



MEHERUN N ISLAM, group president and managing director of CEMS Global USA and Asia Pacific, speaks at a press briefing yesterday to announce the schedule of a three-day exhibition on automotive, commercial vehicle, bike and auto parts at International Convention City Bashundhara in Dhaka from March 23.

Motor show begins on March 23

STAR BUSINESS REPORT
A three-day motor show will kick off at International Convention City Bashundhara in Dhaka on March 23. CEMS Global, an international event management company, is organising the show, which is the country's only international exhibition on the automotive, commercial vehicle, bike and auto parts sectors. The 3rd Bike Show, 2nd Auto Parts Show and Commercial Automotive Show will also take place simultaneously at the same venue, CEMS said in a statement yesterday. This will be a one-stop single platform for exhibitors to showcase the latest devel-

opments and emerging technology for the automobile industry. The event will promote Bangladesh's as well as global automobile and auto-components industry. Renowned and leading car brands, motorcycle distributors and dealers along with lubricant companies, CNG conversion companies and automotive components manufacturers will take part in the show. Companies from Japan, Korea, China, the USA, Italy, Vietnam, Saudi Arabia, India and Bangladesh will showcase their products in over 300 booths across four halls. The show will remain open from 10.30am to 8.30pm.

At the Fed, spring comes early with return to new 'normal'

REUTERS, Washington

US household wealth has hit record levels. US stock prices recently hit all-time highs. Inflation is nearing the Federal Reserve's 2.0 percent goal, and the world economy including the once-sick eurozone has skirted the risk of a deep new downturn.

When Fed Chair Janet Yellen holds her first press conference of 2017 on Wednesday she can arguably declare a victory of sorts with an expected interest rate rise that will leave monetary policy looking increasingly normal.

The rate increase expected on March 15 will be the second in four months, a pace unseen since the peak of the U.S. housing boom in 2006. A rate hike will also bring the Fed's target rate to between 0.75 - 1.00 percentage points, near the bottom of the range within which the Fed operated before the 2007-2009 financial crisis.

"You don't need any intrigue or fundamental shifts in beliefs about the economy to realize why a rate increase might be likely," Johns Hopkins University professor and former Fed adviser Jon Faust said of the central bank's plans.

"The Fed would just as soon be back to normal...Unless something really bad happens they will raise rates in March and that gets them on a path to raise rates more this year."

U.S. February employment data published on Friday further cleared the way to an interest rate rise, with the economy adding another 235,000 jobs. The unemployment rate held roughly steady at 4.7 percent.

For Faust and others, the conversation is now focused on whether the Fed, when it releases new economic forecasts this week, could even raise its forecast for rate rises also.

The month of March has been cruel to Yellen in the past. At the Fed's March meetings in 2015 and 2016 the central bank downgraded its economic forecasts after inflation expectations plunged two years ago and after last year's meltdown in the benchmark S&P 500 stock index.

A year on, world stock markets have surged and even global economic laggards like Japan and the euro zone are looking better. European Central Bank president Mario Draghi gave his own mission accomplished declaration last week saying that "...our monetary policy has been successful."

If anything, market analysts, economists, and Fed officials tout the possibility of stronger economic growth, resulting from the possible impact of US tax cuts and infrastructure spending, or the run-up in household wealth from rising stock and real estate values.

As a multiple of disposable income, the \$92 trillion in net worth recorded among American families at the end of 2016 is the highest on record, JP Morgan economist Michael Feroli noted last week. More comforting for the Fed, markets have not just anticipated the path of interest rate rises by setting prices in markets in line with the number of rate increases for the year that policymakers expect to deliver, but reacted sanguinely to it.

As has been typical of prior monetary policy

tightening cycles, the Fed's moves have been felt mostly in short-dated bond yields, with less effect on the mortgage markets or other long-term financing important to economic growth.

That's a relief for a Fed still anxious about events like the 2013 "taper tantrum", when then Fed chair Ben Bernanke said the central bank would begin reducing purchases of bonds, triggering a global bond market selloff. When Fed officials unexpectedly rallied behind a March interest rate increase in recent weeks, the unusually blunt message was easily accepted. Investor expectations changed and short-term rates rose.

But the overall yield curve, the range of interest rates from short to long term debt maturities, showed little sign investors thought the Fed was becoming worried about inflation. Yellen has long made job growth the priority, hoping wage growth would follow, while assuming the Fed could always tame inflation if it rose too quickly.

While in recent remarks she has emphasized the risk of rising prices, she has also remained committed to raising rates at only a "gradual" pace in order to leave loose policy in place a while longer.

IHS chief economist Nariman Behravesh said the latest job report may leave the Fed in a sweet spot, able to move ahead with its rate hike plans as employment and modest wage growth continue.

"We can expect to see the recent strength in jobs growth continue for a while longer," Behravesh said. At an annual rate of 2.8 percent, "while...wage growth...is nothing to cheer about, it is not bad either."

China's Wanda aborts bid for Golden Globes producer

AFP, Beijing

A \$1 billion bid by China's Wanda Group for the operator of the Golden Globe awards has been aborted, the US firm's parent has said, following reports that it was sunk by a Chinese clampdown on overseas investments.

The acquisitive Chinese property-to-entertainment group had announced in November it planned to buy Dick Clark Productions, the latest move into Hollywood by a company from China.

But Eldridge Industries, the parent of Dick Clark Productions, said in a statement issued in the United States on Friday that the deal was terminated "after Wanda failed to honour its contractual obligations".

Eldridge Industries added that Dick Clark Productions is suing Wanda for funds it is contractually owed upon "failure to consummate the sale".

Reached by phone on Monday, a Wanda

spokeswoman declined to comment.

Sources told Bloomberg News last week that Wanda had struggled to move the money for the acquisition out of China.

"It's almost impossible to use the yuan to invest in overseas projects," Zhang Yichen, chief executive and chairman of Citic Capital Holdings, told Bloomberg News.

"To say that capital controls don't have any impact -- it's a lie. As a result, yuan funds can only give up, and not invest (outside China)."

Wanda, headed by one of China's richest men, Wang Jianlin, is a commercial property developer that has diversified recently into entertainment and sports, partly as a buffer against Chinese real-estate volatility.

Wanda bought AMC Entertainment Holdings -- owner of US-based cinema chain AMC Theatres -- for \$2.6 billion in 2012 and last year acquired Legendary Entertainment, makers of the recent "Batman" trilogy and "Jurassic World", for \$3.5 billion.



Business leaders pose for photographs with Indian High Commissioner Harsh Vardhan Shringla at a reception at the new Indian High Commission Complex in Dhaka on Sunday.

Dhaka chamber for 7pc VAT, cuts in corporate tax rates

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The DCCI chief proposed tax exemption for firms' profits which are re-invested. For small traders, the DCCI called for 'no VAT' for turnover up to Tk 50 lakh and 3 percent VAT for turnover above Tk 50 lakh but below Tk 1.20 crore.

Khan said VAT exemption on internet use will help realise the vision of Digital Bangladesh.

The DCCI requested the government to formulate a duty structure for at least three years to five years as frequent changes in rates sometimes hamper the momentum of industrialisation.

NBR Chairman Rahman said the government is committed to making a business and industry-friendly budget for 2017-18. The NBR would organise workshops on tax issues to raise awareness.

Rahman underscored the importance of reducing the gap between tax officials and businessmen. The NBR will initiate internship programme for tax officials at different trade bodies, according to the DCCI.

The NBR chief thanked the chamber as all of its members are tax compliant.

DCCI Senior Vice President Kamrul Islam called for easing online tax payment system.

DCCI Vice President Hossain A Sikder, directors Asif A Chowdhury, Akber Hakim, Imran Ahmed, K Atique-e-Rabbani, KMN Manjurul Hoque, Mamun Akbar, Md Alauddin Malik and Secretary General AHM Rezaul Kabir were present at the pre-budget discussion.

Policy to make best use of aid money on way

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Loans having grant element of at least 25 percent and other concessional elements may be considered as concessional loan, as per the draft policy.

The interest rate on concessional loan will be less than the market rate; the grace period and repayment period will be longer.

The draft policy discourages non-concessional loan, but if they must be taken it will be done after scrutiny.

To ensure transparency, the draft stipulates that all data regarding foreign assistance be made publicly accessible.

ERD's online Aid Informational Management System (AIMS), which is compliant with the International Aid Transparency Initiative standards, should serve as the primary means of data reporting, sharing and display.

On the basis of this, the ERD will publish an annual report on how effectively the flow is being managed by the development partners and the government.

The list of approved foreign-aided

projects will be displayed on the ERD website and where appropriate.

The private sector and non-governmental organisations can receive funds from external sources to implement development programmes or projects in alignment with national priorities, the draft policy said.

The development partners must report their commitments and disbursements through non-state stakeholders to AIMS to ensure that the government is aware of their contribution and to avoid overlap or uncoordinated work.

The draft policy has also stipulated several steps for quick implementation of projects.

The line ministry or implementing agency must complete all preparatory works before signing the financing agreement of the project.

The government will develop a pool of potential project directors to ensure that project activities take off at the earliest and there is strong leadership in implementation.

No new jobs in apparel

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"I know a factory that uses robots. The tendency to use technology will rise. We now need to ensure productivity growth by keeping jobs unaffected."

Referring to slowing export earnings in the current fiscal year, she said employment generation would be affected if the trend continues. BIDS Director General KAS Murshid suggested giving incentives to encourage the expansion of SMEs. The next round of growth should come from the SMEs, he added.

Prof Wahiduddin Mahmud, a former economics professor at the University of Dhaka, said the World Bank's Doing Business reports are prepared from the viewpoint of the formal sector, not the informal one.

An index for the business environment for small entrepreneurs should be developed, he added.

Mahmud said a lot of discussion takes place on the proposed budget. But there should be discussion on the implemented budget, he added.

Rizwanul Islam, senior visiting fellow of CDER, said an obsession with the rate of economic growth can lead to a neglect of its quality in terms of social dimensions. He cited poverty, inequality and employment

in this regard.

Islam said 1.8 percent GDP growth generated 1 percent growth in employment during 2005-2010. But 2.6 percent of GDP growth was needed to produce the same outcome in 2010-2013, he said.

ATM Nurul Amin, senior fellow of CDER, said only 73 lakh people are employed in the formal sector. Informal sector provides jobs for 5.07 lakh people out of 5.8 crore employed persons, added Amin, who is also a professor of North South University.

In a paper on budget and consumer interest, Consumers Association Bangladesh President Ghulam Rahman demanded that the zero duty benefit for the import of essential commodities continue.

Citing government moves to increase the prices of gas, electricity and water supply, he said, "It appears that the government has forgotten its responsibility of ensuring these basic services."

On FFP, CDER Senior Fellow Quazi Shahabuddin said the highest amount of allocation under FFP was made in the Dhaka and Chittagong districts.

But the incidents of ultra poor are relatively smaller here, he added.

He suggested for better planning and monitoring to reach the real beneficiaries under this programme.



A child with type-1 diabetes receives a gift from Peter Ulvskjold, corporate vice-president of Novo Nordisk, for keeping his diabetes under control, at a programme at the Birdem Mother and Child Hospital in the capital's Segun Bagicha. Prof AK Azad Khan, president of the Diabetic Association of Bangladesh, and Anand Shetty, managing director of Novo Nordisk Bangladesh, were also present. Story on B1



Monnujan Nargis, director for design and creative of Le Reve, inaugurates the fashion brand's 12th showroom at Agomon Cinema Complex in Basabo, Dhaka recently. The outlet has dedicated sections for women, men and kids.