



Nirupam Sen, business head for east region at British Standards Institution, India, hands over an ISO 27001:2013 certificate for compliance to information security management systems to A Rouf Chowdhury, chairman of Bank Asia, at Bank Asia Tower in Dhaka on January 6. Bank Asia directors Rumea A Hossain, Enam Chowdhury and Romana Rouf Chowdhury, President and Managing Director Md Arfan Ali and PwC Bangladesh Managing Partner Mamun Rashid were present.

India’s big build hinges on credibility revamp

UNA GALANI for Reuters

The biggest thing Indian infrastructure has built up is a reputation for unmanageable risk that is hard to model. With so much bad debt run up by past projects, it will be tough to persuade the private sector to contribute more than a fifth of

the \$1.4 trillion the government wants invested over five years on power, roads, rail and more. Details of the plan were outlined on New Year’s Eve by Finance Minister Nirmala Sitharaman. The sum involved – with central and state governments each kicking in 39 percent of the total – represents roughly half the country’s

gross domestic product. On an annualised basis, it’s twice as much infrastructure spending during the last full financial year to March. It will be a welcome stimulus for a flagging economy. Yet tycoons that funded the last big push around 2008, when growth was booming and supply shortages in energy and other areas were expected, are in no hurry to jump in again. Licences for everything from coal to gas were cancelled and land approvals did not materialise. That led to delays, cost overruns and bankruptcy proceedings for companies such as Bhushan Power and Essar Steel, since acquired by larger rival ArcelorMittal.

The crisis is a major reason why banks are struggling with \$200 billion of soured loans. It underscores the need for a mechanism to clear and approve projects before they are awarded. Insurance against regulatory flip-flops also may be necessary. Finally, the creation of more dedicated infrastructure lenders, financed with deposits from commercial banks and other long-term sources, would keep state banks from funding long-term projects with flighty deposits.

India has had some recent successes attracting foreign interest. Zurich Airport International, for example won a bid late last year for a large new airport near the capital. Even so, the bulk of the money for fresh projects has traditionally come from domestic sources. These are battered and bruised: billions of dollars of equity and debt has been wiped out. New Delhi has acknowledged the need to make changes. This big build hinges on patching up its credibility.



Workers erect scaffolding at a construction site of a metro rail station in Kolkata.

JetBlue says to go carbon neutral by July 2020

AFP, New York

The no-frills US air carrier JetBlue will go carbon neutral for all domestic flights starting the summer of this year, the company announced Monday. The company said this makes it the first major US airline to do so in a bid to reduce its contributions to global warming. The company also said it would begin using “sustainable aviation fuel” on flights from San Francisco later this year. “We reduce where we can and offset where we can’t,” JetBlue CEO Robin Hayes said in the statement. “By offsetting all of our domestic flying, we’re preparing our business for the lower-carbon economy that aviation – and all sectors – must plan for.” Commercial aviation reportedly accounts for about two percent of all carbon emissions worldwide. The industry in 2009 pledged to cut emissions in half by 2050, but according to the International Civil Aviation Organization, fuel consumption is instead set to triple by then. Research by the Rhodium Group shows

that in the United States, greenhouse gas emissions rose in 2018 for the first time in three years, due in large part to demand for jet fuel. JetBlue says it is relying on an existing partnership with Carbonfund.org, as well as the companies EcoAct and South Pole to reach its new goal. Carbon offsets can mitigate emissions by effectively canceling out other emissions elsewhere. The air carrier says it will support such things as solar and wind-powered electricity farms, capture of gas from landfill gas and forestry, among others, to offset an additional 15 billion to 17 billion pounds (7 million to 8 million metric tons) in emissions per year. Critics have said some offset projects often fail to deliver the emissions reductions they promise, with forests marked for preservation in fact suffering deforestation while those who have purchased credits continue to pollute. According to JetBlue, the carbon offset projects it selects are independently audited and verified, and are designed to avoid double-counting and over-estimation.

Solid 2019 US auto sales underscore consumer strength

AFP, New York

US auto sales in 2019 dipped slightly from the prior year, but still demonstrated an underlying resilience as large vehicles strengthened their stranglehold over the market. Sales for 2019 came in at about 17 million, according to leading analysts Monday, below the all-time peaks of a few years ago, but good enough to show the boost from a tight labor market that offset recession and trade war worries that shadowed the economy much of the year. “It’s still a very healthy market,” said Charlie Chesbrough, senior economist at Cox Automotive, who expects a slightly cooler market in 2020. Other supporting factors included generous lending terms following Federal Reserve interest rate cuts and unusually strong sales of car fleets to businesses and government bodies, due in part to a US tax cut enacted in 2018. Cox expects 2020 sales of about 16.6 million in the US, due in part



The 2021 Toyota RAV4 Prime is on display during the AutoMobility LA event, at the 2019 Los Angeles Auto Show in US.

to reduced growth in fleet sales. But Chesbrough said trade war fears have diminished amid expectations that US President Donald Trump will not put tariffs on imported cars as he seeks reelection. Chesbrough estimated that conventional cars comprised only

around 28 percent of the market, with the rest coming from larger vehicles such as pickup trucks and crossovers. On Monday, Ford reported a slight dip in fourth-quarter sales and an annual drop of 3.0 percent to 2.4 million. Ford was the last of the auto giants to report auto sales. Fiat Chrysler and General Motors both disclosed declines in 2019 US auto sales on Friday, the latter revealing lingering effects from a bruising 40-day strike that has dented its vehicle inventory. Ford’s results were emblematic of the larger shift in the US market, with a 9.1 percent jump in truck sales helping to offset a 28.2 percent slide in car sales as the company has moved to phase out models such as the Fiesta and Focus. Ford currently has no all-electric vehicles on the market after halting production an all-electric model of the Ford Focus that had a range of 115 miles before requiring a recharge. But Ford in November unveiled an all-electric an sport utility vehicle, the Mustang Mach-E, which has a targeted range of at least 300 miles per charge and will, in a special performance version, have capacity to zip up to 60 miles an hour in under four seconds. The Mach-E will be available in late 2020 and is part of a strategy to beef up Ford’s fleet of electric and hybrid cars.

Safe-haven currencies pull back as geopolitical tensions ease

REUTERS, London

The Japanese yen and Swiss franc pulled back from recent highs on Tuesday as investors became less anxious about the chances of an all-out conflict between the United States and Iran. The yen fell from a three-month high versus the dollar, although sentiment remains fragile due to continued worries about armed conflict between the US and Iran. A drone strike in Baghdad on Friday ordered by US President Donald Trump killed Iranian military commander Qassem Soleimani, widely seen as Iran’s second most powerful figure behind Supreme

The US currency, the world’s most liquid, is often bought in times of market flux, but its performance has been mixed in recent sessions – slightly better-than-expected euro zone business survey data on Monday supported the euro. Against a basket of currencies the dollar index firmed 0.1 percent to 96.772. “Sentiment clearly favors risk-off trades, but dollar/yen is not falling much because Japanese importers are buying,” said Yukio Ishizuki, strategist at Daiwa Securities in Tokyo. “Excluding this real demand, the dollar is weak against other currencies. This reflects the situation in the Mid-East, but we need to see what happens next.”



REUTERS/FILE

A waitress presents a plate with various Swiss Franc coins and notes in this picture illustration in a restaurant in Zurich, Switzerland.

Leader Ayatollah Ali Khamenei. The Swiss franc, another go-to currency when investors are nervous, fell from four-month highs against the euro and dropped versus the dollar. Equity markets, which weakened heavily on Monday, rebounded in early trading. “Since no further bad news from the Middle East followed, markets have calmed down somewhat and panic moves like in the USD or the JPY have been corrected,” Commerzbank analysts said. The yen was last at 108.33 yen per dollar, some way from its high on Monday of 107.77. The Swiss franc weakened 0.2 percent versus the dollar to \$0.9696 and stood at 1.0839 francs per euro, unchanged on the day. The dollar, which fell on Monday, rose 0.2 percent against the euro to \$1.1176.

Aside from geopolitical tensions, the focus for currencies in European hours is December euro zone flash inflation data, due at 1000 GMT. US trade balance data, factory orders, and numbers from the services sector are also due later. Elsewhere, sterling slipped 0.2 percent to \$1.3144 ahead of the UK parliament returning following the Christmas recess. The onshore yuan rose to a five-month high of 6.9522 per dollar in another sign that traders are ready to put aside concerns about a more significant confrontation between Tehran and Washington. The offshore yuan gained 0.4 percent to 6.9393 yuan per dollar, its highest since Dec. 13. The US and China are expected to sign a preliminary deal on Jan. 15 to de-escalate a prolonged trade war.



ACI SEED

Swapan Bhattacharjee, state minister for local government, rural development and co-operatives, hands over a crest to Subrata Ranjan Das, executive director of ACI Motors, at National Vegetable Fair 2020 organised by the Department of Agricultural Extension at Krishibid Institution Bangladesh in Dhaka recently. ACI Seed got the first prize in subsidiary techniques in cultivating vegetables.

Euro zone inflation picks in Dec

REUTERS, Brussels/Frankfurt

Euro zone inflation jumped as expected last month, offering some temporary relief for European Central Bank policymakers before price growth is expected to dip again. Eurostat said on Tuesday that inflation in the 19 countries sharing the euro currency rose to 1.3 percent as expected in December from 1.0 percent a month earlier as energy prices rebounded and the cost of food products rose. With inflation running well below its target of nearly 2 percent, the ECB has been providing unprecedented stimulus for years and weak economic growth has increased the risk that even more central bank help will be needed before price pressures build. Prices excluding food and energy costs, an underlying gauge closely watched by the ECB’s policymakers, held steady at 1.4 percent last month while an even narrower gauge, which excludes alcohol and tobacco prices,

was unchanged at 1.3 percent. Adding to the relatively positive data, Eurostat said that retail trade, an indicator of household demand, was much stronger than expected in November, rebounding from two consecutive monthly falls to a 1.0 percent monthly rise. The relief for the ECB may be short lived, however, as leading indicators point to weak growth ahead with no significant rebound in sight, particularly for Germany’s vast industrial sector.



REUTERS/FILE

A woman looks at fruits and vegetables at a market stall in Madrid.