US-China trade agreement takes little pressure off Fed to cut rates

REUTERS/FILE

A man rides a bike in front of the Federal Reserve building on Constitution Avenue in Washington.

REUTERS, *New York/Helsinki*

A ceasefire in the US-China trade war is doing little to relieve pressure on the Federal Reserve to stimulate the economy.

The two countries agreed on Saturday to resume trade talks after President Donald Trump offered concessions to his Chinese counterpart, Xi Jinping, when the two met at the sidelines of the Group of 20 summit in Japan. As part of their latest agreement, Washington promised no new tariffs and an easing of restrictions on Huawei Technologies Co. China agreed to make unspecified new purchases of US farm products and return to the negotiating table.

But the Fed, which signaled rate cuts could come soon due partly to uncertainty caused by the trade war, still faces a slowing global economy as well as businesses domestically putting off spending until China and the United States reach a lasting truce.

"It does appear that, in particular, the negotiations between the US and China are resuming, which is obviously a positive development," Fed Board of Governors Vice Chair Richard Clarida said on Monday at an economics conference in Helsinki, "but beyond that, ultimately, how those negotiations are resolved is certainly going to be an important factor in thinking about prospects for the global economy."

Clarida said the US economy is currently "in a good place" but that "uncertainties have increased along several dimensions." Data released on Monday by the Institute for Supply Management showed the US manufacturing sector expanded in June but at the slowest pace since October 2016.

Markets are overwhelmingly betting the Fed's next move will be its first rate cut since the global financial crisis a decade ago, and Trump has demanded easier policy to strengthen the economy and his hand at the negotiating table with Beijing.

On Monday, global stock benchmarks jumped on the weekend's trade news, with the S&P 500 .SPX opening at a record high. Still, US Treasury bonds traded well within recent ranges, pointing to investors' continued expectations that the Fed's next move will be a rate cut as soon as its July 30-31 policy meeting.

BANK ASIA

Md Arfan Ali, president and managing director of Bank Asia, opens a daylong training on "Islamic Agent Banking Operations" for the bank's 32 agents and customer service officers at the Bank Asia Institute for Training and Development in Dhaka recently. Md Sazzad Hossain, deputy managing director, was present.

Experts for giving women low-interest loans

STAR BUSINESS DESK

Experts recommended providing bank loans to women entrepreneurs at a lower interest rate with a longer grace period and without any collateral.

They also urged that the government to recognise the entrepreneurs working from home and facilitate their trade.

These suggestions came at a workshop on "Support to Women Entrepreneurs for Export Promotion" at Cirdap in Dhaka under the arrangement of World Bank-financed Bangladesh Regional Connectivity Project (BRCP)-1 being implemented by the Ministry of Commerce.

Md Shafiqul Islam, additional secretary to the ministry; Dilshad Sultan Dossani, program coordinator at World Bank Dhaka Office, and Md Ataur Rahman, director at the Department of Women Affairs, were present at the workshop.

The representatives of different chambers, women chambers and trade associations of different districts were also present at the workshop. Hemayet Uddin, project director of BRCP-1 presided over the inaugural session.

The workshop recommended a set of actions for promotion of exports by the women entrepreneurs.

A memorandum of understanding (MoU) was signed between different women chambers and the BRCP-1 to establish business support centres at women chambers' offices.

The project director of BRCP-1 and presidents of Jashore, Rangpur and Rajshahi women chambers signed the MoU on behalf of their organisations respectively.

New AMD for One Bank

Md Monzur Mofiz

STAR BUSINESS DESK

Md Monzur Mofiz has been appointed additional managing director of One Bank with effect from July 1.

Prior to the appointment, he was the deputy managing director and chief business officer of Dutch-Bangla Bank.

He also worked at Sonali Bank, AB Bank and City Bank.

He completed his BSc in civil engineering from the Bangladesh University of Engineering and Technology and obtained his MBA degree from the Institute of Business Administration at the University of Dhaka.

EMIRATES

Mohammed Mohijur Rahman, Emirates sales manager in Bangladesh, hands over two air tickets to M Khairul Alam, governor of Rotary International District 3281, Bangladesh, at Bangabandhu International Conference Centre in Dhaka recently. The tickets were auctioned off and the proceeds were donated towards setting up a mother and child care centre in Mirpur.

DSE to release Tk 6cr raised by Coppertech

STAR BUSINESS REPORT

The Dhaka Stock Exchange (DSE) yesterday decided to comply with a regulatory order to release Tk 6 crore raised by Coppertech Industries from the institutional investors through initial public offering.

The premier bourse had initially decided not to incorporate the entity as a listed company over allegations of providing false information in the financial statement.

But by that time the company had already issued 2 crore shares worth Tk 20 crore, of which Tk 6 crore was still with the DSE.

The Bangladesh Securities and Exchange Commission has ordered the premier bourse to hand over the money to the company on the grounds that the maximum period the money could stay with the DSE was almost over. The Chittagong Stock Exchange has already decided to name it as a listed company.

No VAT on import of raw materials for sanitary napkin

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More than half a dozen of local companies namely Square, ACI, Incepta, Social Marketing Company (SMC), Bashundhara and Pran make either one or both the products.

Jesmin Zaman, head of marketing of Square Toiletries, welcomed the waiver of the indirect tax.

Now, sanitary and diaper has been declared an industry, said Abdullah Al Zabed, director of tax and VAT of Square Group. "We expect the prices of our products to decline when we enjoy the benefits," he added.

But to avail the benefit, firms will have to set up machinery on the factory premises, according to a notification issued by the NBR on June 30.

A company has to invest a minimum of Tk 75 crore and must have its own testing lab. It must also have clearance from the Department of Environment.

The firms will have to ensure at least 30 percent value addition and employ at least 250 Bangladeshi nationals in the factory to enjoy the benefit.

The interested companies will also have to apply to the NBR to get the scope of importing the six materials without SD and VAT, according to the notification.

Md Quamrul Hassan, business director of consumer brands of ACI, however, said VAT should have been exempted all throughout the value chain for sanitary napkins so that end users can get the product at lower prices.

"Sanitary napkin is a necessity for women," he said.

Micro and small enterprises that make sanitary napkins using 100 percent local materials would face tough competition from the big firms though, said Mamunur Rahman, founder of Ella Pad that makes low-cost sanitary pads using garment scraps. Many small enterprises make pads using environment friendly products and market the sanitary napkins at cheaper prices, he added.

Stocks fall following gas price hike

FROM PAGE B1

Fourteen out of a total of 19 fuel and power companies tumbled. Nine textile producers' shares declined while eight gained.

Mohammad Ali Khokon, president of Bangladesh Textile Mills Association, said the latest spell of gas price hike would have a negative impact on the textile sector because it would make production costs rise.

Millers now have to spend Tk 7 for gas bills for producing every Tk 100 worth of yarn. "After the price hike of gas, the amount will increase to Tk 10," he said.

However, turnover, another important indicator of the market, surged 2.76 percent to Tk 482.71 crore yesterday.

Runner Automobiles dominated the turnover chart followed by National Polymer, United Power Generation, Bashundhara Paper Mills and Esquire Knit.

Runner Automobiles topped the gainers' list. On the other hand, SEML Growth Fund, a mutual fund, was the top loser shedding 5.56 percent. Of the traded issues, 143 gained, 174 declined and 36 remained unchanged.

The top three negative contributors to the index was Grameenphone, Square Pharmaceuticals and British American Tobacco Bangladesh.

Chittagong stocks also nosedived yesterday with the bourse's benchmark index, the CSCX, decreasing 74.39 points or 0.73 percent to stand at 10,010.21.

Losers beat gainers as 115 stocks advanced, 126 declined while 23 closed unchanged on Chittagong Stock Exchange.

Heat stress to cut productivity, jobs: ILO

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Excess heat during work is an occupational health risk; it restricts workers' physical functions and capabilities, work capacity and thus, productivity. In extreme cases it can lead to heatstroke, which can be fatal.

The report said an increase in heat stress resulting from global warming is projected to lead to global productivity losses equivalent to 80 million full-time jobs in the year 2030.

Projections based on a global temperature rise of 1.5°C by the end of this century suggest that in 2030, 2.2 percent of total working hours worldwide will be lost because of higher temperatures, a loss equivalent to 80 million full-time jobs. This is equivalent to global economic losses of $2,400 billion.

The report cautions this is a conservative estimate because it assumes that the global mean temperature rise will not exceed 1.5°C. It also assumes that work in agriculture and construction – two of the sectors worst affected by heat stress – are carried out in the shade.

The sector expected to be worst affected, globally, is agriculture. It is projected to account for 60 percent of global working hours lost due to heat stress by 2030. The construction sector will also be severely impacted with an estimated 19 percent of global working hours lost by the same date.

Other sectors especially at risk are environmental goods and services, refuse collection, emergency, repair work, transport, tourism, sports and some forms of industrial work. Bangladesh's working hour loss in agriculture, construction, manufacturing and services sector will widen between 1995 and 2030 significantly.

The report said it will be people in the poorest regions who will suffer the most significant economic losses. Lower-middle- and low-income countries are expected to suffer the worst, particularly as they have fewer resources to adapt effectively to increased heat.

The economic losses of heat stress will therefore reinforce already existing economic disadvantages, in particular the higher rates of working poverty, informal and vulnerable employment, subsistence agriculture, and a lack of social protection.

"The impact of heat stress on labour productivity is a serious consequence of climate change, which adds to other adverse impacts such as changing rain patterns, rising sea levels and loss of biodiversity," said Catherine Saget, chief of unit in the ILO's research department and one of the main authors of the report, in a statement.

"In addition to the massive economic costs of heat stress, we can expect to see more inequality between low and high income countries and worsening working conditions for the most vulnerable, as well as displacement of people."

"To adapt to this new reality appropriate measures by governments, employers and workers, focusing on protecting the most vulnerable, are urgently needed."

The report calls for greater efforts to design, finance and implement national policies to address heat stress risks and protect workers. These include adequate infrastructure and improved early warning systems for heat events, and improved implementation of international labour standards such as in the area of occupational safety and health to help design policies to tackle heat-related hazards.

Interestingly, among the ten countries most affected in the region, Cambodia, Bangladesh and Myanmar are projected to lose smaller shares of their GDP to heat stress in 2030 compared with 1995, even though temperatures are expected to rise in these countries as well.

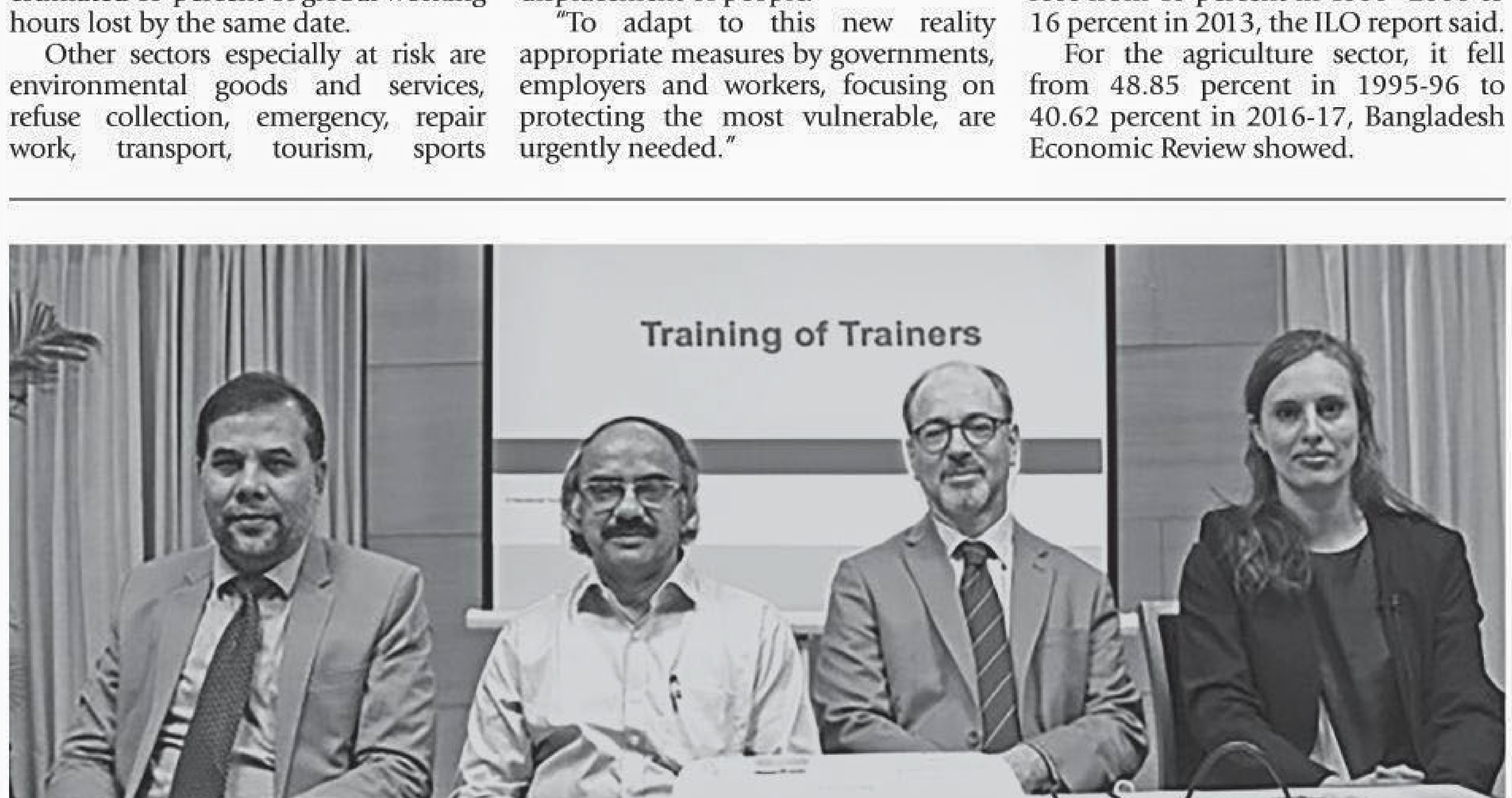
These shares will decrease from 8.6 to 6.5 percent of GDP in Cambodia, from 5.8 to 4.9 percent in Bangladesh, and from 3.6 to 3 percent in Myanmar.

This trend can be largely ascribed to the ongoing structural transformation in these countries, with a large number of workers transitioning out of agriculture into the service sector.

Workers in the service sector are less likely to be exposed to heat stress because of the lower physical effort required and also because their work is mostly carried out indoors.

In Bangladesh, the share of manufacturing in total employment rose from 10 percent in 1999–2000 to 16 percent in 2013, the ILO report said.

For the agriculture sector, it fell from 48.85 percent in 1995-96 to 40.62 percent in 2016-17, Bangladesh Economic Review showed.



CPTU

Md Ali Noor, director general of Central Procurement Technical Unit (CPTU), attends a four-day training for national trainers on public procurement at Six Seasons Hotel in Dhaka yesterday. The International Training Centre of International Labour Organisation arranged the event on behalf of the CPTU.

Australia poised to secure $110b tax cut plan

REUTERS, *Sydney*

Australia's conservative government is close to securing enough votes to pass sweeping tax cuts after independent lawmakers said on Tuesday they were poised to strike an agreement with Prime Minister Scott Morrison.

Australian Treasurer Josh Frydenberg proposed in April A$158 billion ($110 billion) in tax cuts over the next decade, primarily aimed at middle-income earners. That was on top of tax cuts of A$144 billion last year.

The plan, widely sought amid a slowing economy, needs the support of three independents and minor parties to become law after the main opposition Labor party said it would oppose the legislation in Australia's upper house Senate, where the government does not have a majority.

Senator Stirling Griff said his Centre Alliance party was close to committing the final two votes the government needs to pass the bill.

Invest in youth to exploit demographic dividend

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"I will emphasise on applied fields in the Eighth Five Year Plan to utilise the demographic benefit," he said.

Prof Alam underscored the need for research at tertiary level and urged both private and public universities to invest more in research to enhance skill.

For job creation, the private sector needs to come forward, for they account for 77 percent of the investment in the country, he said.

Farah Kabir, country director of ActionAid Bangladesh, said the government would have to play its role to make the most of the demographic dividend.

In her presentation, Sayema Haque Bidisha, research director of Sanem, focused on the fact that demographic dividend mainly depends on the quality of the working age population. "The quality of the population in turn depends on education, health and employment opportunities."

She said as the demographic dividend would come to an end by 2040, the window of opportunity for reaping the benefit was very narrow.

A worrisome aspect for Bangladesh is that the youth unemployment rate is 10.6 percent and the youth not in education, employment and training (NEET) is 29.8 percent, according to the research director.

"This means that there is a massive challenge in utilising the demographic dividend."

Bidisha said by 2030, private investment should be 30 percent of the country's gross domestic product (GDP) in order to maintain a 9 percent GDP growth rate.

Selim Raihan, executive director of Sanem, said Bangladesh would become an upper middle-income country by 2031. "And there are tough times ahead for Bangladesh. In order to achieve the goal, private investment will have to be increased significantly."

The economist also said the budgetary allocation for the health and education sectors should respectively go up to become 4 to 5 percent of the GDP by 2030.

Prof Moinul Islam, chairman of the population sciences department of the University of Dhaka, Mohammad Mohidul Islam, a joint director of Bangladesh Bank, and Nimmi Nusrat Hamid, policy research consultant of Brac, also spoke.