

Biden vows to help US economy as virus spike drives job losses

AFP, Washington

The US economy lost 140,000 jobs in December as the worsening coronavirus pandemic undermined its recovery, but President-elect Joe Biden pledged that help is on the way.

The Labor Department on Friday reported the first drop in employment since April, and Biden said the data means a new economic relief package including \$2,000 direct payments to taxpayers and help for small businesses hit hardest by the spike in Covid-19 infections must be pushed through urgently.

"We have no time to lose," Biden said at an event in Wilmington, Delaware where he introduced the last key members of his economic team. "The bottom line is the jobs report shows we need to provide more immediate relief for working families and businesses now."

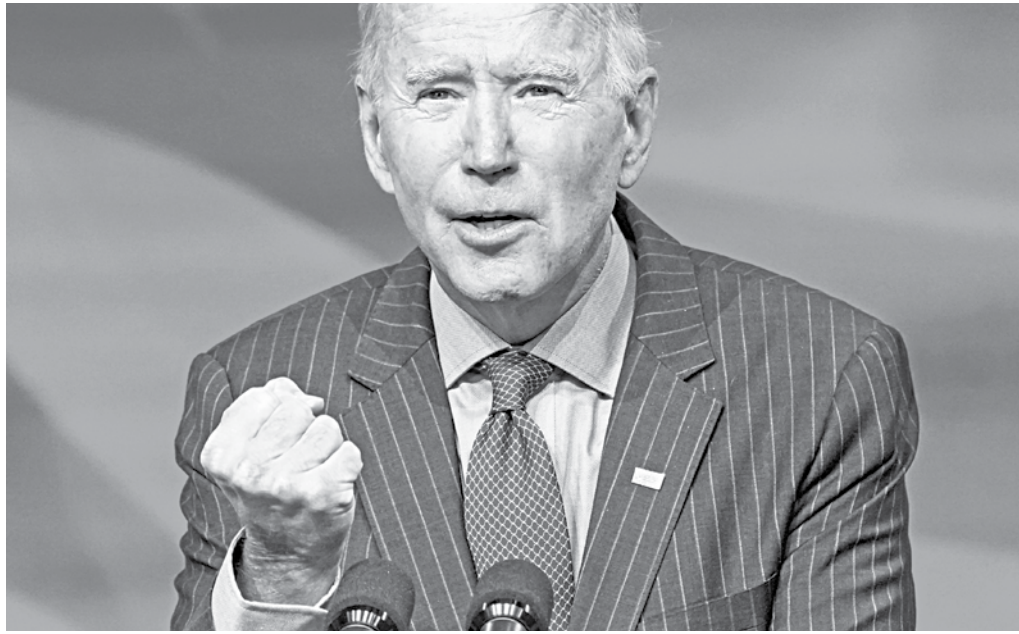
Now, "As the single-day death toll topped 4,000 for the first time in the United States this week, the Labor Department data confirmed that months of steady gains in hiring were brought to a halt by the recent surge in infections, which prompted states to reimpose restrictions on businesses to bring the virus under control."

The result was far worse than the modest gain in employment economists forecast, but some analysts had warned the decline was coming. "The current COVID-19 wave has stopped the recovery in its tracks," Navy Federal Credit Union economist Robert Frick said. Until the pandemic is tamed and vaccine rollout speeds up, "people will not be rushing back to bars and restaurants any time soon," he said.

While the unemployment rate held steady at 6.7 percent, 10.7 million people remain unemployed -- both figures about double the pre-pandemic levels. Particularly hard hit was the leisure and hospitality sector, which lost 498,000 jobs in December, according to the government.

Black workers still have a far higher jobless rate than other groups at 9.9 percent, while the rate for Hispanic workers is 9.3 percent. Biden is trying again for \$2,000 -- Biden announced that next week he will unveil an economic relief program that includes larger stimulus checks to taxpayers and an increase in the minimum wage.

Congress last month agreed to a \$900 billion relief package that included \$600 stimulus checks for taxpayers, but the Senate blocked an attempt to increase those checks to \$2,000. Biden, who takes office January 20, said \$600 payments are "simply not enough." He also



REUTERS/FILE

US President-elect Joe Biden speaks as he announces members of economics and jobs team at his transition headquarters in Wilmington on January 8.

pledged that his team will give special attention to small businesses, especially those owned by minorities, and provide "support to help them get through the other side of this crisis."

"The president-elect lamented that under outgoing president Donald Trump's administration 'big, well-connected businesses jumped in front of the line' to get aid, and vowed to tighten controls to prevent fraud."

The December stimulus measure extended some jobless benefit programs passed in the early days of the pandemic and provided another \$284 billion in funding for the Paycheck Protection Program (PPP). The Treasury Department and Small Business Administration announced Friday that the PPP program will reopen to applications starting Monday, with guidelines to ensure the aid goes first to small businesses.

The agencies also said they will tighten fraud checks after a stream of prosecutions against individuals accused of stealing tens of millions of dollars from the program. "We are committed to implementing this round of PPP quickly to continue supporting American small businesses and their workers," Treasury Secretary Steven

Mnuchin said in a statement. Economists say the prospect of further stimulus offers hope that the hiring slump will reverse, but that will not happen immediately.

Gregory Daco of Oxford Economics describe the labor market as "chilled but not frozen." "The worsening health situation and the fact that herd immunity is still months away mean that jobs growth will be tepid in the immediate months ahead," he said in an analysis.

Federal Reserve Vice Chair Richard Clarida in a speech remained optimistic that the recovery would gain traction, since the economy responded well to both stimulus from the central bank and fiscal policy. "The welcome news on the development of several effective vaccines indicates to me that the prospects for the economy in 2021 and beyond have brightened and the downside risk to the outlook has diminished," he said.

But Austan Goolsbee, former chair of the White House Council of Economic Advisers, warned on CNBC that the "awful" jobs numbers highlight "a high danger that we have a double-dip recession."

Digi Jadoo offers IPTV in Ctg

STAFF CORRESPONDENT, Ctg

Navidul Haq.

Mohammadi Group's sister concern Digi Jadoo Broadband in a press conference in Chattogram city yesterday announced launching internet protocol television (IPTV), which is essentially a combination of cable television and internet from one source.

The service also includes over-the-top media such as Netflix, Bongo, Amazon and Disney. The Digi first started off as a cable-based internet service provider in 2016 and launched IPTV in Dhaka in 2019.

The package is expected to be of about 100 Mbps, said Managing Director SM

"We will change customers' experience of entertainment. They will be able to enjoy... (two) services by using one cable. Initially we provided the service in Agrabad, GEC and Jamal Khan areas and later expanded the service to the whole city," he said.

"Digi Jadoo is providing 200 plus television channels in the country, including Star TV Network, BBC, Ten Sports, Neo Sports, ABP and Time, he added.

CEO Kunal Deshmukhya and Head of Business Operation in Ctg region Rajib Chakrabarty were present at the programme.

Twitter shares down over 2pc in after-hours trading after Trump suspension

REUTERS, New York

Shares of Twitter were down more than 2 per cent in after-hours trading, moving lower after the company said it was permanently suspending US President Donald Trump's account due to the risk of further incitement of violence.

Shares of the stock recently traded at \$50.20, down 2.4 per cent from the closing price.

On Wednesday, Twitter temporarily blocked Trump's account, which had more than 88 million followers, following the siege of Capitol Hill by pro-Trump protesters, and warned that additional violations by the president's accounts would result in a permanent suspension.

Global Insurance reelects chairman, vice-chairman



Sayeed Ahmed



Shawket Reza

STAR BUSINESS DESK

Sayeed Ahmed and Shawket Reza have recently been re-elected chairman and vice chairman of Global Insurance respectively.

Ahmed is chairman of the Bangladesh Check Technology and Purity Foods, managing director of Vantage Securities, City Homes and Al Taiyer International and director of Nahar Glass Industries and Metropolitan University.

He is a former general secretary of Bangladesh Cargo Vessel Owner Association.

Reza is a sponsor director of Global Insurance and managing director of Allure Apparel, Fashion Plus, Reza Fabrics, Reza Fashions, Padma Bleaching & Dyeing, Padma Weaving and Padma Yarn Mills.

Pandemic job losses fall hardest on hospitality workers

REUTERS

Cristina Lopez Garcia was excited to buy a house last February.

It was an eight-minute drive from her job in the kitchen of a Las Vegas casino and she was confident that she and her husband could afford their new bills.

But about a month after they moved in, that financial stability disappeared.

The casino shut down because of the coronavirus, leaving Garcia out of work at a time when the couple was already low on savings. Her husband, who worked in the kitchens of other casinos, also lost one of his jobs, and his hours were cut in the other.

Almost a year later, their situation has barely improved.

After years of working in the food industry, the two have been unable to find new jobs during the crisis, which stifled travel and shuttered hotels and restaurants across the globe.

"This is not our fault, it took us all by surprise," Garcia, 36, said in Spanish. She has applied for about 15 jobs since May. "Our only hope is for our jobs to come back the way we had them."

Workers in the leisure and hospitality industry have fared worse than most during the pandemic and, barring a highly successful vaccine rollout that finally brings COVID-19 to heel, they face bleak prospects for a return to work.

Job losses seen in December, the first since the early months of the pandemic, fell disproportionately on people working in hotels, bars, restaurants and casinos and other businesses forced to retrench when the virus spread.

Leisure and hospitality firms shed

another 498,000 jobs last month as virus infections rose, leading to more restrictions on businesses and causing more people to stay home. Employment in the industry in December was down 23 per cent from pre-pandemic levels in February, more than any other industry.

Policymakers at the Federal Reserve say the uneven recovery could weigh on the labor market, and the broader economy, for years.

"This has hit sector by sector," said Richmond Fed President Thomas Barkin, who said he is hopeful the incoming Biden Administration will develop programs to speed retraining or reallocation of workers from jobs that will not be returning to the economy.

One of the challenges the Fed will confront is determining how much sectoral damage has been done, and the degree to which workers in the those industries have been sidelined - either because they lack the skills for available jobs, live in parts of the country where jobs are not growing, or choose to stop looking for work.

That uncertainty around labor reallocation is top of mind for Fed officials, who will need to make a call on when the post-pandemic economy is nearing "maximum" employment.

"This is unprecedented," Fed Vice Chair Richard Clarida said on Friday. "We don't have historical episodes to look at. We are very alert to that risk."

The sluggish recovery in hospitality has led to continued struggles for women, Hispanics and low-wage workers - three groups that are over represented in the industry and have been most affected by pandemic-related job losses.

Kalapara awaits another 1,320MW coal-based power plant

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Construction of another coal-based power plant of the same capacity started in the same area in January 2020.

Of the cost, Tk 869 crore will be spent for land acquisition and development and rehabilitation of 281 families, Md Selim Bhuiyan, executive director for the associated works, told journalists at the project site last week.

A total of 915.74 acres of land have been acquired in Londa, Dhankhali and

Nishanbaria at a cost of Tk 164.61 crore, he said.

Every 3 paisa per unit of electricity generated will be deposited in a development fund to improve the area and living standards of its people. Moreover, those with the merit will get job opportunities at the plant, he said.

The Department of Environment issued its clearance for the project in August 2017, he said. The project director, Md Tawfiq Islam, was also present.

Gojek writes off Pathao investment

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In 2018, Gojek Singapore, which holds an 18.67 per cent stake in Pathao through subsidiary Ojek Motor Bangladesh, provided \$13 million in loans to Pathao. That was topped up in 2019, according to Tech in Asia.

The news came as two of Indonesia's largest tech companies, Gojek and Tokopedia, are in discussions over a merger, with a view to make an initial public

offering, as they gear up to confront the region's biggest tech company, Singapore's Sea, reported Nikkei Asia.

Industry analysts suggest the move was made by Gojek to make its books more appealing for the impending merger or public listing.

Kevin Aluwi, co-CEO and co-founder of Gojek, did not respond to a request for comment by the time this report was filed.

EU trade privilege hinges on human rights record

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In fact, Bangladesh is the biggest beneficiary of the GSP among all LDCs and is alone utilising 67 per cent of the trade preferential treatment because of higher shipment of apparel items.

In order to qualify for the GSP Plus, a country must meet some criteria.

First, a potential country must be considered vulnerable, according to a document of the European Commission on the EU's GSP.

A vulnerable country refers to a nation which is not classified by the World Bank as a high-income or upper-middle income country for three consecutive years.

Also, a country must have ratified 27 core international conventions in the fields of human and labour rights, the environment and good governance.

The GSP Plus is a special incentive arrangement for sustainable development and good governance. It slashes tariffs to zero for vulnerable low and lower-middle-income countries.

Bangladesh has ratified almost all major conventions except for a fundamental convention of the International Labour Organisation's Minimum Age Convention.

In major progress, Bangladesh has amended the labour law, bringing down the threshold of the consent of workers required for the

formation of trade unions to 20 per cent from 30 per cent.

"I think that is a good and commendable threshold, but it is not enough," Teerink said, adding that the threshold would not be able to ensure the freedom of association of workers.

To retain the EBA, Bangladesh needs to follow the labour roadmap recommended by International Labour Organization (ILO).

"The EBA is a such a gift that is quota-free and duty-free access to a country, we have to be sure certain basic human rights and labour are respected while products enter the European Union markets," Teerink said.

"That is why we have this EBA engagement to see where is Bangladesh on trade."

If certain basic principles are not respected, there would be unfair competition, she said.

There will be an important meeting about the improvement on labour rights this year.

She said there was no doubt that Bangladesh has been progressing economically despite the fallouts of the Covid-19 fallouts.

"We are incredibly proud as Bangladesh is going forward to be graduated to be a developing country."

She praised the government's efforts to roll out the stimulus packages for industries.

Bangladesh's economy needs to be diversified, and at this moment, it is very much dependent

on the ready-made garment industry.

"I hope the government will address it in its Eighth Five-Year Plan," Teerink said.

The ease of doing business is an important area to improve the business climate in the country, according to the diplomat.

Bangladesh, along with other LDCs, has been pushing for an extension of the current GSP status for 10 more years because of the fallouts of Covid-19.

However, she said she was not much aware of the EU's position in this regard.

Many local trade experts have suggested signing a free trade agreement (FTA) with the EU. Responding to this, Teerink said, "At this moment, this is not in the discussion of the DG Trade. Maybe in future, the FIA issue might be discussed."

The issues of responsible business behaviour by retailers and brands of the EU and the low-price issue of garment items of Bangladesh will be discussed in the next meeting of Sustainability Compact, which was signed between Bangladesh and the bloc in 2013 after the Rana Plaza building collapse.

"Very crucial due diligence issues will be discussed in the meeting as many Bangladeshi garment suppliers have been affected by unusual deferral payments by EU retailers and brands during the pandemic," she added.

Bangladesh gets its first fully-automated dairy farm

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The cowsheds were designed using a Swedish model. "Cows feels more comfortable in these sheds and if they are comfortable, milk production will be high," Haq added.

A dairy farm expert from the Netherlands was also appointed.

The farm's processing unit can separate the harmful antibiotics and aflatoxin from the milk, which will be available in 500ml and 1,000ml packs in the market.

"We are going to produce other milk-oriented products, sans milk powder, which will be marketed soon," he said.

At present, the company's daily production target is around 2,000 litres. However, they have been working on a plan to produce 10,000 litres of milk per day.

Momin Ud Dowlah, chief executive officer of Eon Group, termed it a revolutionary step in dairy farming.

Around Tk, 4,000 crores are spent each year to import milk, especially the powdered one. If entrepreneurs across the country come forward, Bangladesh will be a milk exporting country and it is possible to earn huge profits from just this sector, he added.

In the last couple of years, annual milk production has gone up 10 times in the country.

There are 15,00,000 dairy farms across the country. Of them, just six were of a large scale, said Abdul Jabbar Sikdar, director-general of the Department of Livestock Services.

"Per capita milk consumption in the country rose to 175ml, around 4.5ml higher. Such a farm of a high scale would create an opportunity for locals," he added.

Rownak Mahmud, secretary to the ministry, as a special guest, urged all ministry officials in the region to extend their support for the sector.

Steel sector still in a shakeout

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"Like other sectors, the steel industry did not witness good times in 2020 as it was tough for the manufacturers to achieve 50 per cent of the sales target by the end of the year," said Manwar Hossain, president of Bangladesh Steel Mills Owners Association (BSMOA).

"Personally, I would be happy to have reached 50 per cent of the target," he added.

According to Hossain's estimates, the sector's turnover will likely fall to Tk 33,000 crore this year while the market size was Tk 55,000 crore in 2019.

Total consumption in 2020 was about 3.6 million tonnes while it was around 6 million tonnes in 2019.

The manufacturers also faced losses for having to run at lower than their capacities.

Most factories had to operate at below 50 per cent production capacity due to low demand, industry insiders said.

Besides, the manufacturers are now facing a shortage of raw materials as suppliers could not supply steel scraps when the peak season started in November. "The steelmakers' losses for the year amounted to around Tk 6,000 crore," Hossain said.

Tapan Sengupta, deputy managing director of Bangladesh Steel Re-Rolling Mills, said the steel sector was connected to the country's overall economy.

The economy faced a serious crisis due to the Covid-19 fallout while a second wave of infections has prevented development works from returning in full swing.

"So, the steel sector will get better when the country's economy will be better," he added.

account for 35-40 per cent of the total steel consumption in Bangladesh, up from 15 per cent a decade ago.

If a steel factory can run at 60 to 70 per cent capacity, it should be able to maintain a break-even point. Sengupta also said the price could increase further as the price of steel scrap is on the rise.

According to him, scrap is selling at \$480 per tonne now while it was \$270 in April.

"The price of steel scrap rose as China is importing steel whereas the country had exported finished products before the pandemic. If China imports the scrap, nobody can say how much the price will increase," he said.

Manufacturers had to adjust the cost, causing the price to go up. However, the price is still at a tolerable level in Bangladesh compared to other countries, Sengupta added.

DSE app goes haywire amid investor influx

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"So, at first we will not allow investors to trade through mobile phones during that time," Karim said.

The DSE witnessed the decade's highest turnover of Tk 2,546 crore last week. The daily average turnover of the premier bourse was Tk 1,990 crore in the week, which was 37 per cent higher than that of the previous week.

The DSEX, the benchmark index of the DSE, rose 4 per cent to 5,621 points at the end of the week.