

# Trump promises farmers that China trade deal will be good for them

REUTERS, Austin, Texas

President Donald Trump sought on Sunday to assure American farmers and ranchers hit by a protracted tariff war with China that a trade agreement he signed with Beijing will lead to major purchases of US agricultural products.

Trump's remarks in Texas, a state he won in 2016 and will need again in November's election, had all the hallmarks of a political

stump speech, with a slam at Democrats trying to remove him through impeachment and a wish he could wear a cowboy hat in Washington.

He began his remarks to the annual American Farm Bureau Federation convention in Austin by waving a copy of a Farm Journal poll that said he had wide support among farmers and ranchers.

Trump said the initial trade deal he signed with China last Wednesday would be a boon for farmers, whom he thanked for sticking

with him after he twice had to allocate multibillion-dollar bailouts for producers targeted by Chinese tariffs.

"You stayed in the fight," said Trump. "You were always with me. You never even thought of giving up and we got it done."

His Senate impeachment trial is set to begin in earnest on Tuesday.

"By these radical-left lunatics I get impeached. But that's OK, the farmers are sticking with Trump," he said.

The Phase 1 trade deal with China was meant to reduce tensions after 18 months of a tit-for-tat tariff war between the world's two largest economies that has hit global growth.

It included a pledge by China to purchase at least an additional \$12.5 billion worth of agricultural goods in 2020 and at least \$19.5 billion over the 2017 level of \$24 billion in 2021.

Analysts have said a number of issues remain unresolved. The Phase 1 agreement will leave in place 25 percent tariffs on \$250 billion of Chinese industrial goods and components used by US manufacturers, and China's retaliatory tariffs on over \$100 billion in US goods.

Trump told the farmers he would vigorously enforce the trade deal to make sure China holds up its side of the agreement.

"I think it's going to work out and I think China is going all out to prove that the agreement that we signed is a good agreement," he said.

Trump also reminded the farmers that he had gained passage by Congress of a new trade deal among the United States, Mexico and Canada that will replace the 1994 North American Free Trade Agreement. He said he would sign the deal soon, probably in a White House ceremony.



US President Donald Trump gestures to the audience at the American Farm Bureau Federation's Annual Convention and Trade Show in Austin, US on January 19.

## Majority say BOJ's negative rate policy has not boosted economy, prices: poll

REUTERS, Tokyo

The Bank of Japan's negative interest rate policy has had little positive impact on the economy and prices, over half of economists surveyed by Reuters said.

The views underline the mounting challenges facing the central bank in trying to fire up inflation to its 2 percent target, as years of ultra-loose monetary policy and near-zero rates have had only modest success at the cost of eroding financial institutions' margins.

That explains why a majority of the polled economists expect the next move by the BOJ would be to taper its massive stimulus, possibly sometime next year.

It also suggests criticism over the controversial policy is spreading beyond Europe, where countries such as Switzerland are under increasing pressure to adjust its ultra-loose policy to address the demerits of negative rates.

Among the 41 economists polled by Reuters Jan. 6-17, 24 said the BOJ's negative rate policy did not help the economy and prices, while 17 said they did.

"Negative rates may have had some positive effects on financial and property markets. But the side-effects,

such as the hit to banks' earnings, have also been big," said Mitsumaru Kumagai, chief economist at Daiwa Institute of Research.

"As a whole, we don't think there has been much positive effect" on Japan's economy and prices, he said.

The poll also showed 28 of 42 economists, or 67 percent, expect the BOJ's next step to be a withdrawal of stimulus, up from 61 percent in the December poll. Those who predicted such action said it would happen sometime next year or later, the poll showed.

The ratio of those who predict the BOJ's next move to be an expansion of stimulus stood at 33 percent, down from the previous month's 39 percent.

"We don't expect the BOJ to ease further in the near term," said Arata Oto, market economist at Societe Generale Securities Japan.

"The BOJ is expected to maintain its scenario projecting a pick-up in global growth, while sticking to its easy-policy bias to help the economy build momentum to hit its 2 percent inflation target," he said.

That view was backed by a Reuters poll predicting that the BOJ will keep monetary policy steady and nudge up its economic growth forecast at a two-day rate review ending on Tuesday.

Analysts polled expect core consumer inflation, which includes oil products but not fresh foods, to hit 0.6 percent in the current fiscal year ending in March and 0.5 percent the following year.

They also expect Japan's economy to have shrunk an annualised 3.6 percent in the October-December quarter due to the hit from October's sales tax hike, and rebound by a modest 0.8 percent in the current quarter.

Japan's economy will likely expand 0.5 percent in the fiscal year beginning in April and 0.8 percent the following year, thanks in part to an expected boost from the government's \$122 billion fiscal stimulus package, the poll showed.

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## Decade of Grameenphone's rise and Banglalink's decline

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A company's pricing strategy is highly influenced by its financial strength and market power, he said, adding that the regulator has effectively managed the competition in voice market but unfortunately data market remains unregulated.

As a result, the market is experiencing competitive distortion in terms of direct subsidy on customer acquisition and cross subsidisation of data service by earnings from voice, which is ultimately leading to predatory pricing, he said in a statement.

Market competition has been distorted to such a level that smaller operators risk extinction, Alam said, adding: "The only way to address this fundamental problem is to ensure immediate enforcement of competition regulations."

## Private banks must get 50pc deposits

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Finance Minister AHM Mustafa Kamal placed the bill titled "Deposition of Surplus Money of Self-Governed Agencies including Autonomous, Semi-Autonomous and Statutory Government Authorities and Public Non-Financial Corporations to the National Exchequer Bill 2020".

The surplus funds will be deposited to the national exchequer after keeping aside: their operational costs, additional 25 per cent of the operational costs as emergency funds, money for general provident funds and pension, according to the bill.

The respective organisation can estimate its operational cost.

The agencies have been included in the bill and they will have to deposit the funds to the national exchequer within three months of completion of a fiscal year.

Improving US-China trade tensions have eased uncertainty and the world economy may have hit bottom but a sharp slowdown in India is creating a drag worldwide, the International Monetary Fund said Monday.

However, while the risks to the global economy have lessened, the Washington-based global lending institution cautioned that outcomes "depend to an important extent on avoiding further escalation" between Washington and Beijing.

In the latest update to its World Economic Outlook, the IMF cut the global growth estimate for 2020 by one tenth compared to the prior report released in October, dropping it to 3.3 percent. It also lowered the 2021 forecast by a bit more to 3.4 percent.

The sharp drop for India "accounts for the lion's share of the downward revisions," the IMF said.

The relationship between China and the United States, the world's dominant economic powers, is still troubled by "unresolved disputes" which continue to be a factor.

"The risk of protracted subpar global growth remains tangible despite tentative signs of stabilizing momentum," the fund warned in its quarterly report.

"Policy missteps at this stage would further enfeeble an already weak global economy," US President

Donald Trump signed a deal with China last week that ends the escalation but leaves in place tariffs on two thirds of the goods imported from the Asian economic power.

The trade truce led to an upgrade of China's growth forecast to 6.0 percent in 2020, with a slight slowdown to 5.8 percent projected for next year.

But the giant Asian economy has been on a steadily slowing path for some time.

Meanwhile, the IMF trimmed US growth just a tenth to 1.6 percent this year, with a repeat expected in 2021.

Since 2018, Washington and Beijing have exchanged tit-for-tat tariffs on hundreds of billions of dollars in two-way trade.

And IMF chief Kristalina Georgieva on Friday said the two countries still have a long way to go to resolve their trade disputes -- although the partial deal signed last week is a step forward.

"Trade truce is not the same as trade peace," she said.

In its previous analysis, the IMF had estimated that trade conflicts and tariffs cut 0.8 percentage points off of global growth.

But two thirds of that damage was not due to the tariffs but to trade uncertainty created by the conflict, which causes companies to put the brakes on investment.

If tensions flare again, or if Trump's trade dispute with the European Union or confrontation with Iran

should worsen, that too could undermine the "nascent bottoming out of global manufacturing and trade, leading global growth to fall short" of forecasts, the report said.

Receding risks of a hard Brexit have helped stabilize the outlook for Britain and the European Union. And healthy private consumption have helped the still-slow but upgraded growth prospects in Japan.

However, the IMF once again slashed expected GDP growth in India by 1.2 points this year and 0.9 percentage point in 2021 compared to the October forecasts.

While growth remains relatively robust at 5.8 and 6.5 percent for the two years respectively, it is not enough to continue to reduce poverty in the growing South Asian economy.

That nation has been one of the fastest growing in the world and a major engine of global expansion, together with China, as advanced economies have bumped along at far slower rates.

But it had already been downgraded in October due to a bigger-than-expected decline in domestic demand amid growing stress in the financial sector. Meanwhile, Latin America continues to slow, even as Brazil has stabilized and growth there was upgraded.

Mexico was downgraded, while Chile suffered "a sizable markdown" amid widespread social unrest.

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**STRATEGIC BUSINESS CONFERENCE 2020**

January 20, 2020 Monday

**Success - Opportunity - Success**

**MD GOLAM FARUQUE, CEO of South Bangla Agriculture and Commerce Bank, attends the bank's strategic business conference at a hotel in Dhaka yesterday.**

**PAPERFLY**

**Rahath Ahmed, chief marketing officer of Paperfly, and Muhammad Abdul Wahed Tomal, general secretary of the e-Commerce Association of Bangladesh, launch the former's Smart Logistics in Dhaka yesterday to provide logistics services to f-commerce and e-commerce start-ups.**



SMC ENTERPRISE

Top officials of SMC Enterprise attend its annual sales conference for 2019 at a hotel in Dhaka recently.

## BEZA's One-Stop Service to have 4 more services

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Service delivery was really satisfactory and proactive, and that would help improve the country's ease of doing business, said Shah Asheqr Rahman, head of finance and commerce at Bangladesh Honda.

"I believe this type of service will help lure foreign direct investment in Bangladesh."

According to him, they previously had to collect a lot of documents from different government agencies, which was very much of a hassle. But now all the services are available at the OSS Centre.

Rahman said the centre was providing

services faster and removed red tape complexities. "Investors do not need to meet any official of BEZA physically."

He hoped for BEZA to increase the number of services immediately to increase the flow of foreign direct investment.

"The number of services will increase continuously to remove all hassle for investors in completing their official processes for investment," said BEZA Executive Chairman Paban Chowdhury.

However, he said, some service entities were yet to introduce online service and it would take BEZA some more time to provide those.