

## Berger, IAB to recognise architects

STAR BUSINESS DESK

Berger Paints Bangladesh and the Institute of Architects Bangladesh (IAB) will jointly recognise the country's architects based on their creations through a "Berger Award for Excellence in Architecture".

Rupali Chowdhury and Mubasshar Hussain, managing director and president of the two entities respectively, signed a memorandum of understanding in this regard at IAB Centre in the capital recently, says a press release.

Mohsin Habib Chowdhury, the paint maker's senior general manager (sales and marketing), and Khan Md Mustapha Khalid and Ishiaque Zahir, the IAB vice presidents, were present.



Rupali Chowdhury, managing director of Berger Paints Bangladesh, and Mubasshar Hussain, president of the Institute of Architects Bangladesh (IAB), exchange copies of a memorandum of understanding at IAB Centre in the capital recently. The entities will recognise the country's architects based on their creations through a "Berger Award for Excellence in Architecture".

## NRBC Bank wins South Asian Business Excellence Award

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NRBC Bank has won the South Asian Business Excellence Award-2021 at an event in Colombo, Sri Lanka.

SM Parvez Tamal, chairman of the bank, received the award from former Sri Lankan President Maithripala Sirisena at a function organised by the SAPSSA in Colombo on Friday, according to a press release.

The private commercial bank was given the award in the "Best Use of IT & Technology in the Banking Sector Award" category.

The award was introduced to acknowledge the exceptional work and the results gained by the trailblazers of the corporate domain, in the face of an ever-increasing competitive market.

Set up in 2013, NRBC Bank provides services through 83 branches and 550 sub-branches.



SM Parvez Tamal

## Ford to triple electric Mustang output by 2023

REUTERS

Ford Motor expects to triple the output of its all-electric Mustang Mach-E SUV to over 200,000 units per year by 2023 for North America and Europe, its Chief Executive Officer Jim Farley said in a tweet on Friday.

"It's hard to produce Mustang Mach-Es fast enough to meet the incredible demand, but we are sure going to try."

In a hot electrical vehicle market, Ford is pitting itself against the likes of General Motors Co and European carmaker Stellantis, while chasing Volkswagen and global EV leader Tesla Inc.

A Ford official last week said the company was aiming for annual EV production capacity of 600,000 in the next two years.



AMIN MOHAMMAD GROUP

Kyungju Kang, project director of the Aviation Dhaka Consortium (ADC), which is building the third terminal of the Hazrat Shahjalal International Airport, and Ramzanul Haque Nihad, managing director of Amin Mohammad Group, exchange signed documents of an agreement at the ADC office in the capital recently. Under the deal, the local real estate company will build the terminal. Amin Mohammad Foundation Executive Director (operations) Mohammad Tanvirul Islam was present.

## Fed experiment offers historic bet on a soft landing from high prices

REUTERS, Washington

The US Federal Reserve's experiment with running a "hot" economy has edged into historically uncharted territory, with an unemployment rate never reached without associated central bank rate increases and now levels of inflation that in the past also prompted a policy response.

The Consumer Price Index for November posted the biggest annual increase in 39 years, data on Friday showed, amid signs that price pressures are broadening and likely leading policymakers at their meeting next week to significantly raise inflation projections that have been running behind actual outcomes.

That may prompt a policy shift, with officials accelerating plans to end their bondbuying and, many analysts expect, signaling that rate increases may begin sooner than anticipated.

The unemployment rate is also flashing red, at least by past Fed standards. The 4.2% rate reached in November has only been hit or exceeded about 20% of the time since the late 1940s, covering four periods of low joblessness, including the late 2010s, with the Fed raising rates during each.

The central bank in 2020 concluded that inflation was now less of a risk and pledged to try to milk more jobs and a lower unemployment rate out of an economy it felt had changed in fundamental ways since the high inflation scares of the 1980s - a conclusion that's now being tested in real time.

"They are behind the curve and I have thought so for some time," said Glenn Hubbard, former chair of the Council of Economic Advisers under President George Bush and now a Columbia University economics professor.

The Fed's new approach hoped to drive an array of labor market indicators like the participation rate back to pre-pandemic levels, but Hubbard said "running the economy hot...is a risky bet" if it aims to offset structural economic



REUTERS/FILE

Shoppers show up early for the Black Friday sales at the King of Prussia shopping mall in King of Prussia, Pennsylvania, US.

forces like demographics that aren't responsive, at least not quickly, to central bank policy.

Fed officials still hope inflation will ease largely on its own, even as they prepare to shift policy in ways that would allow sooner and faster interest rate increases next year than had been anticipated.

In the meantime, while Fed Chair Jerome Powell and other policymakers rebut comparisons between this era and the years in the 1980s when high inflation cut into living standards, recent price increases have posed a similar sort of political dilemma.

On the surface wages are rising as employers struggle to fill open jobs in a pandemic era where the unemployed are reluctant to rejoin jobs for health or other reasons, and those who are in jobs have gained leverage to job-hop for higher pay.

Yet once adjusted for inflation wages have fallen for nine of the past 11 months, with growth in "real" wages moving little beyond the pre-pandemic trend.

That fact has hit home in the

Oval Office, with President Joe Biden's Democratic Party facing a potentially difficult mid-term election map next year and his approval ratings taking a hit in part because of rising prices.

Biden in a statement Friday pitched the issue forward, arguing that key prices for gas and autos were already drifting lower, and said steps taken or proposed by his administration would help ease inflation's pace.

"Price increases continue to squeeze family budgets," Biden said. "We are making progress on pandemic-related challenges to our supply chain which make it more expensive to get goods on shelves, and I expect more progress on that in the weeks ahead."

The strong CPI data for November were expected, but still "only solidify the case for a faster tapering of asset purchases" when the Fed meets next week, said Rubeela Farooqi, chief U.S. economist for High Frequency Economics. "More important will be Chair Powell's message on tightening of policy going forward."

Central to Powell's messaging will be a defense of why this time it's different.

The pandemic offers one rationale. The shock dealt to the American economy in 2020 was unrivaled in its speed and scope, and the reopening - far from the turgid recovery from the 2007 to 2009 recession - has been so fast it has caused problems of its own.

Inflation is one aspect of that, with global supply chains trying to catch up with unprecedented consumer demand in the United States that was driven by another historic anomaly - personal incomes that rose, due to large government support programs, despite massive unemployment.

But the Fed's response is similarly unprecedented. The November unemployment rate is now close to the 4% level that policymakers consider sustainable over the long run.

It is also edging towards what Fed officials have effectively penciled in as the lower limit on the unemployment rate of about 3.5%.

## American & Efir Bangladesh employees to get MetLife insurance

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MetLife Bangladesh and the American & Efir Bangladesh have recently signed an agreement for providing group life and medical insurance coverage to the latter's over 480 employees and their family members.

Established in 1891 and a part of solutions provider Elevate Textiles, the American & Efir is a global manufacturer and distributor of premium quality

industrial and consumer sewing thread, embroidery thread and technical textiles, says a press release.

Insurance product and service provider MetLife's customers include over 800 organisations from different sectors alongside over 1 million individuals.

Jafar Sadeque Chowdhury, additional managing director and chief distribution officer of MetLife Bangladesh, and Angelo Leanage, managing director of the American & Efir Bangladesh, signed the agreement.



METLIFE BANGLADESH

Jafar Sadeque Chowdhury, additional managing director and chief distribution officer of MetLife Bangladesh, and Angelo Leanage, managing director of the American & Efir Bangladesh, signed an agreement recently on group life and medical insurance coverage for the latter's employees.

## Europe's car industry too reliant on other regions: Bosch chair

REUTERS, Frankfurt

Europe's automotive sector has become too reliant on Asia and other regions for vital components such as semiconductors and battery cells, Bosch's outgoing chairman told a German newspaper.

Automotive Chips and battery cells have become the two most important components in the age of electric and autonomous vehicles, forcing European carmakers to rely on Asian suppliers as local industry has been slow to build capacity close by.

"Yes, we have become too dependent on other regions, and a change of course is needed," Bosch's Supervisory Board Chairman Franz Fehrenbach, who steps down at the end of the year, told Frankfurter Allgemeine Zeitung.

"However, this is not the fault of politics, but is related to cost optimisation in the supply chain," he said. "The car industry is slowly asking itself how raw material supply will look like, particularly for battery cells."

German firms have outlined plans to claw back control, including Volkswagen which plans to build six large battery cell factories with partners in Europe by 2030.

A global shortage of automotive chips has highlighted the problem, causing the European Union to launch subsidy programmes to attract chipmakers to the continent.

Bosch, the world's largest automotive supplier, opened a 1 billion euro (\$1.1 billion) chip plant in Germany this year, its biggest-ever investment, as it stakes a claim to equipping the latest electric and self-driving cars.

## FDI imperative for Bangladesh: gains and strategic options

FROM PAGE B4

At present, there is \$350 billion infrastructure gap in Bangladesh in the energy, water, logistics, and transport sector.

Infrastructure to GDP ratio is 3 to 4 per cent that needs to be increased to 6 to 7 per cent. Economic diversification agenda requires new manufacturing and services sectors that can break into international and domestic markets, and FDI will be quintessential to circumvent hindrances with regard to market access and tapping into new technology.

Moving ahead with smart strategies and developing new growth drivers through power of FDI.

Many aspects of public policy have supported the development of private business and FDI over the years. This includes gradual trade liberalisation since the 1990s, several financial policies implemented by the central bank, a relatively competitive exchange rate, and the expansion in power and energy access since 2009.

A key binding constraint for private investment was access to serviced land that is being addressed by introducing economic zones (EZs) policy and development projects, and earlier through the Export Processing Zones.

In the regulatory space, it is heartening to see the impetus the government is

attaching towards regulatory reforms for a better business environment.

A number of critically important business environment improvement initiatives have recently been undertaken, including reforms to improve ease of doing business, introduction of one-stop services for investors, several recent changes in the foreign exchange regulations act, incremental changes in the companies' law, and trade facilitation measures such as implementation of a national single window for faster and easier border clearance.

On the institutional aspects of the improvement efforts, the government of Bangladesh, primarily through the Prime Minister's Office and the Bangladesh Investment Development Authority, has put in place a concerted effort that include developing reform action plans, forming taskforces, coordinating reform initiatives among relevant government agencies, providing reform support to line agencies, conducting dialogues with private sector stakeholders, and monitoring reform progress.

Building on this momentum, it is critical for Bangladesh to move away from traditional approaches to FDI promotion to leveraging strategic enablers. For instance, exploring non-traditional sources of investments such as new growth sectors

that reflect global and future trends, and climate smart investments possess strong potential for Bangladesh.

A \$2.3 trillion halal food market by 2025, prospects of a \$3 billion e-commerce domestic market by 2023, and a global market of \$23 trillion by 2030 for green investments all speak volumes with regard to FDI potential in these emerging growth sectors.

A recent commendable initiative by the foreign investors' platform in Bangladesh, the Foreign Investors Chamber of Commerce and Industries, outlines in detail the opportunities for Bangladesh in these new growth areas and the strategies Bangladesh must deploy to realise the potential.

Accelerating public-private partnership opportunities in the country can pave the way for FDI, particularly in sectors and projects that have high risk and longer returns associated.

Many of such projects, such as a new container port in Chattogram, will be key determinant of Bangladesh's export and investment competitiveness.

Bangladesh can also take advantage of the shifting trends in the global value chain. Many countries are looking to expand supply chain bases and diversify existing concentration of production system. Moreover, Bangladesh can leverage

its export potential and favourable factors of production for efficiency-seeking investments to anchor incoming FDI.

Presently, Bangladesh has duty-free entry into China for over 8,000 products. The country can use its advantage of the newly developing economic zones to attract foreign investors who would harvest the benefits of duty-free entry into China. Other major regional economies such as India and Japan also hold similar prospects if complementary trade and investment strategies can be put in place.

Securing more global economic cooperation and expanded market access with the support of free-trade and regional-trade agreements can result in greater market access and increased confidence towards host countries leading to greater FDI.

Thus, it is imperative for Bangladesh to prepare and position itself as a strong candidate for hosting foreign investors. This calls for preparing and implementing a targeted, time-bound, and focused investment promotion plan, which will help identify and target the investors' group, outreach with Bangladesh's value proposition in high-potential sectors, and putting in place an effective investors facilitation and after-care process.

The author is chairman of Policy Exchange of Bangladesh