

Mercantile Bank to honour 5 national contributors

STAR BUSINESS REPORT

Mercantile Bank will honour four eminent persons and an institute today for their outstanding contribution to the country through their respective fields.

The presentation of the "Mercantile Bank Sommanona-2019" at InterContinental Dhaka in the capital will mark the bank's 20th anniversary.

Fazle Kabir, governor of Bangladesh Bank, will attend as chief guest.

The bank will also present the MBL Young Bankers' Appreciation Award to five talented officials of different lenders as part of its efforts to identify and recognise skilled young bankers.

AKM Shaheed Reza, chairman of the private bank, disclosed names of the awardees at a press conference at its head office in the capital yesterday.

They are Tofael Ahmed (education), Shahabuddin Ahmed (research on Liberation War and freedom fighters), Bangladesh Fisheries Research Institute,



AKM Shaheed Reza, chairman of Mercantile Bank, speaks at a press conference at its head office in Dhaka yesterday.

Mymensingh (economics), Abul Kashem of Abul Khair Group (commerce and industry) and Mosharrif Hossain Khan (sports).

Each awardee will receive Tk 3 lakh, a gold medal and a crest.

The bank awardees are Uzzwal Kumar Singha of IFIC Bank, Sirajul Islam of AB Bank, AKM

Hossainuzzaman of Mercantile Bank, Tawhid Khan Majlish of Mutual Trust Bank and Mohammad Arafat Hossain of Bank Asia.

Each will be honoured with Tk 2 lakh, a crest and a certificate.

Md Quamrul Islam Chowdhury, managing director of Mercantile Bank, presided over the press

conference.

Mercantile Bank Vice Chairman ASM Feroz Alam, Chairman of the Executive Committee Akram Hossain (Humayun), Mercantile Bank Foundation Chairman M Amanullah and Mercantile Bank Securities Chairman Mohd Selim also attended the event.

China prepared for long trade fight with US

REUTERS, Shanghai

The United States has underestimated the Chinese people's will to fight a trade war and Beijing is prepared for a long economic battle, an influential Chinese Communist Party journal said on Sunday.

China will not give way on major principles in its negotiations with the United States on ending the dispute, the commentary in the ideological journal Qiushi, or Seeking Truth, said.

The editorial represented "a further mobilisation of Chinese society" in the struggle against US trade pressure, wrote Hu Xijin, editor-in-chief of the state-run Global Times newspaper, in a tweet.

"China will not be afraid of any threats or pressure the United States is making that may escalate economic and trade frictions. China has no choice, nor escape route, and will just have to fight it out till the end," the commentary said.

"No one, no force should underestimate and belittle the steel will of the Chinese people and its strength and tenacity to fight a war." The United States kicked off a tariff battle with China in 2018, seeking sweeping structural changes from Beijing and alleging that the Chinese have engaged in intellectual property theft over many years, which China denies.

But tensions rose sharply in May after the Trump administration accused China of renegeing on promises it had made

during months of talks.

The commentary also accused the United States of trying to hamper Chinese technological innovation.

"We must keep the initiative of innovation and development firmly in our hands, increase investment and research in key, core technology areas, pool together more high-value talents, enhance innovation and get rid of the core technology plight," it said.

US President Donald Trump's economic advisor, Larry Kudlow, said on Thursday the economic burden of a trade war would shift to China.

Qiushi said US consumers and businesses had reaped huge benefits from trade with China and warned that trade frictions would inevitably have a serious negative impact on the US economy.

"In an era of economic globalisation, trade protectionism is poison, not panacea," the article said, adding that higher tariffs would increase manufacturing costs for US businesses and push up US consumer inflation.

"As a result of the trade frictions, only a very few Americans will benefit, but the majority of Americans will suffer."

The US Trade Representative's Office on Monday will kick off seven days of testimony from US retailers, manufacturers and other businesses about Trump's plan to hit another \$300 billion worth of Chinese goods with tariffs.

Saudi seeks oil supply protection as US and Iran face off

REUTERS, Dubai

Saudi Arabia called for swift action to secure Gulf energy supplies and joined the United States in blaming Iran for attacks on two oil tankers in a vital shipping route that have raised fears of broader confrontation in the region.

Thursday's tanker attacks in the Gulf of Oman exacerbated the antagonistic fallout from similar blasts in May that crippled four vessels. Washington, already embroiled in a standoff with Iran over its nuclear program, has blamed Tehran and Saudi Arabia's crown prince also accused Iran on Saturday.

Iran has denied any role in the strikes on the tankers south of the Strait of Hormuz, a major transit route for oil from Saudi Arabia, the world's

biggest crude exporter, and other Gulf producers.

Saudi Energy Minister Khalid al-Falih said there must be "a rapid and decisive response to the threat" to energy supplies, market stability and consumer confidence, his ministry said on Twitter.

Saudi Crown Prince Mohammed bin Salman, in an interview with Saudi-owned newspaper Asharq Al-Awsat, blamed Iran and called on the international community to take a "decisive stand" against the attacks.

"The kingdom does not want a war

in the region but it will not hesitate to deal with any threats to its people, its sovereignty, or its vital interests," the crown prince said.

The US military released a video on Thursday that it said showed Iran's Revolutionary Guards were behind the explosions that damaged the Norwegian-owned Front Altair and the Japanese-owned Kokuka Courageous.

"Iran did it and you know they did it because you saw the boat," US President Donald Trump told Fox News on Friday.

The United States has tightened sanctions on Iran since Washington withdrew from a 2015 nuclear pact between Tehran and global powers last year. Washington's stated aim is to drive Iranian oil exports, the mainstay of its economy, to zero.

committed to ensuring stability of global oil markets.

Japanese Industry Minister Hiroshige Seko said ministers agreed on the need to "work together to deal with the recent incidents from (an) energy security point of view."

Trump, who pulled the United States out of the nuclear deal under which world powers agreed to ease international sanctions on Iran in return for curbs on Tehran's nuclear work, said any move to close the Strait of Hormuz would not last long.

He also said he was open to holding talks with Iran, although Tehran said it had no plans to negotiate with the United States unless it reversed a decision on the nuclear deal.

Tehran and Washington have both said they have no interest in a war. But this has done little to assuage concerns that the arch foes could stumble into conflict.

A US official told Reuters a surface-to-air missile was fired from Iranian territory on Thursday morning at a US drone that was near Front Altair following the attack on the tanker. The missile did not hit the drone, the official said.

Acting US Defense Secretary Patrick Shanahan said the United States was "planning various contingencies" when asked if more military forces would be sent to the area, but added that the focus was on building an international consensus.

"We also need to broaden our support for this international situation," he told reporters on Friday.

As well as blaming Iran for the tanker attacks, Washington has said Tehran was behind May 14 drone strikes on two Saudi oil-pumping stations. Tehran has denied all those charges.

Britain has backed the United States in blaming Iran for the tanker attacks. On Saturday, Iran summoned the British ambassador to complain about its "unacceptable stance," ISNA news agency reported.

Other nations have urged caution. Germany said the video released by the US military was not enough to prove Iran's role, while U.N. Secretary-General Antonio Guterres called for an independent investigation to determine responsibility.

China and the European Union called for restraint.



Dipu Moni, education minister; Benoit Préfontaine, Canadian high commissioner to Bangladesh, and Tuomo Poutiainen, country director of ILO Bangladesh, attend a closing ceremony of the Bangladesh Skills for Employment and Productivity project at Bangabandhu International Conference Center in Dhaka yesterday.



An oil tanker is seen after it was attacked at the Gulf of Oman, in waters between Gulf Arab states and Iran on June 13.

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Tax hike to affect digital business

FROM PAGE B1

Kabir said the internet-based industry would face a disaster if the proposal to increase supplementary duty on smartphone import from 10 to 25 percent gets go-ahead.

"This decision will increase the cost of handsets by at least 20 percent," he said.

"It is true that some five companies have started assembling handsets in the country but they can hardly meet 30 percent of the demand for which the rest 70 percent is met through imports," Kabir added.

He said in order to take the digitalisation movement forward, the government should sit with all the policymakers to present a long-term tax policy that would enable investment sans confusion.

"Surprise tax always confuses businesspeople," he said.

The BASIS president also demanded expanding the definition of information technology enabled services to bring in more companies under its purview, thereby revenue collection through the 5 percent VAT imposed on their services.

Bangladesh Computer Samity President Shahid-Ul-Munir spoke against a 5 percent advance income tax and increasing VAT on sale of imported computer and related hardware up to 7.5 percent from 5 percent.

The bodies, however, welcomed the Tk 100 crore fund allocation for start-ups and reduction of VAT on digital marketing. They requested creating another fund to help the outsourcing industry grow. The BACCO secretary general also spoke on the occasion.

US Fed leans toward a cut; don't expect one this week

AFP, Washington

As President Donald Trump's trade wars drag on, and the global economy weakens, the US Federal Reserve is inching closer to its first interest rate cut in more than a decade.

But investors hoping to see the benchmark lending rate begin to drop this week are almost certain to be disappointed.

After preaching patience and leaving rates untouched since December, financial markets will be watching closely for a change of tone from the central bank and its chairman, Jerome Powell, and a sign the Fed is ready to step in to boost the economy.

Policymakers will hold two days of deliberations starting Tuesday, and for now are expected to keep the key interest rate in a range of 2.25-2.5 percent.

The Fed raised rates nine times in the last three years as the economy recovered and put millions of Americans back to work, and officials repeatedly said they expected the growth to continue.

But Trump's aggressive tariff policies have shaken confidence, and some central bankers have begun to acknowledge a chill in the air.

The consensus is that the Fed is poised to switch directions and begin cutting rates. The only question is when.

James Bullard, president of the Fed's St Louis regional branch, was the first to make the move, saying early this month that a rate cut could be needed "soon."

Bourses praise budget, indices fall though

FROM PAGE B1

"The government should offer the opportunity to invest black money into the stock market to revive the market. Black money can particularly be allowed to be invested in bonds," said Rahman of the DSE.

"It may be a good incentive for the market if the black money is allowed," Md Ghulam Faruque, acting managing director of the CSE.

The DSEX has lost more than 500 points in the last six months while the CSCX gave up 934 points.

Majedur also called for removing the stamp duty on bond issuance and widening the corporate tax gap between listed and non-listed companies.

Raising private investment to be tricky: analysts

FROM PAGE B1

The government needs to accelerate the pace of regulatory reforms, improve the implementation of high priority projects in infrastructure and energy and invest in education and health, Hussain said.

"It also needs to act decisively to restore discipline in the financial sector."

Reduction of corporate tax rates and simplification of the tax structure are also needed to make Bangladesh a more attractive location for both domestic and foreign investors, Hussain added.

Kazi M Aminul Islam, executive chairman of the Bangladesh Investment Development Authority, emphasised massive policy reforms to create a business-friendly environment for boosting private investment.

He also stressed the need for improving ease of doing business in cooperation with concerned ministries to continue with the growth momentum and achieve the target of becoming a middle income and high-income country within the stipulated timeframe.

Kazi Akram Uddin Ahmed, former president of the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), blamed the liquidity crisis in the banking sector for the stagnant private investment scenario despite the government's positive intents.

To scale up private investment Ahmed suggested providing incentives for fresh investment.

"There are some constraints due to which we are not getting the expected result with private investment," said Abdul Matlub Ahmad, former president of the FBCCI.

The absence of ease of doing business, cost of financing and lack of quality power supply are the major reasons for the slow growth in private investment.

However, he is optimistic about the government removing many bottlenecks next fiscal year.

He too called for bringing discipline to the banking sector as well as cutting down on the mounting default loans for boosting investment.



Mohammodi Khanam, CEO of Prime Insurance Company, receives a "Women in Insurance Leadership" award at a "2nd Emerging Asia Insurance Conclave and Awards 2019" in Bangkok recently.

Garment exporters not happy with budget proposals

FROM PAGE B1

The move would require an additional Tk 12,419 crore. "We demand both 3 percent cash incentive and devaluation of the local currency against the USD," Huq said. The BGMEA chief, however, lauded the government's proposal of full VAT waiver on the use of natural gas, electricity bill and water in the garment sector.

She also demanded the corporate tax rate be brought down to 10 percent from the existing 12 percent for the garment sector.

The government should also waive duty on the import of the eight kinds of fire safety equipment used for enhancing workplace safety and not just fire.

The single digit interest rate against the bank loan is not being followed by many banks although the government assured there would be.

"We want single digit bank interest rate for the garment sector."

Huq also suggested bringing the country's garment workers under the government's social safety net programme.

"These hard working workers are contributing a lot to the industry and the economy. We are expecting that the wrong perception about Bangladesh's garment sector worldwide will change."

If the government stands beside the garment sector, the exporters will be able to grab more new markets with value-added items, she added.