The Baily Star



#### Prime Bank gets new DMD

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Faisal Rahman has recently been appointed deputy managing director and chief business officer of Prime Bank.

He will lead the bank's corporate and institutional banking division, the bank said in a statement yesterday.

Prior to the appointment, he was the senior executive vice president and head of relationships & structured finance unit of Eastern Bank's corporate banking division.

He started his career at Credit Agricole Indosuez in 1995 and also worked at Standard Chartered Bank.

Faisal holds a BA degree in economics from East Stroudsburg University of Pennsylvania, USA.

# Once a backer of the BOJ's price target, Abe turns his back on Kuroda-nomics

Japanese Prime Minister Shinzo Abe hand-picked the country's central bank chief. But his administration is inching away from Bank of Japan Governor Haruhiko Kuroda's elusive inflation target, seeking to deflect criticism that the signature policy has been a failure.

"bazooka" stimulus deployed in 2013 was a key pillar of the premier's pro-growth policies, which became known as "Abenomics." The plan consists of "three arrows ": bold monetary easing, flexible fiscal spending and structural reforms to boost Japan's growth potential. Back in 2013, Abe praised Kuroda's

pledge to hit 2 percent inflation in two years and argued that the only way to eradicate deflation was to have the BOJ print money more aggressively. The policy of radical easing helped revive the economy and reduce the jobless rate. But inflation hasn't come close to the BOJ's target as companies remain wary of raising wages, leaving households cautious of boosting spending.

Abe is now distancing himself from the inflation target. Instead, he emphasizes the need to spur growth and create jobs. "It's true the BOJ has yet to hit its 2 percent inflation target," he told parliament in June. "But the real purpose of having this target is, for example, to create jobs and achieve full employment. In that sense, I think monetary policy has achieved its purpose." Finance Minister Taro Aso went so far as to say in March that he didn't think "anyone in the general



REUTERS/FILE

Bank of Japan Governor Haruhiko Kuroda speaks in presence of Japan's Prime Minister Shinzo Abe at a lower house budget committee session at the parliament in Tokyo.

public is angry" that the inflation target hasn't been achieved.

The remarks contrasted with those by Kuroda, who has consistently said achieving the bank's price target is a priority and that the side-effects of his stimulus are manageable. Without directly pointing fingers at the government, Kuroda has also called for progress on Abe's pledge to make deep structural reforms in the economy. In the absence of deeper reforms, analysts say, the central bank has been forced

underscores growing public concerns over the diminishing returns and rising costs of prolonged monetary easing.

Even the architects of Abenomics are backtracking. Koichi Hamada, an economic adviser to the premier who helped craft Abenomics, now questions the need to achieve 2 percent inflation. "I think it can be abandoned. It

isn't absolutely crucial," Hamada told Reuters, of the BOJ's 2 percent target. "Prices don't need to rise much. From fall, not rise."

## Euro zone bond markets await Fed, ECB

Euro zone bond yields held near multi-year lows on Monday with markets waiting for direction on monetary policy from both the U.S. Federal Reserve and European Central Bank this week after inflation expectations in the euro zone plunged.

Euro zone yields rose from but remained close to last week's multi-year low, after weak data from China fanned concern about the impact of a war and expectations of central bank rate cuts. A gauge of long-term inflation expectations fell to

1.1275 percent on Monday, its lowest ever, in a sign that markets do not believe the ECB can meet its target of close to 2 percent inflation. But ECB Vice President Luis de Guindos said on Saturday

that longer-term inflation expectations had not yet become un-anchored, and that they would need to before the ECB provides any more stimulus.

Ten-year yields across the bloc were flat to one basis point higher in early trade. Germany's 10-year bund yield the benchmark for the region, was last at -0.24 percent.

Global risk appetite improved, with Hong Kong leading Asian shares higher after the territory's leader, Carrie Lam, backed down on a bill that would have allowed extradition to China.

Focus this week will be on the US Federal Reserve and the European Central Bank.

The Fed is not expected to lower rates this week but is likely to lay the groundwork for a rate cut later this year.

New economic projections that will accompany the Fed's policy statement on Wednesday will provide the most direct insight yet into how much policymakers have been influenced by the US-China trade war, Trump's insistence on lower interest rates, and recent weaker economic data.

The ECB meets in Sintra and is expected to signal its readiness to act decisively, say ING analysts.

"Our economists now see a 10 basis point deposit rate cut in the latter half of the year as likely," ING wrote in a note on Monday.



#### Metlife's senior official due today

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Rebecca Tadikonda, executive vice president and head of strategic growth markets for Asia of MetLife, is set to arrive in Bangladesh today on a three-day visit.

She oversees MetLife's businesses in the high-growth markets in Asia including Bangladesh, China, Hong Kong, India, Malaysia, Nepal, and Vietnam.

She is scheduled to meet several stakeholders, including local senior management and agency managers to help MetLife Bangladesh sustain its growth momentum.

"Bangladesh strategic important growth market for MetLife with immense business potential. With our deeply rooted presence and comprehensive understanding of the local market, we will continue to deliver best in class services and introduce digital innovative solutions."

## LafargeHolcim offers \$2m through sustainable construction contest

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LafargeHolcim will award professionals capable of showcasing sustainable construction solutions along with architectural excellence. The company announced a sixth cycle of the

international awards competition that offers \$2 million in prize money, the global construction materials and solutions provider said in a statement yesterday.

The design competition seeks projects and concepts from architecture, engineering, urban planning, materials and construction technology and related fields.

The competition closes on February 25 next year.

Independent expert juries in five geographic regions of the world evaluate submissions using the comprehensive "target issues" for sustainable construction of LafargeHolcim Foundation.

the perspective of people's livelihood, to maintain loose monetary policy for what's more desirable is for prices to longer than expected. The shift in the government's tone BIAG IFC International Finance Corporation Works Black States International Workshop on Resolving Financial Disputes through ADR:



From left, Nuzhat Anwar, acting country manager of the IFC; Mahbubur Rahman, chairman of the Bangladesh International Arbitration Centre (BIAC); Fazle Kabir, governor of Bangladesh Bank; Muhammad A (Rumee) Ali, CEO of BIAC, and Syed Mahbubur Rahman, chairman of the Association of Bankers, Bangladesh, attend an international workshop on alternative dispute resolution, at the Sonargaon hotel in Dhaka yesterday. The BIAC, the IFC and the ABB jointly organised the event.

## NBR needs overhaul: economists

"So, firstly we need to enthuse a lot of private investors to invest in the country," Islam said, while calling for improving the skills of the workers for higher productivity.

He also suggested easing the regulatory framework for attracting more FDI to Bangladesh.

"Bangladesh is very much a preferred destination for foreign investors for higher costs of production in some neighbouring countries," he added. Shehzad Munim, president of the Foreign Investors'

Chamber of Commerce & Industry (FICCI), advised the government to give at least six months to implement the proposed multiple VAT rates so that businesses can adjust their administration accordingly. Initially, the VAT rate was supposed to be a single

rate, but later multiple rates were introduced. As a result, businesses need time to adjust to the new system, he said.

Regarding corporate tax, Munim said if companies need to pay 30 percent to 40 percent tax they need to make profits at that level.

## Transport operators to face higher tax

Presumptive tax for transport sector has been on for more

than three decades, said Khondaker Enayet Ullah, secretary general of Bangladesh Road Transport Owners Association (BRTOA). And a 25 percent hike in fixed tax would affect the transport sector that has approximately 3 lakh bus, truck, minibus and other commercial vehicles. "It would not be logical to hike tax to such an extent

in one go. New entrepreneurs will not feel encouraged to invest in this sector." Despite the increase, there would be no impact on fares

of passenger for the tax hike, he said.

However, Ramesh Chandra Ghosh, chairman of Bangladesh Bus Truck Owners' Association, declined to comment on whether the fare would be increased for the higher tax. "It cannot be said without examining the notification."

The transport sector is not in a good financial health, with operators functioning by borrowing from banks at high rates of interest. "Now we are being burdened with increased tax," said

Ghosh, who is also the managing director of Shyamoli Paribahan, a major inter-district bus operator. Md Badiuzzaman Badal, senior vice-president

of Bangladesh Inland Waterways Passenger Carrier Association, said they had a meeting with the NBR highups regarding the tax hike. "We have no disagreement with the 25 percent increase,"

he said. He, however, said the imposition of 5 percent value-added tax on passenger vessels would affect budget passengers. "We were told that VAT would be imposed on AC cabin passengers," he said. As a result of 5 percent VAT fares will increase.

"From where do we get the money if we do not take the tax from passengers?"

Overall, the NBR will have to collect Tk 325,600 crore in fiscal 2019-20, Tk 113,912 crore of which should come from income tax.

### Bank cards to be costlier

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"The government will not manage large amounts of revenue by way of imposing the new duty. But, it will have adverse impact on the country's journey towards becoming a cashless society," said Shafiqul Alam, managing director of Jamuna Bank.

The new tariff may encourage consumers to go back to conventional methods, said Syed Mohammad Kamal, country manager of Mastercard Bangladesh. The country has already moved to chip-and-pin cards

and is gradually moving to contactless cards. An increase in the cost of cards will be a roadblock to

bringing in innovation to payment methods. He went on to urge the finance ministry and the

NBR to look into this matter and help digital payments grow as it will ensure greater transparency, bring innovation in payments and create more financial inclusion, he said.

#### Boeing crisis, trade tensions cast pall over air show orders might be the lowest in years," Muilenburg told reporters. own corruption probe.

Safety concerns, trade wars and growing security tensions in the Gulf are dampening spirits at the world's largest planemakers as they arrive at this week's Paris Airshow with little to celebrate despite bulging order

The aerospace industry's marquee event is a chance to take the pulse of the \$150-billion-a-year commercial aircraft industry, which many analysts believe is entering a slowdown due to global pressures from trade tensions to flagging economies, highlighted by a profit warning from Lufthansa late on Sunday.

Humbled by the grounding of its 737 MAX in the wake of two fatal crashes, US planemaker Boeing will be looking to reassure customers and suppliers about the plane's future and allay criticism of its handling of the months-long crisis.

"This is a defining moment for Boeing. It's given us pause. We are very reflective and we're going to learn," Chief Executive Dennis Muilenburg pledged on Sunday.

The grounding of the latest version of the world's most-sold jet over safety concerns has rattled suppliers and fazed rival Airbus, which is avoiding the traditional baiting of Boeing while remaining distracted by its

Aerospace executives on both sides of the Atlantic are concerned about the impact of the crisis on public confidence in air travel and the risk of a backlash that could drive a wedge between regulators and undermine the plane certification system. Airlines that rushed to buy the fuel-

following the worldwide grounding in March. Even the planned launch of a new longerrange version of the successful A320neo jet family from Airbus, the A321XLR, is

efficient MAX are taking a hit to profits

since having to cancel thousands of flights

unlikely to dispel the industry's uncertainty, analysts said. The planemaker is hoping to launch the plane with up to 200 orders with the support of at least one major US buyer such as American Airlines but faces a last-minute

scramble to win deals. "Boeing's MAX crisis isn't the most ominous dark cloud, since it can be solved, but traffic numbers are genuinely scary," said Teal Group aerospace analyst Richard Aboulafia.

"If March and April are a sign of things to come, we're looking at broader industry demand and capacity problems." "Net Aboulafia added.

Others dismiss fears of a downturn, citing the growth of the middle class in Asia and the need for airlines to buy new planes to meet environmental targets.

"The only solution that the industry has is the newest most fuel-efficient aircraft," John Plueger, Chief Executive of Air Lease Corp, told Reuters. "So that replacement cycle is going to continue." "We're talking to so many airlines who still want more aircraft, and there's really been no lessening of those discussions," he said.

launch of a possible new aircraft, the midsized NMA, to give full attention to the 737 MAX and last-minute engine trouble on the forthcoming 777X, industry sources said.

But it could unveil a number of deals favouring widebody jets where it has the upper hand against Airbus, including at least a dozen 787 aircraft for Korean Air Lines and some demand for 777 freighters. Airbus is meanwhile set to confirm an order for A330neo jets from Virgin Atlantic.

"We'll have some orders flow. We anticipate some widebody orders that you'll be hearing about through the week. But that's not our focus for the show,"

Robert Stallard of Vertical Research Partners expects roughly 800 aircraft orders at the show, but noted it can be hard to tell which are truly new, firm business or old orders, or switched models. That compares with some 959 orders and commitments at the Farnborough Airshow last year.

Some analysts pegged the likely total closer to 400.

Although slowing, a multi-year boom in airline orders is still trickling down to suppliers such as engine makers. French-American CFM International is set to Boeing is delaying decisions on the announce a record order by units for over 600 engines from India's IndiGo.

The June 17-23 show is not only about

jetliner deals, but also a magnet for many of the world's arms buyers who come to preview the latest military equipment, from anti-aircraft missiles to hotly sought cyber war-fighting capabilities.

French President Emmanuel Macron will open the show by unveiling a mockup of a proposed new fighter as France and Germany sign a deal for its development.

Industry insiders will also weigh the merits and potential fallout of United Technologies Corp's planned \$121 billion tie-up with defence contractor Raytheon Co.



UK BANGLADESH CATALYSTS OF COMMERCE AND INDUSTRY

Leaders of the UK Bangladesh Catalysts of Commerce and Industry along with its president, Bajloor Rashid, meet Industries Minister Nurul Majid Mahmud Humayun at the ministry on Sunday.

## Expos on building construction, furniture in Dhaka on Thursday

Speaking at a press briefing at the La Vinci Hotel in Dhaka yesterday, Nanda Gopal, director of ASK Trade & Exhibition, said the fair would develop a relation between suppliers and manufacturers and help the professionals to be familiar with the changing technology and develop skills.

The construction and the furniture sectors in Bangladesh are growing at 10 to 12 percent on average every year. Consumers' choice is also changing on the back of increasing disposable income, he said.

Tipu Sultan Bhuiyan, managing director of ASK Trade & Exhibitions, said Bangladesh will focus towards woodworking and furniture enabling the sector to modernise and improve productivity and quality with exposure to machinery, equipment, tools, and materials.

"Our shows focus on bringing global technology and materials at the doorsteps of local manufacturers," he added. The shows will remain open to visitors from 11am to 8pm.