Review vaccination roadmap for faster economic recovery: experts

STAFF CORRESPONDENT, *Chattogram*

Various experts yesterday stressed the need to review the vaccination roadmap to bring most of the population under its coverage in the shortest possible time as mass inoculation is the only way to get rid of the ongoing Covid-19 pandemic.

If the country cannot be fully vaccinated, it will face global restrictions that would hamper the country's foreign trade as well as economic recovery, they said.

These comments came at a webinar styled, "Reflections on the Budget 2021-22", jointly organised by Economic Reporters Forum (ERF),

If Bangladesh lags behind in vaccination, the country's exports may face dire consequences, says a business leader.

PHOTO: STAR/FILE

BUDGET REVIEW FY2021-22

Research Policy Integration for Development (RAPID) and The Asia Foundation (TAF).

ERF President Sharmeen Rinvy chaired the event, which was moderated by ERF General Secretary SM Rashidul Islam.

Mentioning that vaccination should become the most important issue, Md Jashim Uddin, president of the Federation of Bangladesh Chamber of Commerce and Industry (FBCCI), said major export destinations such as the US and EU are undergoing mass inoculations.

"If we lag behind in this respect, our exports may face dire consequences," he added.

Hailing the proposal to reduce corporate tax in the proposed national budget, he demanded the complete withdrawal of advance income tax (AIT) and advance trade value added tax (ATV), which he claimed increases the cost of doing business. The FBCCI president also said income tax and VAT offices should be set up at the upazila level in order to widen the tax net.

Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), called for simplifying the tax procedures to save time and improve the ease of doing business.

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Budget for building Digital Bangladesh

OPINION

SYED ALMAS KABIR

The proposed budget for the 2021-2022 fiscal year acknowledges the Fourth Industrial Revolution and calls for strategies to create IT entrepreneurs and jobs for Bangladeshis abroad. It also suggests using the Bangladesh National Digital Architecture platform to enhance connectivity among government entities. This is a commendable approach towards Digital Bangladesh.

The inclusion of cloud service, system integration, e-learning platform, e-book publication, and mobile application development service in IT-enabled services (ITES) definition, as proposed by the Bangladesh Association of Software & Information Services (BASIS), is also a welcoming move.

The finance minister deserves a big thank for his proposal of bringing the hardware devices produced in the country under tax exemption. In the interest of local computer manufacturers, the budget proposes increasing tariffs on the imports of feature-phone and encouraging mobile phone production locally. This will also encourage investors to produce digital devices in the country. I also hope that the use of smartphones instead of feature phones will increase.

The massive budget allocation of Tk 1,720 crore in the ICT sector is impressive. It is about 20 per cent more than the outgoing fiscal year's original budget. However, the proposed budget does not have a clear breakdown of the allocated amount. It is not clear how much has been set aside to procure software and ITES and maintenance.

In most government projects, it is seen that the allocated budget is spent on buying hardware, and hardly any amount remains to purchase software, services, or maintenance.

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STAR/FILE

The government plans to increase the number of IT professionals in the ICT sector to 20 lakh by 2025 from 10 lakh now. This trained workforce is essential for the successful and speedy implementation of the Digital Bangladesh vision.

Stocks fall amid profit booking

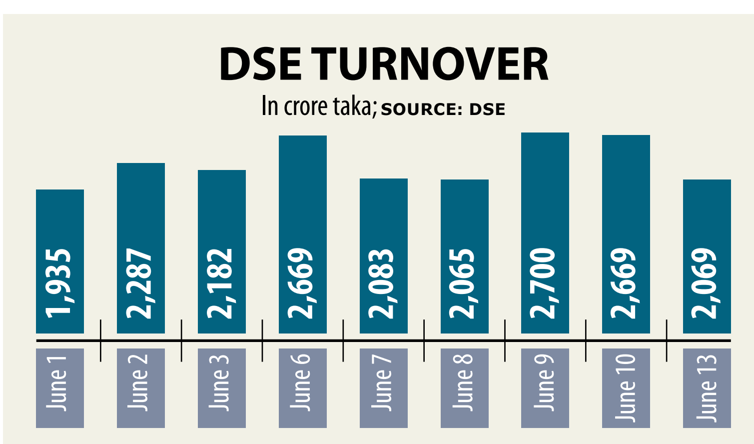
STAR BUSINESS REPORT

The stock market took a dip yesterday thanks to the profit booking tendency among investors with the insurance sector leading the plunge.

The DSEX, the benchmark index of the Dhaka Stock Exchange (DSE), dropped 30.58 points, or 0.50 per cent, to 6,036.

The DSE's turnover, an important indicator of the market, fell 22 per cent to Tk 2,062 crore.

Some stocks fell as investors continue to take their profits but this tendency is quite positive for



the market, according to a stock broker.

"This is because when investors take profit, then the market needs time to rise, allowing others the space to buy," he said.

"This gives the market strength but the regulator should monitor whether anyone interferes with the market for their own interest," the broker added.

Most insurance stocks fell today as they rose to a higher extent in the last couple of weeks. The sector was traded the most with around Tk 303 crore.

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GLOBAL BUSINESS

Tax or no tax, UAE aims to remain magnet for investors

AFP, *Dubai*

Tax advantages paired with a life of luxury have long drawn foreigners and multinationals to the UAE, which is aiming to remain attractive whether or not it signs up to a global tax initiative.

The Group of Seven wealthy powers this month endorsed an "unprecedented" agreement on a global minimum corporate tax targeting major companies seen as not paying enough, especially tech giants.

The objective is a minimum tax of at least 15 per cent.While the agreement is the first step in a long process before it can become a reality, caught in the crosshairs are tax havens that attract firms such as Amazon, Apple, Google and Facebook. The United Arab Emirates entered the world's top 10 tax havens for the first time in March, according to the Tax Justice Network.

Modestly called "jurisdictions with no or insignificant taxes" by the Organisation for Economic Co-operation and Development (OECD), the havens include the Bahamas, the British Virgin Islands, Guernsey, Jersey, the UAE and many others. Both the UAE capital Abu Dhabi and freewheeling Dubai, the biggest draw for investors out of the UAE's seven emirates, are home to thousands of companies that have set up regional offices there.

UAE officials have yet to issue a statement on the G7 agreement and did not respond to an AFP request for comment. But this week Dubai announced plans to reduce in the coming months government procedures as "part of efforts to reduce the cost of doing business and further boost economic growth in the emirate".

Hard-hit by the coronavirus pandemic, the UAE has already launched a series of reforms, including to allow foreigners full ownership of businesses, whereas before it was capped at 49 per cent unless based in certain free trade zones.

Economy Minister Abdulla bin Touq Al Marri said the changes were a bid to boost the "competitive edge" of the country, currently 16th in the World Bank's ease of doing business rankings.

The UAE, which relies on its image as an international hub, "will be keen to be seen as part of the global system rather than a tax haven," said Scott Livermore of Oxford Economics Middle East.

"The upsides of remaining on the outside of the agreement is limited, especially if approved by the G20 and OECD countries," the Dubai-based economist told AFP.

According to Livermore, even if businesses in the country see an increase in tax burden, the government was likely to "consolidate and simplify fees", as is the case in Luxembourg and Malta, where multiple exemptions lower the final bill considerably.

"Already the authorities have realised the importance of broader business and social environment for attracting and retaining foreign investment and talent," he said. "This has been demonstrated by the raft of visa and business reforms announced over the past year.

An Emirati man wears a protective mask as he walks past buildings in Abu Dhabi, the United Arab Emirates.

AFP

Fed expected to stand its ground despite rising inflation

AFP, *Washington*

Even in the face of rising inflation, the lackluster progress on restoring jobs lost during the pandemic means the US Federal Reserve is unlikely to budge on monetary policy when it meets next week.

Central bank chief Jerome Powell has made it clear the Fed will hold the line on its massive bond buying program and rock-bottom lending rates until data reflect lasting improvement in employment across all economic strata.

But the recent surge in inflation in the world's largest economy is ramping up the pressure on policymakers to begin to pull back on stimulus programs.

Hints of whether central bankers will buckle may be seen next week when the Fed's policy-setting Federal Open Markets Committee (FOMC) holds its two-day policy meeting. "No good deed goes unpunished and that is the case with the rapid reopening of the economy," economist Joel Naroff said in an analysis.

"The upside is that growth is soaring. The downside is that

Fed Chairman Jerome Powell has made it clear the Fed will hold the line on its massive bond buying programme and rock-bottom lending rates until data reflects lasting improvement in employment across all economic strata.

REUTERS

consumer inflation is surging, and labor problems are pressuring businesses. With widespread vaccinations in recent months and massive government aid, the US economy has come roaring back from the Covid-19 crisis as businesses rushed to reopen. But the process has been bumpy and other countries have not kept pace, creating a shortage of supplies and workers.

That in turn has sent prices surging, with the consumer price index hitting a 13-year high of five per cent in May compared to the same month in 2020.

While Fed officials have repeatedly offered reassurances that the increase is mostly due to temporary issues -- used car prices alone make up the bulk of the rise -- some financial market players have begun to sound the alarm, as have Republicans opposed to President Joe Biden's spending plans.

"We should all be very concerned," Republican Senator Pat Toomey tweeted last week. "It's long overdue for the Fed to begin the process of normalizing its monetary policy. "Omari Swinton, chair of the Howard University economics department, said with businesses finding it hard to fill open positions as they reopen, or competing with the $1,000 signing bonus offered by major US employer Amazon, wage and price inflation are legitimate concerns.

But the "systemic" issue of the worker shortage is the more important target of the Fed's policy deliberations, he said, especially if the labor pool shrinks permanently in the wake of the pandemic.

"No one knows if people are going to go back to work or not," Swinton told AFP. "So their focus on making sure the employment recovery is strong is more important than inflation.

Germany prepares for hydrogen accord with Australia

REUTERS

Germany on Sunday said it has taken steps towards a bilateral alliance on hydrogen production and trade with Australia to try and facilitate a renewable energy-based hydrogen supply chain between the countries.

Economy minister Peter Altmaier and education and research minister Anja Karliczek signed a letter of intent to set up a "Germany Australia Hydrogen Accord" with their Australian counterpart, Angus Taylor, the economy ministry said in a press release.

It said the cooperation was about enabling "the import of sustainably produced hydrogen in relevant volumes, which is an important factor to reach our tighter climate targets."

Australia wants to develop a clean hydrogen and ammonia production chain to cut carbon, depart from fossil fuels and build up new export markets, Taylor said in an interview for Reuters events in May.

REUTERS/FILE

German Economy Minister Peter Altmaier addresses a news conference in Berlin, Germany on April 27.

The two countries can take advantage of Australia's limitless solar resources and employing German electrolysis technology, said Altmaier.

Karliczek said her ministry will fund a technology incubator called HyGate with 50 million euros ($60.53 million) over three years to test technologies from production through to storage and transport.

Big energy firms including German utility RWE and Uniper have started looking into possible new trade routes for hydrogen, a cleaner alternative to fossil fuels from Australia and other places.

Germany's 9 billion euro hydrogen strategy launched last summer, which is embedded in wider European Union strategies, is based on the assumption that some 80% of its hydrogen requirements may have to be imported in the long term. Germany has put out feelers to Saudi Arabia, Canada, Chile and Morocco for possible supplies.