

# US will 'act as appropriate' to sustain economy, says Fed Chairman Powell

AFP, Zurich  
The US central bank is ready to step in to preserve the American economy's expansion amid mounting risks, Federal Reserve Chairman Jerome Powell said Friday.

While the Fed is not expecting a recession, trade frictions -- as well as slower global growth and persistently low inflation -- are among the

that the US economy has slowed in 2019, President Donald Trump has publicly berated Powell and the Fed for failing to loosen monetary policy fast enough -- something Powell said Friday policymakers tune out.

"We see the most likely case for the US and for the world too as continued moderate growth," Powell said. "We're not forecasting or expecting a recession."

policy committee, who likewise said policymakers should be "vigilant" and "act as appropriate" to bolster growth.

The economic landscape has shifted this year, as business investment weakened noticeably, manufacturing has fallen into decline and job creation has slowed.

Powell noted, however, that unemployment had remained near historic lows for about 18 months while wages were rising, fueling consumer spending.

"The consumer has been strong. The service sector has been strong," he said. "Our labor market is in quite a strong position."

Trump on Friday renewed his attacks on Powell, whom the president promoted to Fed chairman last year, denouncing both 2018's interest rate increases and the pace of cutting so far this year.

"Where did I find this guy Jerome?" Trump asked on Twitter.

But in Zurich Powell reiterated that he and his Fed colleagues ignore such comments when they set monetary policy.

Congress created the Fed to operate as an independent body.

Powell also rejected the suggestion that the Fed could seek to oppose Trump's reelection by temporarily undermining the economy.

William Dudley, a top former Fed official, caused a considerable stir last month by publicly suggesting the Fed should do just that.

"Absolutely not," Powell said. "Political factors play absolutely no role in our discussions."

He also reiterated the Fed's cautious position on Facebook's proposal to introduce a new digital currency, saying the approval process would not be a "sprint."

Given Facebook's global penetration, "it could be systematically important right away," he said.

"And because of that it would have to be held to the highest regulatory expectations."



US Federal Reserve Chairman Jerome Powell speaks during the "The Economic Outlook and Monetary Policy" panel discussion hosted by the Swiss Institute of International Studies at the University of Zurich in Zurich on September 6.

"significant risks" that policymakers are watching, Powell said during a conversation at the University of Zurich.

He added that the Fed will "continue to act as appropriate to sustain this expansion," while "trade policy uncertainty will be weighing on business investment decisions."

Powell's remarks echoed those made earlier this week by New York Fed President John Williams, the vice chair of the central bank's monetary



Prime Minister Sheikh Hasina hands over a national export trophy (gold) to Picard Bangladesh Ltd Managing Director Md Saiful Islam at Bangabandhu International Conference Center in Dhaka recently for its performance in 2016-17. The commerce ministry and the Export Promotion Bureau organised the event.

# US opens probe of 4 automakers over California emissions pact

AFP, New York

The US Department of Justice is probing California's agreement with four automakers on fuel efficiency standards, automakers said Friday, while the Trump administration called on the state to spike the mileage plan.

The developments together escalate a burgeoning conflict over environmental laws between Washington and California, the nation's biggest economy.

A July agreement between the state and the four automakers circumvented US President Donald Trump's efforts to weaken the strict fuel economy standards enacted by his predecessor Barack Obama.

The California policy requires new cars to meet a standard of 50 miles per gallon, (4.7 liters per 100 kilometers), up from the current 37 mpg, by 2026.

The move was broadly consistent with a cornerstone of Obama's climate change strategy and was initiated by the state in response to the Trump administration's efforts to reverse the Obama policy.

California has a federal waiver that permits it to enact stricter tailpipe standards, thereby limiting the types of cars that can be sold in the nation's most populous state. California is also aligned with about a dozen other states that likewise prefer stricter emissions standards.

Of the four companies involved, BMW, Ford and Honda confirmed receiving inquiries from the Department of Justice. A Volkswagen spokesman declined to comment.

The Alliance of Automobile Manufacturers, a trade group, has complained the original Obama standards were overly strict but has

warned that protracted litigation could threaten the industry, which relies on long production cycles.

The Justice Department sent letters to the four companies within the past two weeks, according to The Wall Street Journal, which first reported on the probe.

Officials are concerned the agreement with California was negotiated in the fashion of a cartel and could limit competition, The Journal said.

The Justice Department did not respond to a request for comment.

California Governor Gavin Newsom called the probe "blatant political interference," taking a swipe against Trump on Twitter.

"He can't beat China so he's acting like them -- using his bureaucracy to attack our private industries," Newsom said. "CA will not be threatened."

# Economists wary of income inequality

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As a keynote speaker, he was addressing a seminar styled "Growing income disparity in Bangladesh: which way is the solution?" organised by the BEA in the capital's Institution of Engineers, Bangladesh.

Islam said Bangladesh has achieved over 8 percent GDP growth, which was highly praiseworthy, but less than 1 percent of the population was reaping its benefit.

Even 62 percent of lawmakers in parliament have come from the business community, he noted.

He said the number of wealthy persons, or persons having \$30 million and above, grew at a rate of 17.3 percent in the past five years, the highest in the world.

Referring to the Hies 2016, Islam said the share of property of 10 percent of the poorest in the country came down to 1.01 percent of the GDP in 2016 from 2 percent in 2010. In contrast, 10 percent of the wealthiest saw their share to increase to 38.16 percent of the GDP in 2016 from 35.85 percent in 2010.

These show the continuous growth of the economic disparity, a clear indication of the wealth to be confined to a specific section of people, he said.

Mohammed Farashuddin, former governor of Bangladesh Bank, emphasised the need for regulatory frameworks to bring capitalists under control and avoid the abuse of their wealth.

He also said the increasing Gini coefficient was also a matter of concern as low-income people were being deprived from the benefits of economic development. The lack of a level playing field for all is the main driver of income inequality, Farashuddin said.

However, he said, Bangladesh achieved the highest progress in the social sector in the South Asian region.

He further said currently the United Nations did not take per capita income as a measure of a country's development, rather considered human development index as the main criteria. The former governor also stressed the need for bringing reforms in the banking sector.

KAS Murshid, director general of the Bangladesh Institute of Development Studies, said if nepotism exists in job recruitments, the inequality cannot be removed.

He said Bangladesh's attainment of food security was a success story for the world.



MA Mannan, chairman and CEO of Butterfly Manufacturing Company Limited, and Ali Reza Iftekhar, CEO of Eastern Bank Limited, attend a deal closing ceremony for a syndicated term loan at the Westin Dhaka recently. Story on B1

# Exxon agrees \$4b sale of Norway oil and gas assets

REUTERS, London/Aberdeen, Scotland

Exxon Mobil has agreed to sell its Norwegian oil and gas assets for up to \$4 billion, ending its production in a country where it started operations more than a century ago, three sources familiar with the matter told Reuters on Thursday.

US oil major Exxon said in June it was looking to sell its Norwegian upstream portfolio, which comprises minority stakes in more than 20 fields, operated by local producer Equinor and Anglo-Dutch oil major Royal Dutch Shell.

Norwegian daily Dagens Naeringsliv reported after the Reuters report that the buyer was Var Energi, citing anonymous sources. The deal was due to be announced at the end of September, it added.

An Exxon spokeswoman said: "As a matter of practice, we don't comment on commercial discussions."

Var declined to comment.

Shares in Exxon, the world's biggest publicly traded oil company, rose 1.7% to a session high in New York after Reuters reported a sale had been agreed. The Irving, Texas-based company has held talks in recent weeks with a number of interested parties including Oslo-listed companies Equinor, Aker BP, and DNO, Stockholm-listed Lundin Petroleum as well as Var Energi, backed by Italy's Eni, and private equity firm HitecVision, industry sources said.

Equinor, Lundin and DNO were not immediately available to comment. The three sources told Reuters that Exxon had closed the sale process in recent days with one buyer after

agreeing on the terms of a sale.

Exxon hired investment bank Jefferies to run the sale process, banking sources told Reuters last month.

Jefferies declined to comment. In 2017, Exxon's net production from fields off Norway was around 170,000 barrels of oil equivalent per day, according to its website.

The sale, if approved by regulators and completed, comes after Exxon focused in recent years on growing its onshore US shale production, particularly in the Permian basin, as well as developing huge oil discoveries in Guyana.

# Beef up local govt to boost service delivery

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Presenting a study on "whether democratic local governance facilitates local economic development", Monzur Hossain, senior research fellow of the Bangladesh Institute of Development Studies, said only administrative governance is not enough for local economic development.

Training of elected union parishad officials for capacity building is crucial to ensure better services to citizens in rural areas, he said.

Local service delivery is very important, the planning minister said at the opening session.

He said public services were limited to urban areas in colonial days and things like clean water, basic education, better sanitation and better road infrastructure in rural areas did not exist at that time. He said the government has given attention to ensure better delivery of local services by developing rural roads, ensuring primary healthcare, education and rural electrification.

"We take pride that we have been able to take power to every rural home," he said, adding that 95 percent plus people now have access to electricity. "That is a miracle."

Mannan said literacy rate is about 75 percent and the government now provides "fairly minimum level of healthcare" through community clinics. "About 30 types of medicines we are providing free and there are two to four paramedics in every village."

He said this has been possible because of the strong leadership and a decade of continuous and stable government, parliament and bureaucracy.

"We are doing better than others," said Mannan. He said the government is carrying out reforms nationally to ensure inclusive economic development.



Robert Chatterton Dickson, British high commissioner to Bangladesh, poses during a visit to home textile manufacturer Momtex Expo Ltd in Narsingdi.

# Non-bank entities can soon set up ATMs

FROM PAGE B1  
In Bangladesh, banks usually set up ATMs and POS terminals based on the number of customers in a given area, said an official of a private bank.

"Most private banks do not have adequate number of branches in rural areas, let alone bother to take ATMs and POSs there."

Besides, banks have to spend Tk 5-7 lakh to install an ATM and count a minimum of Tk 60,000 per month to maintain it, he said.