJOR POINTS

- Pre-Christmas sales in Europe to be affected by fresh lockdown
- Bangladesh's apparel shipment to Europe will bear the brunt
- Bangladesh's total export to EU is $**27.95**b
- Of the amount, more than **90**% is apparel
- Christmas sales plunged **21**% so far (year-on-year) in Europe
- Bangladesh's work orders from EU dipped **30**% for the Dec-Mar season

A deserted fruit and vegetables market is seen on the first day of a nationwide lockdown due to the coronavirus disease outbreak in Bonn, Germany yesterday.

REUTERS

Nagad teams up with GP to beef up client base

Some subscribers concerned over sharing info

Mahmudul Hasan

Nagad, a mobile financial service (MFS) provider, has teamed up with Grameenphone to offer scope to 7.8 crore subscribers of the telecom operator to open accounts easily for mobile money transfers.

Under the arrangement, subscribers of Grameenphone will be able to open MFS accounts with Nagad by allowing the operator to share four types of information -- national identity card number, name, date of birth and current address, Nagad said.

Nagad and Grameenphone launched the service yesterday at a virtual event where the MFS operator said it will verify the customers' information that is already registered with the mobile operator and then will crosscheck it with the database of the Election Commission.

All the process will be completed in a few seconds, according to a statement.

Nagad's move comes as it looks to fast increase its customer base. The MFS provider has even brought down its cash-out charge to Tk 9.99 for every Tk 1,000, which is the lowest among its peer companies.

READ MORE ON B3

Wistron violence could sour Apple's 'Make In India' plans

REUTERS, *New Delhi*

Violence at a Wistron Corp factory in southern India is likely to stall the company's and its client Apple Inc's drive to expand local manufacturing, while forcing the government to redouble efforts to encourage foreign investors.

Thousands of contract workers angry over the alleged non-payment of wages, destroyed equipment and vehicles at a Wistron plant in southern India on Saturday, causing an estimated $60 million in damages.

The Taiwanese company, one of Apple's top suppliers, had been hiring in significant numbers at the plant that became operational earlier this year.

It assembled the second-generation iPhone SE there and was expected to start producing newer models, but the violence has led the company to shut the site and file a police complaint against more than 5,000 contract workers for destruction of property.

Wistron has not disclosed details, but one source familiar with the situation, speaking on condition of anonymity, said the area where smartphones are assembled and lines where delicate components, such as printed circuit boards, are mounted, have been damaged.

The company did not respond to a request for comment from Reuters. It said in a regulatory filing in Taiwan that it was doing its best to get the plant running again.

Apple also did not respond to a request for comment.

Two sources close to the situation, who asked not to be named because they were not authorised to speak to the press, said restarting could be difficult.

REUTERS/FILE

Men wearing protective face masks walk past broken windows of a facility run by Wistron Corp, a Taiwanese contract manufacturer for Apple, in Narsapura near the southern city of Bengaluru, India.

"It disrupts business for Wistron massively," one of the sources said.

"The company was looking to hire between 15,000 to 20,000 workers over the next one year, had plans to assemble another iPhone device but the company could take several weeks, or even months to get back on its feet again."

Wistron committed earlier this year to invest roughly 13 billion rupees ($176.74 million) for smartphone manufacturing over the next five years to qualify for the government's production-linked incentive plan.

Three sources familiar with the matter said Wistron could lose most of this year's incentives if operations stay suspended, although they did not give figures.

An Apple investigation into whether Wistron flouted supplier guidelines and a labour department enquiry into the alleged non-payment of wages could add to its problems in India.

Wistron's issues are also a setback to Apple, which has in turn committed to expanding manufacturing in India and lobbied for incentives.

Apple has used India as a base to widen assembly beyond China as it adapts to a trade war between Beijing and Washington.

In India, it uses Foxconn's unit in southern Tamil Nadu state as well as Wistron's factory to make smartphones for the domestic market and for export.

Industry executives and tech analysts said Apple may seek to deepen ties with other contract manufacturers in India.

Pegatron Corp, another of Apple's Taiwan-based global suppliers, is expected to begin India operations soon.

Apart from any inconvenience to the companies, the fall-out from Saturday's violence in the southern Indian hub for automobile and electronics production, is a blow to Prime Minister Narendra Modi's Make In India campaign to lure international manufacturers.

Officials are already working to limit the damage.

The technology ministry said in a statement the Wistron plant was an aberration.

Officials from New Delhi and the government of Karnataka state, where the plant is located, said they have assured Wistron of their support.

Analysts predict India can prevail.

"The episode could dent India's potential as a source base for larger corporations, but the overall attractiveness of this market will stand the test," said Abheek Barua, the chief economist at top Indian private lender HDFC Bank.

"I also believe it will induce companies like Apple to take a closer look at their vendors and their policies, instead of driving them to an exodus."

Amazon urges judge to set aside $10b cloud contract award to Microsoft

REUTERS, *Washington*

Amazon.com urged a US judge to toss out the Pentagon's $10 billion JEDI cloud computing contract award after the Defense Department said in September a court-ordered re-evaluation had determined Microsoft Corp's proposal still represented the best value for the government.

The company's Amazon Web Services (AWS) unit said in a redacted Oct. 23 court filing unsealed on Tuesday that the award to Microsoft must "be invalidated because it is the product of systematic bias, bad faith, and undue influence exerted by President Trump to steer the award away from" the company. It called it a "flawed and politically corrupted decision."

The White House declined to comment, referring questions to the Justice Department. The Pentagon did not immediately comment.

Microsoft said in a statement Tuesday "career procurement officials at the DoD decided that given the superior technical advantages and overall value, we continued to offer the best solution."

It added "it is time we moved on and got this technology in the hands of those who urgently need it: the women and men who protect our nation."

AWS said in a statement Tuesday that as a result of the Pentagon revision in September "the pricing differential swung substantially, with AWS now the lowest-priced bid by tens of millions of dollars."

A judge in February granted Amazon's request to temporarily halt the deal from moving forward; that remains in place.

The court is considering motions to dismiss Amazon's amended complaint that have been filed by the government and Microsoft. The motions have not been made public and it is not clear when the judge might rule.

Amazon, which had been seen as a front-runner to win the contract, filed a lawsuit in November 2019 after the contract was awarded to Microsoft. Trump has publicly derided Amazon head Jeff Bezos and repeatedly criticized the company.

Amazon's new filing said Trump and his administration "intensified a campaign of interference and retribution against those in DoD perceived as disloyal to the president or capable of reaching conclusions at odds with his personal interests."

India approves subsidy to export 6m tonnes of sugar in 2020/21

REUTERS, *Mumbai*

India's cabinet on Wednesday approved a subsidy of 35 billion rupees ($475.78 million) to encourage cash-strapped mills to export 6 million tonnes of sugar in the 2020/21 year that started on Oct. 1.

REUTERS/FILE

A labourer carries a sack filled with sugar to load it onto a supply truck at a wholesale market in Kolkata, India.

The export subsidies are designed to increase shipments from the world's second biggest sugar producer, reducing brimming inventories. But that could pressure global prices which are already trading near their lowest level in 7-weeks.

An outstanding export subsidy amount of 53.6 billion rupees from the previous year will be transferred to the accounts of sugar cane farmers within a week, information minister Prakash Javadekar told reporters after the cabinet meeting.

The allocation of 35 billion rupees for exports of 6 million tonnes translates into subsidy of 5,833 rupees per tonne, which is lower than the industry's expectation of 8,000 rupees and last year's subsidy of 10,448 rupees, said a sugar miller.

The subsidy helped India to export a record 5.7 million tonnes of sugar in the 2019/20 season ended on Sept. 30.

Despite the lower subsidy, India could export 6 million tonnes of sugar as prices have risen in the world market, said Abinash Verma, the director general of the Indian Sugar Mills Association (ISMA).

"The drop in sugar production from Thailand gives an opportunity for India to export to their traditional markets like Indonesia, Malaysia," Verma said.

Sugar output in Thailand, the world's second-largest exporter after Brazil, is expected to fall to the lowest level in a decade as drought hit cane plantation.

However, some Indian industry officials said the country could export between 4 to 5 million tonnes as the subsidy announcement was delayed this year by nearly three months.

"There was export demand but mills could not sign contracts due to uncertainty over the subsidy. Now they will start making raw sugar for exports," said Praful Vithalani, president of the All India Sugar Trade Association (AISTA).

Indian mills traditionally produce white sugar for local consumption.

Australia ups ante in China trade row with appeal to WTO over Beijing barley tariffs

REUTERS, *Sydney*

Australia will launch a formal appeal to the World Trade Organization (WTO) later on Wednesday seeking a review of China's decision to impose hefty tariffs on imports of Australian barley, Minister for Trade Simon Birmingham said.

Acknowledging the appeal may take years to be resolved, Birmingham told reporters that Australia had little choice after Beijing in May imposed five years of anti-dumping and anti-subsidy duties totalling 80.5% on Canberra's barley - effectively stopping a billion-dollar trade in its tracks.

"Australia has an incredibly strong case to mount in relation to defending the integrity and proprietary of our grain growers and barley producers," Birmingham said.

The appeal to the independent trade body threatens to further stoke bilateral tensions that have already seen China impose tariffs on a range of Australian commodities, while diplomatic communication is limited.

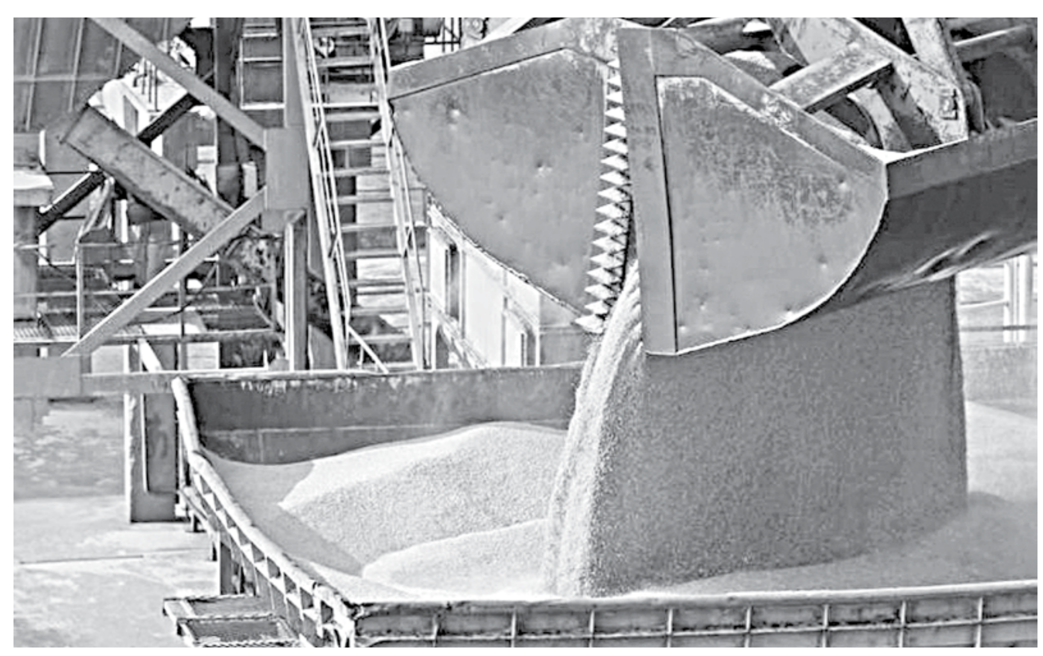
Already rocky after Australia in 2018 banned Huawei from its nascent 5G broadband network, the relationship with China cooled further after Canberra called this year for an independent investigation into the origins of the coronavirus pandemic, first reported in central China last year.

China has since limited beef imports, imposed tariffs on Australian wine and told its millers to stop buying Australian cotton.

The Chinese foreign ministry in Beijing declined to comment on Australia's planned WTO appeal.

"I just want to stress that the Australian government should take China's concerns seriously, and take concrete actions to correct its discriminatory actions against Chinese companies," said Wang Wenbin, a spokesman at the ministry, speaking at a regular briefing.

While some have said Australia should seek a truce with China, Canberra's conservative government is under growing pressure from farmers who face five years without being able to sell to what has been their most lucrative market.



REUTERS/FILE

Imported barley is transported from a cargo ship at the port of Nantong, Jiangsu province, China.

"It is imperative that we support the liberalisation of global trade and the rules that govern it," said Fiona Simson, chief executive of the National Farmers Federation, in an emailed statement issued after minister Birmingham announced the WTO move.

About 70% of Australian exports of the grain typically go to China, Australian data show.

The effective block on sales to China also comes as Australian barley production is expected to hit nearly 12 million tonnes this crop year, after rain revived some of the biggest growing regions following years of drought.

Government sources, however, warned the WTO action won't yield quick results.

The first stage of the appeal will seek formal talks between Australia and China, which are not expected until early next year.

Australia has low expectations of an immediate cessation of tariffs.

"We appealed a few months ago and they rejected that. So it seems unlikely that China will admit they were wrong," said one person familiar with the details of the case who declined to be named because he was not authorised to talk to media.

Should talks between Australia and China fail to yield a result, an independent panel of experts will be set up to look into the issue. Australia expects this could take several years, and even if that panel rules in Canberra's favour, China has the right to appeal.

BOJ to hold fire in hope extending aid programmes will keep pandemic pain at bay

REUTERS, *Tokyo*

The Bank of Japan is expected to keep monetary policy steady on Friday and hope the extension of an existing fund-aid package will give companies enough time to weather the hit from a recent resurgence in coronavirus infections.

A stable yen, rising stocks and rebounding overseas demand have offered some breathing space for policymakers struggling to underpin a fragile recovery with a dearth of ammunition.

But lingering fears over the pandemic have kept service demand weak. Mounting COVID-19 cases forced the government to suspend a discount programme aimed at propping up spending on travel - but criticized for spreading the virus.

With the outlook highly uncertain, the BOJ is likely to decide on Friday to extend a range of steps aimed at easing corporate funding strains as a precaution against the deepening pain from COVID-19, sources have told Reuters.

The central bank, however, is set to keep its interest rate targets steady at the two-day rate review ending on Friday, and maintain the view the world's third-largest economy will improve moderately as a trend.

"Considering the side effects on financial institutions' profits, we believe that digging further into negative interest rate territory will be avoided" unless the yen breaches the 100 mark against the dollar, said Naoya Oshikubo, senior economist at SuMi TRUST.

The dollar/yen has moved in a tight range recently and stood around 103.50 yen on Wednesday. A move below 100 yen usually triggers verbal warning by Japanese policymakers worried about the impact a strong yen could have on exports.

Under a policy dubbed yield curve control, the BOJ guides short-term rates at -0.1 per cent and 10-year bond yields around zero.

The BOJ also created a package of measures to cushion the blow from COVID-19 in March through May, which included an increase in purchases of corporate debt and a creation of a new lending facility to channel money via banks to cash-strapped firms.

Markets widely expect the BOJ to extend the deadline for the package as the resurgence in infections cloud the outlook.

BOJ officials say expanding the programmes will be the first line of defense against additional strains from the pandemic, though they do not rule out rate cuts as among policy options.

REUTERS/FILE

A Japanese flag flutters atop the Bank of Japan building in Tokyo, Japan.

Gold scales one-week high on US stimulus bets, Fed decision awaited

REUTERS

Gold prices inched higher to a one-week top on Wednesday as the metal built on the previous session's gains on growing hopes for further US stimulus and ahead of a closely watched Federal Reserve policy decision.

Spot gold was up 0.1 per cent at $1,855.71 per ounce by 0323 GMT, after hitting its highest since Dec. 9 at $1,857.89. US gold futures rose 0.3 per cent to $1,860.30.

"The markets are just craving anything in terms of a US stimulus package and news that some bipartisanship emerged last night marginally lifted inflation expectations, benefiting gold," said IG Market analyst Kyle Rodda.

Top US congressional leaders met Tuesday evening in an attempt to end a standoff on coronavirus relief with one lawmaker saying talks were moving "in the right direction".

Investors now await the Fed's final policy statement of the year, due at 1900 GMT, where it is expected to keep interest rates pinned near zero and signal where rates are headed in the coming years.

"The unlikely magic ingredient that would see gold prices fly would be if the Fed potentially entertains a yield curve control programme to keep risk-free rates low," Rodda said.

Keeping gold's gains in check was news that Moderna Inc's COVID-19 vaccine appears set for regulatory authorisation in the United States this week.

While speculative interest in gold has waned as traders shift to buoyant equities, a combination of additional stimulus and asset purchases by the Fed would reignite gold bulls' faith in the metal, Avtar Sandu, a senior commodities manager at Phillip Futures, said in a note.

Gold is seen as a hedge against inflation and currency debasement.

Among other precious metals, silver rose 0.6 per cent to $24.63 an ounce, platinum climbed 0.5 per cent to $1,041.47 and palladium gained 0.7 per cent to $2,333.98.

Fed faces tricky act balancing impact of vaccines against economic pain

REUTERS, *Washington*

The Federal Reserve on Wednesday will offer its first glimpse of how a coronavirus vaccine has changed the US economic outlook, and whether businesses, workers and families need more help from the central bank until inoculations and immunity are widespread.

The conclusion of the Fed's last policy meeting of 2020 will cap a tumultuous year in which it slashed interest rates, ramped up bond purchases and took other extraordinary measures to stem the economic carnage of the pandemic.

The landscape, however, has changed dramatically since Fed policymakers held their last two-day meeting in early November, with the rollout of one COVID-19 vaccine and another one on the way almost certain to boost the outlook for 2021.

In quarterly economic projections last issued in September, Fed officials at the median saw the economy growing 4 per cent next year and the unemployment rate falling to 5.5 per cent. Analysts expect both figures to be upgraded.

Less clear is what, if anything, the Fed decides to do in the meantime, including whether to focus its $120 billion in monthly asset purchases in a way that brings down longer-term interest rates even further, which could help industries like housing that are keyed to long-term mortgage loans.

It's a move many in financial markets have called for and expect at some point, though Fed officials have for the most part said they are not yet ready to do it.

"The arguments for acting now are solid," said Cornerstone Macro analyst Roberto Perli, adding that the choice remains "a close, meeting-time decision."

US Federal Reserve Chairman Jerome Powell

The coronavirus is spreading rapidly at a pace of more than 200,000 new infections daily across the country, businesses face the twin challenges of renewed restrictions and more fearful consumers, and job growth is slowing - compelling reasons for the Fed to take action.

On the other hand, "the promise of vaccines and the possibility of more fiscal support ... might incline the Fed to wait and see," Perli wrote in a recent analysis.

Lawmakers in Congress are locked in negotiations over another federal stimulus package to help ailing firms and families, but a deal has proven elusive so far.

The Fed is due to release its latest policy statement and economic projections at 2 p.m. EST (1900 GMT). Fed Chair Jerome Powell will hold a news conference half an hour later.

Analysts expect Powell and his colleagues to provide guidance on one important aspect of monetary policy: how much longer the Fed might continue and under what conditions it might reduce its monthly government bond purchases, a flow of support into financial markets meant to help hold down borrowing costs for consumers and businesses.

The central bank's federal funds rate - its benchmark overnight lending rate - has been near zero since March, so the bond purchases are now its nearest tool at hand to influence the economy.

Just as rates are not expected to rise for perhaps several years, analysts expect the Fed to tie any reductions in its bond-buying to substantial improvement in the economy - likely pushing off any "taper" of its asset purchases until late next year or beyond.

Japan posts record run of export declines on soft US, China demand

REUTERS, *Tokyo*

Japan's exports fell in November, dashing expectations for an end to the two-year run of declines, largely due to weaker US- and China-bound shipments and suggesting a slower pace of recovery for the world's third-largest economy.

The trade data is likely to be of some concern for policymakers counting on solid external demand to boost factory output and broader corporate activity to revive the economy.

"The risk that Japan's economy will stall in the first quarter is gradually becoming stronger," said Takeshi Minami, chief economist at Norinchukin Research Institute.

"It feels like Japan's economic recovery is somewhat behind that in China and the United States and European countries given the exports trend and state of domestic demand."

Ministry of Finance (MOF) data out on Wednesday showed exports fell 4.2 per cent in November from a year earlier, defying the economists' median estimate of a 0.5 per cent increase in a Reuters poll.

That marked the 24th straight month of decline, the longest stretch on record based on comparable data going back to 1979, and follows a 0.2 per cent drop in the previous month.

Japan's exports have failed to match the strong recoveries seen in major Asian manufacturing rivals China and South Korea, which have benefited from brisk global demand for technology that enables remote working during the pandemic.

In contrast, analysts said Japanese manufacturers face challenges selling high-value capital goods, such as factory machinery, to overseas markets at a time when growing demand for consumer goods is driving the recovery in many of those economies.

"Goods used in companies' capital spending are seeing the biggest delay, even as cars are being sold well and the rebound in semiconductors has been quite strong," said Atsushi Takeda, chief economist at Itochu Economic Research Institute.

Takeda added that a long stretch of import declines, which fell for their 19th straight month in November, pointed to persistent weakness in domestic demand, highlighting Japan's relatively slow economic recovery.

By destination, shipments to the United States contracted for the first time in three months, falling 2.5 per cent in November versus the same month a year earlier, as weak demand for aircraft equipment helped offset higher car exports.

Exports to China, Japan's largest trading partner, rose at the slowest pace in five months, growing 3.8 per cent, driven by communication devices.

Covid restrictions in Europe add to woes of garment suppliers

FROM PAGE B1

Although the entrepreneur could manage work orders to a great extent, the prices offered by the retailers and brands are too low.

"We are just running our business and keeping the jobs of thousands of workers," said Jabbar, who mainly exports apparel items to Europe, especially to Germany.

"We will feel the impact, but I am hopeful that by April, the situation will improve a lot as the vaccinations in Europe will hopefully be completed by this time," he said. Currently, he is catering to spring and summer orders.

After the first wave, he recovered well, although there was uncertainty. "I am very optimistic that we can overcome the second wave too," Jabbar said.

The factories with composite production facilities, which can carry out all tasks from making yarn in spinning mills to making shipment of finished garments under one platform, were comparatively less affected, according to the entrepreneur.

"This is why the backward linkage should be concentrated in the country to reduce long lead time with varieties of fabrics. We have done investment in the backward linkage."

Huq said the impact of the first wave was undoubtedly incomparable.

The sector accepted high discounts and delayed payments to clear the cancelled goods, which had its impact on the financial stability of the industry.

Garment price went down by 4.85 per cent year-on-year since September.

The factories had to pay wages and all the regular payments, and forced loans have been created against factories mostly working for bankrupted buyers.

According to a BGMEA study, the garment industry lost $6 billion in export in FY20, meaning that the capacity was seriously underutilised.

The BGMEA did not have an inclusive picture of the real-time cancellation scenario and non-payments. However, a survey of 50 factories shows that instead of cancellation, buyers are following a go-slow approach in placing new orders and factories reported 30 per cent fewer orders.

"This is the picture of the industry, and the situation is worsening day by day," Huq said.

The uncertainty puts the industry in an unpredictable situation and impacts in the area of uncertainty over confirmed business, shipment, allocation of capacity, and they all have an effect on business viability, she said.

The BGMEA chief is staring at tough days ahead.

The repayment of wage-support loans is scheduled to start from January 2021, and the suspension of loan classification will expire by the end of 2020, if not further extended. Other temporary policy supports will also come to an end.

"We need policy support to go over this temporary bump," she said.

She is also hopeful about making a turnaround by the middle of 2021.

Nagad teams up with GP to beef up client base

FROM PAGE B1

Since Robi Axiata and Teletalk subscribers are able to avail the same service, over 12 crore of the country's 16.8 crore mobile phone subscribers can now easily open an account with Nagad.

However, a number of subscribers remain sceptical about how their sensitive information is used while some also question legality of the move.

"It is definitely good news for customers as they can now be included in the formal financial sector in a quick and easy way," Habib Ullah, a resident of West Razabazar, told The Daily Star.

"But still, some customers who go through this fast process may not realise what kind of information they are allowing the operators to pass on to other entities," he said, adding that a clear explanation is required so that people can understand exactly what information they are making available.

Tanvir A Mishuk, managing director of the postal department's digital financial service arm Nagad, said the operators have permission from the Bangladesh Telecommunication Regulatory Commission (BTRC) to share identity information and that by dialling *167#, the customer will allow Nagad to access that information.

This means that the whole process is done legally and customer information is fully secured in Nagad's database, he added.

According to the managing director, Nagad only gets to access four types of customer information during the process. This includes the customer's national identity card number, name, date of birth and current address.

"Nagad also verifies other information from the NID database and the whole process is completed in just one second," Mishuk said.

Post and Telecom Minister Mustafa Jabbar thanked Nagad and Grameenphone for rolling out such a service, which makes it easier to access the digital service.

"Through this innovation, the common people of Bangladesh will not face any obstacle or endure the lengthy procedure required to be financially included," Jabbar said, adding that this initiative will play a significant role in the country's overall economic development.

YasirAzman, CEO of Grameenphone, said they must work together with their partners to bring the benefits of technology and make digital inclusion possible for the people of Bangladesh.

"This agreement shows our firm commitment towards Digital Bangladesh and digital financial inclusion through partnership," he added.

Nagad is a joint venture between the Bangladesh Post Office and Third Wave Technologies. The postal department owns a 51 per cent stake.

Nagad's push for greater market share comes at a time when the segment is witnessing a phenomenal growth as an increasing number of people, businesses and government agencies are turning to the channel to avail digital services amid the ongoing coronavirus pandemic.

The MFS sector's average daily transactions stood at Tk 1,718.03 crore as of October, Bangladesh Bank data shows. According to Nagad, which has 2.59 crore customers, its average daily transactions stood at Tk 200 crore as of September.

Akij to go big at Bangabandhu Shilpa Nagar

FROM PAGE B1

The 18 new units would be divided into five industrial sectors: chemical, agribusiness, electrical, light engineering, food and beverage.

The group expects the investment to contribute Tk 1,725 crore per annum to the gross domestic product.

Akij Group is one of the largest industrial conglomerates in Bangladesh and consists of 24 subsidiaries. Its history dates back to 1950 and employs more than 35,000 people at present.

The project is expected to begin next year and be complete in 2031. However, the port and land development will begin as soon as possible after securing the land.

Beza Executive Chairman Paban Chowdhury said that the agency would accommodate the proposal as the group wants to facilitate quality investments.

Akij Group is a large conglomerate that would ensure quality products, which would contribute to the country's export basket, he added.

The investment would also help make foreign investors more confident about investing in the country, Chowdhury said.

"The Beza is continuously improving its services and creating a business-friendly environment for investors, both local and foreign," he said.

The agency is developing the BSMSN on 30,000 acres of land as part of its plan to construct 100 economic zones across the country by 2030.

Investment proposals worth $20 billion have already been approved at the BSMSN that might create jobs for 10 lakh people.

US firms keen to participate in Ctg port expansion

FROM PAGE B4

When such a project is implemented, the time it takes to shift goods from one place to another drops significantly and this befits the buyers.

It is also cleaner for the environment for a reduction in carbon emission from vehicles transporting goods.

"We hope to learn more about it while we are here in Chattogram so that we can convey what we have learnt to our companies and see what they can bring to the table as the US does have a lot of experience in the expansion of ports," Wagner said.

"The more we can find out about those opportunities, the better, since I am quite certain that US companies will be very much interested in the expansion of the port itself, whether it is performing actual infrastructural works or supplying the equipment or energy," she added.

The deputy chief of mission went on to say that given the dynamism that exists between the two counties, it is always advantageous to bring the two together.

Prawn farmers facing bleak future

FROM PAGE B4

"We are suffering from continuing losses and we have to wait until mid-January to see whether demand picks up," added Belayet.

Fakir Mahitul Islam Sumon, president of the Bagerhat District Shrimp Farmers Association, said shrimp farmers were facing losses repeatedly as a result of natural disasters.

He urged the government to provide support to growers including providing loans on easy terms and training.

Bagerhat District Fisheries Officer Khaled Kanak said the government would provide support between Tk 10,000 and Tk 18,000 to 28,414 marginal shrimp and crab farmers who have less than 3 acres of land as well as fish feed traders.

DSE ordered to halt direct listing of Best Holdings

FROM PAGE B1

Best Holdings' sponsors hold 52.01 per cent shares and private placement-holders own 47.99 per cent shares. Among the private placement shareholders, four state-run owned banks own 29.58 per cent of the paid-up capital.

The banks bought 25.75 crore shares for Tk 1,675 crore, or Tk 65 each, with a face value of Tk 10.

Sonali Bank owns 8.83 per cent share, Janata Bank 8.83 per cent, Agrani Bank 6.62 per cent, and Rupali Bank 5.30 per cent, according to a letter of the BSEC to the DSE on Tuesday.

In the letter, the commission raised a question about the direct listing move because of the regulations and flagged some non-compliance issues.

Best Holdings raised capital through private placements amounting to Tk 472.88 crore in cash and Tk 189.32 crore in other than cash from August 2019 to June 2020, which is contrary to the listing provisions, the commission said.

According to the BSEC letter, the company's net current assets from August 2016 to 2019 were reported as negative, which is contrary to the provision of the listing regulations.

The company intended to offload 4.35 crore shares, which is 5 per cent of the total shares of 87.10 crore.

This is non-compliance with the offloading requirement of 25 per cent of the paid-up capital of the company and price discovery process as per regulations, the commission letter said.

The BSEC also wanted to know whether the investment made by the four state-run banks would be considered as owned by the government.

It also asked how the DSE would address the non-compliance of the listing regulation.

An independent director of the DSE said a director was trying to push the company's direct listing by circulating a finance ministry letter.

"But the letter was not sent to the DSE, but the BSEC," he said.

In the letter, the BSEC was ordered to ease the direct listing rules and regulations for infrastructure-related companies.

State-run banks invested in some infrastructure-related companies and tourism-related company like Best Holdings, so the top officials of the lenders called for allowing allow them to go for the direct listing, the finance ministry letter said. The Daily Star has obtained a copy of the letter of the ministry which contained no date and reference number.

Amin Ahmed, managing director of Best Holdings, could not be reached for comments over his mobile phone.

Banks to shell out another Tk 1,350cr on stocks

FROM PAGE B1

The banks will have to pay 5 per cent interest for the fund and the credit tenure will be until February 2025.

Prof Abu Ahmed, a stock market analyst and former economics professor at the University of Dhaka, said the amount of funds made available is not small from the perspective of liquidity in the market.

"It will boost investor confidence," he added.

However, the banks should invest for the long-run and in fundamental stocks because many of them are still lucrative.

"Investment related officials should be efficient in their tasks so that banks don't swallow any loss from the market, then the lenders will be encouraged to invest further," Ahmed said.

"This is good news for the market, which will benefit from their investment," said Rasel Mahmud, a stock investor.

But if the banks do not make sudden exits after earning profits, then the general investors would surely get confidence to invest more, he added.

A senior Bangladesh Bank official, preferring anonymity, said that although they have allowed banks to invest to a greater extent, they should remain cautious about the fund.

"We don't want to see a repeat of 2010," the official said.

In 2010, banks had huge investments in the stock market, causing a boon in the bourses' index.

But on the other hand, when the bubble burst, a number of banks and non-banking financial institutions incurred considerable losses.

So, banks should invest for the long-run so that investors gain confidence and help the lenders earn back their money, he added.

The country's lenders are even being cautious right now so they invest in blue-chip stocks to avoid any erosion of their fund, said Khairul Bashar Abu Taher Mohammed, CEO of MTB Capital.

"Banks have begun investing their funds into the market, including treasury bonds, as their lending scopes are limited amid the Covid-19 fallout," he said.

Their investments are fuelling investor confidence, trade and index movement of the market, the merchant banker added.

Pandemic slows green finance initiatives

FROM PAGE B1

Atiur Rahman, a former governor of the central bank and one of the pioneers of the global green banking programme, said both local and global lenders now irrespectively try to disburse loans given the ongoing economic hardship as they were struggling to survive at any cost.

Such trends may bring immediate profit for banks and industries but the practice will dreadfully damage the environment in the long run, he said.

"The country would have gone forward a lot in promoting green banking as Bangladesh Bank had raised the issue officially for the first time in 2009 among all central banks in the globe," Rahman added.

Rahman had taken a number of measures to popularise green banking in 2009, soon after he had been appointed as the central bank governor.

The Bank of England, the central bank of the United Kingdom, the European Central Bank and many other central banks later followed in the footsteps of Bangladesh Bank's initiative, he said.

"But we are lagging far behind many countries. The high-ups of the central bank and the government should give attention to this end," Rahman said.

It is time to roll out green bond to push the climate-friendly financing such that the government or banks can manage to get funds for the implementation of green projects.

For instance, city corporations can issue such bonds in order to run their waste management system effectively by way of protecting nature from pollution.

The issuance of global green bonds reached $257.7 billion in 2019, up 51 per cent year-on-year, shows data from the Climate Bond Initiative, which is working to promote investment in projects for a rapid transition to a low carbon and climate resilient economy.

The 2019 volume is a new global record in terms of value of the green bonds.

Local banks will have to be offered tax incentives and other facilities to encourage them to purchase green securities, Rahman said.

If the central bank permits them to show the green bond as statutory liquidity ratio (SLR), they will invest in the securities beyond a doubt, he added.

Besides, many other commercial banks have focused on giving out green loans in recent times.

Deutsche Bank, one of the largest banks in the world headquartered in Frankfurt, is pledging to roughly double its green financing activities over the coming five years to total €200 billion by 2025, according to a report by the Financial Times.

Syed Mahubur Rahman, managing director of Mutual Trust Bank, said lenders should lay emphasis on the disbursement of green loans as climate change has already had an adverse impact on the country.

"But, in many cases, we are facing different problems to disburse the green loans given our limited resources," he said.

MTBL, one of the leading banks in giving out green loans, will take more initiatives in the days ahead to give a tempo in the green financing programme.

Dutch-Bangla Bank is also giving immense efforts to disburse green loans, said its managing director, Abul Kashem Md Shirin.

He said classified loans in green finance were comparatively lower than the traditional loans as owners of green factories were highly compliant when operating their businesses.

Non-performing loans in green finance stood at Tk 577 crore as of September this year, which is below one per cent of the outstanding classified loans amounting to Tk 94,449 crore in the banking sector.

Prawn farmers facing bleak future

Partha Chakrabortty, *Bagerhat*

Over the last couple of years, export earnings from shrimp, grown mainly in the southwest coastal districts for shipment to the developed economies, have been falling consistently in the face of competition from low-priced vannamei shrimp.

The declining shipment has sent not only processors and exporters into losses but also dented the dreams of tens of thousands of farmers, who bet on shrimp farming to make a fortune.

And the pandemic-induced demand slump has further increased the woes of growers.

"Prices of prawn have fallen drastically this year from that of a year ago," said Chinmoy Das, a shrimp trader in Kachua upazila under Bagerhat, one of the main shrimp producing districts in the southwest.

Farmers could large prawns at Tk 1,300 per kilogramme (roughly eight prawns) last year. Now they have to sell prawns of the same grade at Tk 600 per kg.

Prices of smaller sized prawns also dropped, creating worries among many farmers of losses.

"Both farmers and small traders like us are on the verge of losses," Chinmoy said.

Gopal Das, a farmer in the same upazila of the district, echoed the same.

Growing shrimp in three enclosures, he said current the prices of prawn were unlikely to bring any profit for them.

"We have to spend nearly Tk 350 to produce one kilogramme of prawn," said Gopal, adding that the cost excludes land rent and other expenses including his pay.

He said unfavourable weather affected the growth of prawns in his farms. Hence, most of the prawns have not grown big enough to help him get the highest prices prevailing in the market.

Gopal said most of the prawns were small in size and it would take 10-20 to make a kilogramme. The average price of prawns would be Tk 450 per kg, he said.

"This is going to be a loss," he said, adding that losses would total Tk 500,000 after meeting all his dues.

His peers, Litu Chakrabortty, Dipon Das from Kachua and Abhijit from another upazila of Fakirhat, are also suffering from low prices for their produce, a major source of their livelihood.

Dipon suffered losses of Tk 40,000 from his prawn farm this year.

This year, many shrimp farmers suffered losses owing to cyclone Amphan in May. Their woes increased as the pandemic devastated global demand.

Bangladesh fetched $550 million from shrimp exports in fiscal 2013-14 and exports have been falling consistently in the subsequent years owing to competition from the cheaper vannamei shrimp farmed mainly in China, southeast Asia, India and some Latin American regions.

Export earnings were $333 million in fiscal 2019-20, data from the Export Promotion Bureau showed.

And exports dropped 9 per cent year-on-year to $163 million in the July-November period from that of a year ago, increasing the woes of more than eight lakh farmers who grow shrimp on 2.72 lakh hectares of land for the EU and US markets.

Kazi Belayet Hossain, president of the Bangladesh Frozen Foods Exporters Association, said processors tried to continue exports even after accepting reduced prices resulting from a demand slump for coronavirus havoc.

And there been some demand for prawn in its main market in the UK owing to stimulus offered by the UK authority to support restaurants. The stimulus ended in September, he said.

"We got orders for until November. From the first week of December flow of new orders has been dry amid fresh lockdown owing to second wave of the coronavirus," he said.

READ MORE ON B3

PARTHA CHAKRABORTTY

Competition from low-priced vannamei shrimp for the past couple of years, alongside the pandemic-induced demand slump and slow growth due to unfavourable weather, is consistently bringing down export of shrimp to developed economies. Big sized prawns which went for Tk 1,300 per kilogramme (comprising roughly eight prawns) last year are now fetching Tk 600.

US firms keen to participate in Ctg port expansion

Says Joanne Wagner, deputy chief of mission at the US embassy in Dhaka

Joanne Wagner

Staff Correspondent, *Chattogram*

Companies from the US are keen to participate in the ongoing development of the Chattogram port and improve the efficiency of its activities, said Joanne Wagner, deputy chief of mission at the US embassy in Dhaka.

The expansion of the Chattogram port has created a number of exciting opportunities for firms from the US to share their technology, expertise and ideas and help the country's most active port achieve the status it aims to reach, she said.

Wagner made these comments while leading a team of US representatives on a two-day visit to Chattogram, where they met the port's officials on Sunday afternoon.

"We are looking for opportunities that can benefit both the US and Bangladesh, ways that we can make something out of even these challenging times before us," she told The Daily Star.

There are a number of areas with potential for US investment in Bangladesh, particularly the tourism industry of Chattogram as well as the pharmaceutical, IT, light engineering and energy sectors.

Energy is a very promising sector and the US companies are very much involved in the planning for such projects.

With regard to Bangladesh's blue economy, which relates to the exploitation and preservation of the marine environment, Wagner said business agreements would soon be reached on how the US companies could support local aquaculture.

Around 10 years ago, a project called the Megaport Initiative was implemented at the Chattogram port with financing from the US to prevent the possible movement of dangerous cargo through the port.

But the Megaport Initiative was not just about Bangladesh since it was something that the US was very much concerned about and eager to implement.

This is because having dangerous goods in any port is a risk for the people who live and work there and also for the people where the goods are destined for, she added.

Wagner went on to say that a US company that provides container logistics support is keen to implement an overhead cargo movement project in the Chattogram port.

READ MORE ON B3

NEWS *In Brief*

Companies may face 2pc fine for breaching EU cybersecurity rules

Reuters, *Brussels*

Large energy, transport and financial companies as well as digital providers and makers of medical and computer devices could be fined up to 2 per cent of their global turnover for breaching EU cybersecurity rules under a European Commission proposal.

Concerns about the cybersecurity of key assets have mounted in recent months, especially over cyber attacks by state actors and other malicious players.

U.S. federal agencies and thousands of companies are now investigating a sweeping hacking campaign that officials suspect was directed by the Russian government. The European Medical Agency was also targeted earlier this month.

With two in five EU employees working from home due to the COVID-19 pandemic and one in eight businesses hit by cyber attacks, the EU executive says its proposal is meant to bolster Europe's collective resilience against cyber threats.

November lockdowns frustrate Zara owner Inditex's recovery

Reuters, *Madrid*

Zara owner Inditex said many of its stores were closed or operating with restrictions as a fresh wave of COVID-19 lockdowns hindered the fashion giant's path to recovery.

The apparel sector, Europe's hardest-hit retail sector at the start of the pandemic, recovered slightly over the summer as lockdowns lifted and demand bounced back - but a return of restrictions has put sales of clothing back on shaky ground.

Spain's Inditex booked a 14 per cent drop in sales from August to October, a recovery from the 31 per cent fall in the previous quarter.

REUTERS/FILE

A customer, wearing a protective face mask, leaves a Zara shop in Monte Carlo during the coronavirus disease outbreak in Monaco.

GLOBAL BUSINESS

Asian countries, Switzerland at risk in US Treasury's currency report

Reuters, *Washington*

The US Treasury could label several countries currency manipulators before President Donald Trump leaves office, analysts say, as the coronavirus pandemic skews trade flows and widens US deficits with trading partners.

Currency experts say Vietnam, Thailand, Taiwan and Switzerland all risk being found in violation of the three US criteria for currency manipulation in the Treasury Department's long-delayed report on the foreign exchange practices of major trading partners. They expect the report within days.

While President-elect Joe Biden is expected to be less confrontational with US allies on matters of trade, a new White House could find it politically difficult to immediately walk back designations of currency manipulation by the current administration.

To be labeled a manipulator, countries must at least have a $20 billion-plus bilateral trade surplus with the United States, foreign currency intervention exceeding 2 per cent of GDP and a global current account surplus exceeding 2 per cent of GDP.

Brad Setser, a former US Treasury economist and senior fellow at the Council on Foreign Relations, has replicated data used by Treasury to analyze these criteria, constructing a quarterly tracker that shows Vietnam, Switzerland and Thailand exceeded the department's thresholds during the first and second quarters of 2020. Taiwan met all three thresholds in the second quarter, but barely missed on the foreign exchange intervention in the first quarter in the data compiled by Setser, who now serves on Biden's transition team for trade issues.

However, Treasury's actual data may differ and it has some discretion in applying the label, and mitigating circumstances such as the coronavirus pandemic may factor into its decisions.

Trade surpluses for Asian economies exporting personal protective equipment and other supplies needed to fight the pandemic have jumped, while capital has surged into safe haven currencies such as the Swiss franc, driving them higher.

The Swiss National Bank has spent 90 billion francs ($101 billion) to tame the franc's rise in the first half of 2020, putting it squarely in the Treasury's focus.

The Treasury has often treated Switzerland differently because it views Switzerland's intervention as not trade-driven, but that could change this time, said Mark Sobel, another former Treasury and International Monetary Fund official.

"If the Treasury is going to go after a few Asian countries and Switzerland trips all three criteria, how do you not go after them?" said Sobel, now with the Official Monetary and Financial Institutions Forum think-tank.

Vietnam's currency practices have been in the Trump administration's crosshairs for months, as the US Trade Representative's office investigates the undervaluation of the dong. Business groups are concerned the administration could make moves, such as punitive tariffs, on these soon.

The Treasury already declared Vietnam's currency undervalued by 4.7 per cent in 2019 in a Commerce Department anti-subsidy case, which led to punitive duties on Vietnamese light vehicle tire imports.

Taiwan, like Vietnam, has seen its trade surplus with the United States grow as companies moved supply chains from China to these countries in response to US tariffs on Chinese goods. Taiwan spent $3.9 billion buy US dollars in the first half of 2020, to tame a 5 per cent rise in the Taiwan dollar against the greenback, exceeding its 2019 purchases.

China, declared a manipulator in August 2019 at the height of US-China trade tensions, has been a fixture on Treasury's monitoring list for years due to its massive trade surplus with the United States.

Honda recalling 1.79m vehicles worldwide for safety issues

Reuters, *Washington*

Honda Motor Co said on Tuesday it was recalling 1.79 million vehicles worldwide in four separate campaigns, including some linked to reported fires.

The recalls cover 1.4 million vehicles in the United States.

The Japanese automaker said one recall covers 268,000 2002-2006 model year CR-V vehicles in the United States to replace power window master switches. Honda said there had been no reported injuries, but 16 fires reported related to the issue.

Honda conducted a prior recall of the power window master switches in 2012. The new recall is in response to moisture-related failures of switches repaired under the previous campaign.

Honda is also recalling about 735,000 US 2018-2020 Accord, Accord Hybrid and 2019-2020 Insight vehicles to update the Body Control Module software. A programming flaw could disrupt communication causing illumination of several warning lights and malfunction of electronic components, it said, including "the rear view camera display, turn signals and windshield wipers."

Honda is also issuing two recalls covering 430,000 U.S. vehicles in 22 U.S. states and the District of Columbia with significant road salt use to inspect and potentially replace front drive shafts. Both are in response to possible breakage of the drive shafts due to corrosion. No injuries have been reported in relation any of the recalls, the company said.

Honda said repair parts are not available for all vehicles involved in the drive shaft recalls. The recalls cover some 2012 Honda Civic Hybrid, 2007-2014 Honda Fit, 2013-2015 Acura ILX

2013 Acura ILX Hybrid and 2013-2015 Honda Accord vehicles. No crashes have been reported in the drive shaft or software recalls.