

Amazon's second headquarters faces new blocks in Virginia funding vote

REUTERS, Washington

Amazon.com Inc's plan to set up a second headquarters in northern Virginia, after being rebuffed in New York, will face its first test when local officials vote on Saturday on a proposed financial package worth an estimated \$51 million.

Amazon in November picked National Landing, a site jointly owned by Arlington County and the City of Alexandria, just outside of Washington, along with New York for its so-called HQ2 or second headquarters.

That followed a year-long search in which hundreds of municipalities, ranging from Newark, New Jersey, to Indianapolis, competed for the coveted tax-dollars and high-wage jobs the project promises.

Amazon in February abruptly scrapped plans to build part of its second headquarters in New York after opposition from local leaders, who were upset by incentives promised by state and city politicians.

While opposition in Arlington is still nascent, the vote has become a political flashpoint between the project's supporters and activist



REUTERS/FILE

People move about in front of the rostrum before a news conference about the announcement that Crystal City has been selected as home to Amazon's new headquarters in Virginia.

opponents. It has given local activists the chance to push for a delay so that the county's proposal can be reviewed and debated further.

A five-member panel of the Arlington County Board will vote on whether Amazon will receive the estimated \$51 million, a fraction of the \$481 million promised by the county. Only 5 percent of the

incentives are direct.

Amazon has also been offered a \$750 million package by the state that the Virginia General Assembly approved with little opposition.

The scene at Saturday's vote is likely to be different. At least 100 members from local activist groups are expected to attend.

Protests are expected to begin at

least an hour before the vote comes up for hearing at 1 pm EST, Reuters has learnt from labor groups.

The \$51 million includes a controversial direct financial incentive or cash grant of \$23 million to Amazon over 15 years, which will be collected from taxes on Arlington hotel rooms. The grant is contingent upon Amazon occupying six million square feet of office space over the first 16 years.

Arlington has also offered to invest about \$28 million over 10 years of future property tax revenue in onsite infrastructure and open space at the headquarters site.

A filing on the county board's website says the \$23 million grant and the \$28 million in strategic public infrastructure investments were "instrumental in Amazon choosing Arlington for its headquarters."

A county spokesman declined to comment.

Arlington County Chair Christian Dorsey has stated publicly he had "no interest" in postponing the vote, had heard no suggestions to do so from other board members, and expected the measure to pass.

US manufacturing sinks again in February: Fed

AFP, Washington

US manufacturing dropped sharply for the second consecutive month in February with across-the-board declines in nearly every category of product, the Federal Reserve reported Friday.

The decline kept overall industrial production from rebounding as analysts had forecast, despite a surge in the volatile utilities component.

The weakness, which many economists say will continue this year, is a blow to President Donald Trump's aggressive trade policies which have been focused on boosting American manufacturing even as it makes up a dwindling share of the US economy.

And economists attribute some of the weakness to the slowdown underway in China, in part the result of Trump's trade war with the world's second largest economy.

Total industrial output eked out a gain of 0.1 percent, after falling 0.4 percent in January -- slightly better than originally reported -- helped by the 3.7 percent surge in utilities, according to the monthly report.

But manufacturing fell 0.4 percent after a 0.5 percent decline in the prior month, even though January's decline was an improvement on the 0.9 percent drop originally reported.

Within the manufacturing sector, the negatives were widespread, including losses of about 2 percent for nonmetallic mineral products and machinery.

"Manufacturing is succumbing to China's

gravitational pull," said Ian Shepherdson of Pantheon Macroeconomics.

He said "a broad-based softening is underway, and we're sticking to our view that the sector will be in recession through mid-year."

However, manufacturing accounts for only 12 percent of GDP, "so a short and relatively mild downturn in the sector is not going to pull the rest of the economy into the mire, but it will be a constraint on overall growth in both GDP and employment," Shepherdson said in a research note.

Output of motor vehicles and parts saw just a small dip, which was good news after the 7.6 percent drop in January, while computers and electronic products gained more than 1 percent.

The drop in motor vehicle production was essentially cancelled out by the gain in parts output. But excluding those two, total output was down 0.2 percent, according to the report.

Mining output, which includes oil and natural gas, rose 0.3 percent for the second month in a row, marking the 13th consecutive monthly increase.

Total industrial production remains 3.5 percent above February 2018, while manufacturing is up 1 percent.

With the tepid output, total industrial capacity in use dipped for the third consecutive month to 78.2 percent.

Mickey Levy of Berenberg Capital Markets notes that US output continues to perform better than other advanced economies.

IDB is first multilateral lender to recognise envoy of Venezuela's Guaido

AFP, Washington

The Inter-American Development Bank on Friday officially recognized the representative named by Venezuela's opposition leader Juan Guaido, the first multilateral institution to take that step.

Self-proclaimed interim president Guaido named respected Harvard economist Ricardo Hausmann, an exiled former Venezuelan government minister, to represent him at the IDB -- the primary source of financing for development projects in Latin America and the Caribbean.

The IDB board of governors "today approved a resolution recognizing the

appointment by Mr Juan Guaido of Ricardo Hausmann as IDB Governor for Venezuela... effective immediately," a statement from the New York-based institution read.

It is the latest sign of international support for Guaido, the head of Venezuela's opposition-ruled National Assembly. Guaido has already been backed by more than 50 countries in his bid to unseat President Nicolas Maduro, who has presided over an economy in freefall and a worsening humanitarian crisis.

The United States holds 30 percent of the voting power on the IDB board, against 50 percent combined for Latin

American and Caribbean members.

A "sufficient" number of governors have already approved the nomination, even before voting officially closed, the bank said. Guaido's envoy to the United States, Carlos Vecchio, celebrated "an important step into multilateral bodies" and uploaded a photo alongside Hausmann to Twitter.

"It is a first step that is going to allow us to start work on planning and preparation, and obviously the real effectiveness of any financing depends on if Maduro actually leaves," Mariano de Alba, a Venezuelan lawyer and international affairs expert, told AFP.



PADMA BANK

Mashiur Rahman, economic affairs adviser to the prime minister, poses at the official inauguration of Padma Bank, recently renamed from Farmers Bank, at the Westin hotel in Dhaka yesterday. Chowdhury Nafeez Sarfat, chairman of the bank, was present. Story on B1

Automakers, exhibitors happy with Dhaka Motor Show

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The show accommodated 265 exhibitors from 16 countries, including Bangladesh, Germany, Italy, France, the US, Japan, China, India, and Malaysia, which showcased products and services in more than 580 booths.

The fifth Dhaka Bike Show 2019, the third Dhaka Commercial Vehicle Show 2019, and the fourth Dhaka Auto Parts Show 2019 also took place concurrently at the same venue. "Most of the exhibitors got a good number of booking," said Nayem Sharif, head of marketing and communications of CEMS Bangladesh, the organiser of the annual show.

During the three-day event, Bangladesh Honda Private Ltd introduced its new bike CB Hornet 160R with Combi Brake System (CBS). CBS is the most efficient way of braking, which reduces the distance and improves stability while braking and ensures that riders with low expertise are also confident while braking.

ACI Motors displayed its full range of Foton commercial vehicles, including pick-ups, prime movers and dump trucks. "Foton is renowned in the field of commercial vehicles, ensuring the highest quality," ACI Motors Executive Director Subrata Ranjan Das said.

ACI Motors arranged many activities, including test ride for customers, and came up with attractive offers.

Capital takes flight as no use of funds locally

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The bank, which has 57 branches, has launched a new array of attractive banking products, with more in the pipeline, said Chowdhury Nafeez Sarfat, chairman of the bank, in a statement.

"The new programmes we have initiated in the bank are already bearing fruits. We are confident that Padma Bank will be a front-ranking bank in the country in a very short time," he added.

Md Obayed Ullah Al Masud, chief executive officer of Sonali Bank; Md Abdus Salam Azad, CEO of Janata Bank; Mohammad Shams-Ul-Islam, CEO of Agrani Bank; Md Ataur Rahman Proshan, CEO of Rupali Bank; and Kazi Sanaul Haq, CEO of ICB, were present at the ceremony.

Md Ehsan Khasru, managing director of Padma Bank, also spoke.

Bangladesh has huge potential in Blue Economy

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The One Belt, One Road Initiative of China is continuing for a high quality communication mode, he said.

Chinese companies are optimistic about increased business cooperation between the two nations in the next decade, the Dhaka chamber quoted Zuo as saying in a statement.

China is one of the largest partners of mega infrastructure projects in Bangladesh, he said.

Around 200 large Chinese companies and 200 Chinese SMEs are in operation in Bangladesh, he said.

China is now the largest trading partner of Bangladesh, Taseer said.

Bangladesh by and large exports frozen and live fish, leather and leather goods, vegetable, textile fibres, paper yarn and woven fabrics, articles of apparel and clothing, electrical machinery and equipment and furniture to China, he said.

The bilateral trade between China and Bangladesh in 2017-18 was \$12.40 billion. According to the economists, this bilateral trade volume may reach to \$18 billion by 2021, he said.

Bangladesh's "Look East" policy is essentially designed to open up new avenues of cooperation with China and the Asean region, he said.

Taseer also stressed on the need for Chinese foreign direct investment in diversification of garment items and transfer of allied technology.

He also demanded quick implementation of duty-free market access for Bangladesh.

The Chinese envoy also invited members of the DCCI to attend an import and export fair scheduled to be held in Shanghai in November.

DCCI Senior Vice President Waqar Ahmad Choudhury and Vice President Imran Ahmed were also present.

Brazil airport auction tests investor confidence in Bolsonaro

AFP, Rio De Janeiro

Spain's Aena snapped up six airports in Brazil on Friday, in an auction seen as the first major test of foreign investor confidence in President Jair Bolsonaro's market-friendly agenda.

The initial sale of concessions to 12 airports generated 2.3 billion reais (\$620 million) -- more than 10 times the minimum fee required -- which infrastructure minister Tarcisio Freitas hailed as "a great demonstration of confidence in the country."

Rights to operate the airports for 30 years -- which were sold in three separate lots -- were also won by Flughafen Zurich of Switzerland and a Brazilian consortium, Aeroeste. A total of nine groups competed.

The administrators must invest a total of 3.5 billion reais during the term of the concession.

Brazil is to complete the sale of concessions to 42 airports between 2020 and 2022, including Santos Dumont in Rio de Janeiro and Congonhas in Sao Paulo. The airports auctioned Friday represent 9.5 percent of the domestic market.

Six airports in northeastern Brazil were bought by Aena, two in the center-west went to Zurich, and four in the south-east to Aeroeste.

Fed to raise interest rates once more in third quarter, then done

REUTERS, Bengaluru

The US Federal Reserve will remain patient for a little longer than thought just last month, waiting until the third quarter before raising rates once more, and then stay on the sidelines, a Reuters poll of economists showed.

That comes on the heels of a similar Reuters survey which concluded there is a significant risk the European Central Bank goes into the next economic downturn without having raised interest rates at all.

The latest poll of over 100 economists taken March 11-14 also lines up with recent remarks from Fed Chair Jerome Powell, who said the central bank does "not feel any hurry" to change rates again.

But with growth due to slow over the next three years and the Fed's preferred measure of inflation not expected to show any significant pick up, an increasing number of economists have turned dovish on the US interest rate outlook.

"The Fed is...not in a hurry to raise its target rate again anytime soon," noted Harm Bandholz, chief US economist at Unicredit. "Accordingly, we have taken the possibility of a June hike off the table. While the Fed may be eyeing a later rise, we continue to expect that the window of opportunity will close in the second half of the year."



REUTERS/FILE

A security guard patrols the Federal Reserve building in Washington.

expect the Fed to keep rates unchanged at its March 19-20 meeting, 55 percent of them said it will have hiked at least once by end-September, when the median suggests it will be 25 basis points higher at 2.50-2.75 percent. Just last month, the consensus predicted a hike in the second quarter.

The latest poll also showed an increasing

number of economists predicting no further rate hikes. Financial markets have also priced out further rate rises.

"We no longer expect any rate hike this year...(and) we doubt that the economic data will be strong enough to build a case for a re-start of the hiking cycle," said Philip Marey, senior US strategist at Rabobank.

Over one-quarter of respondents who provided forecasts going all the way out to end-2020 predicted the Fed would have cut rates at least once by then, including two who forecast that to happen as soon as the third quarter of this year.

US gross domestic product (GDP) is forecast to expand at an annualized rate of 1.6 percent this quarter, down from the 2.6 percent in the previous quarter and a cut from 1.9 percent predicted last month.

GDP growth is then forecast in a 2.0-2.5 percent range throughout 2019, slowing to 1.8 percent by mid-2020, according to the consensus.

But the median probability of a US recession in the next 12 months held stable compared with February at 25 percent, with the chances of a recession in the next two years steady at 40 percent.

"The Fed is normally one of the major factors in recession (and so) we just think they will be very careful here," said Ethan Harris, head of global economics at Bank of America Merrill Lynch.

"We don't have factors that have been associated with every modern recession in the US," he said. "It has to be something big, like a major escalation in the trade war causing a freezing up of business investment, a big sell-off in the equity market. That would probably be enough to create a recession."

Global sportswear market to reach \$36b by 2024

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"I have received a lot of work orders for sportswear garment items recently, but I do not have the fabrics. So, I have to import the fabrics from China," said Hatem, also a former vice-president of the Bangladesh Knitwear Manufacturers and Exporters Association.

Of his total \$15 million-worth exports per year, at least 3 percent comes from sportswear sales, Hatem said, adding that his sportswear items were mainly sent to buyers who supply jerseys to supporters of different European clubs.

"We need technical know-how and skilled people to grab more of the sportswear market worldwide. We have machines and markets. Now, we need special attention in this particular area."

Act like an eel to combat influence

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Government officials once had the independence to take any decision but the situation has changed for the worse, said AB Mirza Azizul Islam, a former caretaker government advisor.

To make the country prosperous, government officials should be empowered to take decisions.

"The political leaders should have the faith that the officials would not do anything against peoples' best interests," he added.

Mashiur Rahman, prime minister's economic affairs adviser; M Syeduzzaman, former finance minister; Akbar Ali Khan and Wahiduddin Mahmud, both former advisers to a caretaker government; M Serajul Islam, a former diplomat; and Dewan Hanif Mahmud, editor of Bonik Barta, also spoke.