

# Infrastructure: A Trump goal in search of funding

AFP, Washington

In his first State of the Union address, President Donald Trump called for a \$1.5 trillion infrastructure initiative to upgrade America's aging transportation networks.

But the bridge from wishes to reality begins with finding the necessary funds, a topic he did not address in the Tuesday night speech.

Built for the most part between the 1950s and 1970s, US highways, bridges, railroads, airports and other infrastructure are showing their age. Even Trump said they were "crumbling."

A third of US bridges, or 226,837, and a third of highway overpasses, 17,726, are in need of repair, according to the American Road & Transportation Builders Association (ARTBA).

And the association says that is just "the tip of the iceberg."

The American Society of Civil Engineers first sounded the alarm about decaying infrastructure decades ago. In 1998, it gave US infrastructure a "D" grade and put the total cost of investing in modernization at \$2 trillion over 10 years.

In 2007, a bridge over the Mississippi River in Minneapolis, Minnesota collapsed killing 13 people, and federal

investigators found the structure was not designed to handle the increased use it was seeing as a major commuter route into the city.

Former President Barack Obama pushed for years for Congress to fund a rebuilding program to address the problems and create jobs but Republicans blocked the effort almost entirely.

In his address, Trump called on Congress to act but gave few details. He claimed that winning regulatory approvals to build a road could take as much as a decade, whereas New York's 102-story Empire State Building was completed in about a year.

"This is not a plan, this is a number," said Jacob Kirkegaard, senior fellow at the Peterson Institute for International Economics.

He noted that the Trump administration has promised for months to release a detailed proposal.

So far, the White House says it favors a public-private partnership. Trump's budget proposal last year included \$200 billion for infrastructure, in the hopes of generating a total of a \$1 trillion from private investors as well as state and local governments.

"I think this is a completely unrealistic aspiration," Kirkegaard told AFP.

"An aspiration is not a plan."

Lawmakers seem unlikely to approve funding, especially given that massive tax cuts approved in December already have ballooned budget deficit forecasts.

Other, less politically palatable options could involve charging tolls on roads and bridges -- something many US states already do -- or raising the federal gasoline tax, which has long been used for road projects but has not changed since 1993.

The choice of what to build and where also will have to break with the tradition of "pork barrel" spending which funds infrastructure projects to help political allies, eager to unveil a new road or bridge in their districts.

Different types of infrastructure projects have distinct funding models. Airports are handled by private investors, and the US Interstate Highway System was built by the federal government although its upkeep is mainly a responsibility for states, while county governments are responsible for smaller local roads.

"The nearly 48,000-mile (77,249-kilometer) Interstate Highway System literally moves the US economy. It carries 75 percent of the nation's heavy truck traffic," according to ARTBA.



UNITREND

Rupali Chowdhury, managing director of Berger Paints Bangladesh Ltd, and Ian Watt, group CEO and a director of Fosroc International Ltd, pose with officials of the companies after signing a deal at Le Méridien Dhaka on Wednesday. (Story on B1)

## Berger, Fosroc to jointly produce construction chemicals

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The new company will create employment of over 100 people, according to Sadeque Nawaj, general manager of Berger. He told The Daily Star yesterday that the factory would be built near Dhaka in one year.

Amir Hossain Amu, industries minister, attended the signing as chief guest. He thanked all concerned for initiating the joint venture and bringing in foreign direct investment.

"I expect this initiative would encourage others to invest in Bangladesh," said the minister.

Berger Paints Bangladesh, one of the

oldest names in the paint industry, is a publicly listed company. Per share of Berger rose by Tk 35.2 to close at Tk 2,164.9 in Dhaka Stock Exchange yesterday.

On the other hand, Fosroc is a leading international manufacturer and supplier of high performance chemicals for the construction industry, with particular focus on concrete and cement.

Alison Blake, British High commissioner, Dr James Muir Hay, chairman of JMH Group, Gerald K Adams, chairman of Berger Paints, Fitriani Hay, chairman of Fosroc International, and other board members of the companies were present.

## Shell profit soars on oil price recovery

AFP, London

Royal Dutch Shell said Thursday that a major recovery in oil prices enabled it to nearly triple profits in 2017.

The Anglo-Dutch energy giant said in a statement that net or bottom-line earnings soared to just under \$13 billion last year from \$4.6 billion in 2016, with fourth-quarter profits leaping 147 percent to \$3.8 billion.

Shell said its performance was boosted particularly by rising oil prices, which tend to ramp up revenues and profits for energy majors.

World oil prices leapt by about 15 percent to finish the year at around \$60 per barrel, aided by oil cartel Opec's efforts to limit its collective production.

"Full-year earnings benefited mainly from higher realised oil, gas and liquefied natural gas (LNG) prices, improved refining performance and higher production from new fields, which offset the impact of field declines and divestments," the company said.



UCB

Anisuzzaman Chowdhury, chairman of the executive committee of United Commercial Bank, opens an agent banking centre of the bank at Nawabganj in Dhaka yesterday.

## Unilever posts rising 2017 profits

AFP, The Hague

Food and consumer products giant Unilever Thursday posted soaring 2017 profits of 6.5 billion euros (\$8.05 billion), after a year of "major change" when it spurned a Kraft Heinz takeover bid.

Net profit leaped 16.9 percent on sales of 53.7 billion euros, up 1.9 percent year-on-year, which chief executive Paul Polman said "demonstrates the progress we have made in transforming Unilever into a more resilient and more agile business".

"We have delivered a good all-round performance with competitive growth," he said in a statement.

The Rotterdam-based Unilever, which employs some 169,000 people around the world, owns more than 400 household brands including Dove, Knorr soups, Lipton, Magnum and Marmite.

Since rejecting the bid by its US rival Kraft Heinz in February 2017, Unilever has sought to prove to shareholders that it is better off on its own and vowed better profitability.

In April, it unveiled a 3.5-billion euro restructuring and announced the spin-off of its margarine division, hoping to soothe investors concerns after rejecting the proposed tie-up with Kraft which would have valued the group at \$143 billion.

The company said Thursday that after agreeing "to sell our global spreads business... we expect to exit around the middle of 2018".

Excluding spreads, sales reached 50.7 billion euros, an increase of 2.2 percent over the previous 12 months.

Unilever is listed in both London and on the Amsterdam AEX, an historic status which the company is also reviewing.

## Rohingya crisis hits trade with Myanmar

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Besides, some important trade deals that were supposed to be inked between Bangladesh and Myanmar are also left hanging in the air because of the crisis. Hoque cited the river protocol as one of the deals that were due to be signed as negotiations were at the final stage before the crisis took over.

Once the river protocol agreement is signed, goods can be transported through the river ways -- a quicker and a cheaper alternative. Six Bangladeshi river ports like Sadarghat in Dhaka and Narayanganj river port have been identified as the port of calls for business between the two countries.

Moreover, since mother vessels cannot enter Bangladesh due to the absence of deep-sea ports, the feeder vessels can carry the goods straight from Yangon to the river ports and to the premier Chittagong port in four hours.

"I am hopeful that normally between Bangladesh and Myanmar will be restored soon as the governments of both the countries are negotiating extensively to resolve the crisis," Hoque said. Echoing with the views of Hoque, Shafiqul Islam Mohiuddin, president of the Federation of Bangladesh Chambers of Commerce and Industry, said business between the two countries should not be halted in anyway.

Many people would become unemployed if the business is halted for any reason between the two countries.

The freight forwarders, loaders and unloaders, the transport business and ultimately production in factories would be hampered if normalcy is not restored, the FBCCI chief said. "Both Bangladesh and Myanmar should have a common understanding in both political and economic issues so that the business runs well. We have to exist together."

In the absence of a warm diplomatic relationship, business does not run well, he said. Business through the Teknaf land port is slowly resuming as the influx of Rohingyas from Myanmar to Bangladesh has come down over the last one month, said an official of Teknaf land port asking not to be named. Now, rice, timber, fish and chutney are coming through the land part from Myanmar, he said.

## US factory activity slows; labour market tightening

REUTERS, Washington

US factory activity slowed in January amid a fall in new orders, but an unexpected drop in the number of Americans filing for unemployment benefits last week pointed to sustained labour market strength that should underpin domestic demand.

The economy's healthy fundamentals were also underscored by other data on Thursday showing a solid increase in construction spending in December. A drop in worker productivity in the fourth quarter, however, suggested it may be hard to maintain the strong pace of economic growth.

The Institute for Supply Management (ISM) said its index of national factory activity fell to a reading of 59.1 last month from 59.3 in December. A reading above 50 in the ISM index indicates growth in manufacturing, which accounts for about 12 percent of the US economy.

The survey's production sub-index slipped 0.7 points to a reading of 64.5 in January and a measure of factory employment fell 3.9 points to 54.2. A gauge of new orders declined to 65.4 last month from 67.4 in December.

The moderation in orders is likely to be temporary against the backdrop of strong domestic and global demand. Manufacturers reported an increase in export orders.

Domestic demand increased at its fastest pace in more than three years in the fourth quarter. A weak dollar, which fell 7 percent against the currencies of the United States' main trading partners last year, is making US-made goods more competitive on the international market.

Prices of US Treasuries were mixed after the data while US stock indexes were largely flat. The dollar dipped against a basket of currencies.

In a separate report the Labour Department said initial claims for state unemployment benefits slipped 1,000 to a seasonally adjusted 230,000 for the week ended Jan. 27. Economists polled by Reuters had forecast claims rising to 238,000 in the latest week.

Last week marked the 152nd straight week that claims remained below the 300,000 threshold, which is associated with a strong labour market. That is the longest such stretch since 1970, when the labour market was much smaller.

"The untapped reservoir of unemployed or underemployed skilled

workers that existed in the aftermath of the recession has largely disappeared," said Jim Baird, chief investment officer at Plante Moran Financial Advisors in Kalamazoo, Michigan. "Employers are finding it more difficult to find potential workers."

The labour market is near full employment, with the jobless rate at a 17-year low of 4.1 percent. A tightening of labour market conditions has raised optimism among Federal Reserve officials that inflation will rise towards the US central bank's 2 percent target this year.

The Fed on Wednesday left its benchmark overnight interest rate unchanged and described the job market as having "continued to strengthen." US financial markets expect a rate increase in March. The Fed has forecast three rate increases for this year after lifting borrowing costs three times in 2017.

The claims data has no bearing on January's employment report, which is scheduled to be released on Friday, as it falls outside the survey period. According to a Reuters survey of economists, nonfarm payrolls probably rose by 180,000 jobs in January after increasing by 148,000 in December.

## BTRC to earn \$100m in tech neutrality fees

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Technological neutrality will definitely help in improving telecom service quality, reducing call drops and improving call success rates, Mahmood said.

"If Citycell and Teletalk join the party, BTRC will earn another Tk 500 crore from tech neutrality," BTRC also hopes collecting another few thousand crore taka by organising spectrum auction, said an official of the telecom regulator.

In the auction, the BTRC will give away 25 MHz in 2100 MHz band with a floor price of \$27 million per MHz.

On Wednesday, the BTRC approved the auction procedure where it was mentioned that the operators will have to increase the bid amount by \$1 million dollar in every call in the auction. The regulator will also put up for sale 18 MHz in the 1800 MHz band and 3.4 MHz in the 900 MHz band, both starting off with \$30 million per MHz.

To attend the auction, every operator will have to deposit Tk 150 crore for each band before February 5. And if any operator wants to attend the auction in three bands, they will have to pay Tk 450 crore within the stipulated date.

## Businesses cautiously optimistic about economy: survey

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Moreover, power outages have increased production costs and final prices as manufacturers have to rely on their personal backup generators. The business leaders feel a raft of actions can help improve the current scenario along with investor confidence.

They called for shifting export reliance on the garment sector, facilitating the ease of starting and doing business, and improving infrastructure and logistics. Bijon Islam, chief executive officer of LightCastle, in the report said a deeper look suggested business leaders are confident on verticals like power and energy, ICT, and agriculture, while cautious on sectors like banking and finance, real estate and logistics.

## Bandwidth price cut by 15pc

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However, the price will be less than Tk 300 in Dhaka and Chittagong, Rahman added. The company supplies 352 Mbps of bandwidth, while another 200 Mbps is imported from India through International Terrestrial Cable (ITC) links.

The price cut will increase BSCCL's bandwidth usage and reduce imports, said market insiders.

"Now our price will be more competitive compared to that of ITC operators and business entities will buy more bandwidth from us," said Rahman.

## Pension scheme for all: Muhith

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The initiative is important for all retired civil servants, said Abul Foyez M Abid, controller general of accounts.

Some 657,212 pensioners will get their pensions through EFT, he said. "We launched the system by providing pension to 97 pensioners."

## WB gives \$300m to help upgrade cash transfer schemes

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"Since 2016, the Department of Social Services has been digitising programme records and piloting digital payments to programme beneficiaries. The project will scale up these efforts," said Yoonyoung Cho, task team leader of the WB.

"These actions are in line with the institutional enhancements outlined in the National Social Security Strategy, 2015. This will help place the Ministry of Social Welfare at the forefront of social protection service delivery."

With this project, the WB's total commitment in the social protection sector stands at over \$1.3 billion.

The credit is from the International Development Association, the WB's concessional lending arm, interest-free, repayable in 38 years, including a six-year grace period, and carries a service charge of 0.75 percent.

Till date the WB has committed close to \$27 billion interest-free credits to Bangladesh, making it one of the largest recipients of interest-free credit in recent years.



PHARMASIA

Ekram Hussain, managing director of Pharmasia Ltd, attends the company's annual marketing and sales conference for 2017 at a hotel in Cox's Bazar on Monday.