

## Trump tariffs could push up inflation Fed official says

AFP, Washington

US President Donald Trump's tariff plans could increase inflation by as much as 1.2 percentage points if they are fully implemented, a senior Federal Reserve official said Wednesday.

Trump made tackling inflation a key campaign issue in the run-up to the 2024 presidential elections.

But tariffs — his signature economic policy since his return to office — could have the opposite effect, St. Louis Fed President Alberto Musalem warned during a speech in Kentucky on Wednesday.

"New tariffs are expected to have both direct and indirect effects," said Musalem, who is a voting member of the Fed's rate-setting committee this year.

Tariffs are likely to cause a direct, time-limited increase on prices, and another indirect — or second round — effect, which could have a "more persistent" impact on inflation, he said.

US inflation remains stuck above the Fed's long-

**US inflation remains stuck above the Fed's long-term target of 2 percent**

term target of two percent, according to its favored personal consumption expenditures (PCE) measure.

Staff at the St. Louis Fed estimate that, "if fully implemented, a 10 percent increase in the effective US tariff rate — roughly the increase that would be associated with tariff hikes announced to date — could increase the PCE inflation rate by as much as 1.2 percentage points," Musalem said.

"The direct and one-time price-level effect is estimated to be on the order of 0.5 percentage points," he said, adding that the indirect effect would likely be around 0.7 percentage points.

"From the standpoint of monetary policy, it could be appropriate to 'look through' direct effects of higher tariffs on the price level and at the same time 'lean against' indirect and second-round effects," he said.

"I would be wary of assuming that the impact of tariff increases on inflation will be entirely temporary," he continued, adding that a "patient and vigilant approach" to monetary policy was appropriate.

Since his return to office, Trump has begun imposing tariffs against top US trading partners including China, Canada and Mexico — only to then roll some of them back.



PHOTO: MINTU DESHWARA

Manipuri artisans typically earn between Tk 10,000 and Tk 12,000 per month, though incomes have steadily declined in recent times.

# WEAVING FOR EID Manipuri artisans strive despite odds

MINTU DESHWARA

In the bustling areas of Kamalganj and Srimangal in Moulvibazar, along with Sylhet city, weavers from the Manipuri community are tirelessly preparing for Eid, crafting their renowned traditional saris and other products.

While hopes for substantial profits have dimmed slightly, these artisans remain steadfast in their commitment to preserving the age-old craft. Besides, they are getting slightly better returns for their efforts this year.

The resilience of these artisans reflects a deep connection to their cultural heritage as they navigate the challenges of a changing market.

Also, the market is being flooded with counterfeit Manipuri saris, and they are losing control of the industry.

The Manipuri community resides in about 15 villages in Kamalganj, with around 15,000 of them spread across this area as well as parts of Srimangal and Sylhet city.

Over the years, handlooms have become a staple in nearly every household, thanks to support from NGOs and bank loans. Manipuri artisans typically earn between Tk 10,000 and Tk 12,000 per month, though incomes have steadily declined in recent times.

During a visit to villages such as Kandigaon, Majhergaon, Bandargaon, Ghoramara, Alinagar, and Madhabpur, it was seen that women were weaving saris in between household chores.

Shantona Singha, a second-year honours student, recalled the ups and downs of the industry.

"In the late '90s, skilled artisans began

losing interest. But by the early 2000s, the industry saw a revival due to increased demand for Manipuri saris.

The demand is especially high ahead of Eid," she said.

At the Manipuri Cultural Academy in Adampur Bazar, women were seen diligently weaving saris and other textiles.

Sudhamoy Sharma, supervisor of the academy's clothing manufacturing and sales centre, said they receive orders from across the country, including Chattogram, Rajshahi, Dhaka, and Brahmanbaria.

**The resilience of these artisans reflects a deep connection to their cultural heritage as they navigate the challenges of a changing market**

"This year, we are experiencing higher demand and better prices, though keeping up with the orders remains a challenge," Sharma added.

The demand for Manipuri clothes is driven by their authenticity. Manipuri women weave saris with unique designs and patterns.

Rani Singh, a young worker at the academy, noted that prices for Manipuri saris range from Tk 5,000 to Tk 20,000, depending on design and quality. However, rising costs of yarn and labour have strained profitability.

Lubna Akhtar, a local entrepreneur, said she installed 50 handlooms, with 45 currently operational. But even with higher production, profit margins remain thin.

Sufia Akhtar, a weaver from Bandargaon village, said every household in the Manipuri community now has a loom.

"We can complete a sari in two to three days. But with Eid approaching, the profit from each sari has decreased," she added.

"We sell them for Tk 4,000 to Tk 5,000, which is a modest sum for the hard work involved."

Suniti Singh from Majhergaon village said sales have slowed, and the market is inundated with imitation Manipuri saris.

Sakhawat Mia, a local trader, said that as middlemen take their cut, it leads to losses for weavers.

Kamalganj Upazila Nirbahi Officer Makhon Chandra Sutradhar said this industry is integral to Kamalganj.

"So, we must work to ensure its sustainability," he added.

Dr Sanjeeb Meeto, co-director of Inafi Manipuri Handicraft (a wholesaler), said that while the demand for Manipuri clothing is on the rise and the industry has gained international recognition, supply issues persist.

"We rely on imported materials like yarn and dyes from China, creating a bottleneck in production. Despite these challenges, we are hopeful for a prosperous Eid season," he added.

Rabi Singha Rajesh, former member secretary of the Manipuri Cultural Academy, said that approximately 10 to 20 percent of the Manipuri community has abandoned the profession due to a lack of capital.

"But this year, Eid demand is higher than ever. Around 35 percent of our annual sales happen during this time," he added.

As such, people involved with the Manipuri weaving industry have called on the government to facilitate low-interest loans and simplify the loan process to support their livelihoods.

## Money talks, bribes walk

MAHTAB UDDIN AHMED

In a small Bangladeshi town, a politician sought advice from his lawyer friend after making a questionable move. The politician had run afoul of the law and was on the brink of a scandal. The lawyer warned him that bribing the local judge — renowned for his incorruptibility — would never work. Still, the politician half-jokingly suggested, "What if I send a gold bar to the judge as a gift?" The lawyer laughed, certain that no bribe could distort the judge. Months later, the politician returned, grinning. Perplexed, the lawyer asked how he managed to win. With a sly smile, the politician replied, "I sent the gold bar in my opponent's name!" One can only wish our politicians channelled that cleverness for the people's betterment.

Bangladesh historically ranks low on Transparency International's Corruption Perceptions Index, highlighting widespread corruption. Reports consistently identify police, customs, judiciary, local government, education, healthcare, and public procurement as problematic areas. While institutions like the Anti-Corruption Commission strive for change, significant challenges remain as ACC is assumed to have similar syndromes.

Since the interim government took charge, there have been many discussions in various forums, even with big corporations. Fortunately, no one pointed a finger at our top advisors. Meanwhile, bribery elsewhere remains rampant, only now sporting a colourful new look. Corruption has not improved; it's merely been rebranded with a dash of innovation.

A recent event left us all wide-eyed — a whopping Tk 730 crore was ingeniously flipped from black to white money by a prominent group! Their explanation? Hard to swallow. Picture a government bureaucrat drowning in unregistered real estate cash, desperate to offload it, while a banker wonders how a bank CEO could own an apartment worth Tk 26 crore. Bribery is not just an office affair; it's moved to third-party venues where a mediator seals the deal. And when questioned about the skyrocketing rates, they casually dropped a "high risk, high return" mantra. Their newfound knowledge might soon put financial consultants out of a job!

Globally, bribery schemes have grown more sophisticated. In Brazil's Operation Car Wash, illicit payments were funnelled through shell companies and offshore accounts to disguise bribes as legitimate transactions. The IMDB scandal in Malaysia revealed bribes masked within complex financial instruments and cross-border transfers. In Eastern Europe, some bribes are hidden within routine business expenses or processed through digital methods and cryptocurrencies, making them harder to detect. These cases show that bribery tactics are evolving alongside modern financial systems, posing significant challenges for regulators and law enforcement worldwide.

Bribery has far-reaching consequences for an economy like Bangladesh's. It distorts resource allocation and undermines fair competition, leading to inefficient use of public funds. This, in turn, hampers service delivery and infrastructure development. Investors often shy away from corrupt environments, reducing foreign direct investment and slowing economic growth. Furthermore, bribery deepens social inequality, as those with means can secure preferential treatment, while honest individuals and businesses face undue hurdles. Overall, bribery weakens institutional trust, increases the cost of doing business, and stifles sustainable economic development.

Singapore is widely cited as a role model for eradicating bribery and corruption. The city-state's success stems from strict anti-corruption laws, an independent and empowered anti-corruption agency, rigorous enforcement, and a culture of transparency. By implementing severe penalties for corrupt practices and promoting transparent, accountable governance, Singapore has minimised bribery in both the public and private sectors. Another recent example is Rwanda, with its robust anti-corruption measures — featuring independent oversight, strict penalties, and transparency.

Robust anti-corruption measures — like those in Singapore and Rwanda — offer a beacon of hope. By embracing transparency and accountability, Bangladesh can eliminate bribery, ignite sustainable growth, and secure a brighter future. With immense public expectations on the interim government, it's truly now or never!

The author is the president of the Institute of Cost and Management Accountants of Bangladesh and founder of BuildCon Consultancies Ltd



# Global outcry as Trump heaps 25% tariffs on foreign-built vehicles

AFP, Washington

World powers on Thursday blasted US President Donald Trump's steep tariffs on imports of vehicles and car parts, vowing retaliation as a widening trade war intensifies.

Major car exporter Germany called for a firm response from the EU, while Japan said it "will consider all options."

Stock markets across Asia and Europe skidded into the red as auto manufacturers from Toyota to Hyundai and Mercedes led the plunge.

The US duties will take effect at 12:01 am (0401 GMT) on April 3 and impact foreign-made cars and light trucks. Key automobile parts will also be hit within the month.

"What we're going to be doing is a 25 percent tariff on all cars that are not made in the United States. If they're made in the United States, it is absolutely no tariff," Trump said at the White House.

France Finance Minister Eric Lombard condemned the "hostility," saying that the "only solution for the European Union will be to raise tariffs

on American products in response."

Canada's Prime Minister Mark Carney said he had convened a meeting Thursday to "discuss our trade options."

As Washington's major trading partners warned of retaliatory action, Trump ramped up his threats.

"If the European Union works with Canada in order to do economic harm to the USA, large scale Tariffs, far larger than currently planned, will be placed on them both in order to protect the best friend that each of those two countries has ever had!" Trump posted on his TruthSocial network.

But Trump's levies rattled domestic manufacturers too, with his top ally and Tesla boss Elon Musk admitting his company would not be spared the pain.

"To be clear, this will affect the price of parts in Tesla cars that come from other countries. The cost impact is not trivial," Musk wrote on X.

The association of American Automakers warned in a statement that the tariffs must be implemented in a way that "avoids raising prices for consumers" and preserves the

industry's competitiveness.

The Center for Automotive Research has previously estimated that US tariffs — including those on imported autos and metals — could increase the price of a car by

thousands of dollars and weigh on the jobs market.

But Peter Navarro, Trump's senior counselor for trade and manufacturing, in a briefing after Trump's announcement, blasted



Cars for export are seen at a port in Yantai, China's eastern province of Shandong.

PHOTO: AFP/FILE

"foreign trade cheaters" who he said turned America's manufacturing sector into a "lower wage assembly operation for foreign parts."

He took aim at Germany and Japan for reserving the construction of higher-value parts to their countries.

Since beginning his second term in January, Trump has imposed fresh tariffs on imports from major US trading partners Canada, Mexico and China — alongside a 25 percent duty on steel and aluminum.

The latest levies will be in addition to those already in place.

But the White House added that vehicles entering under the US-Mexico-Canada Agreement (USMCA) can qualify for a lower rate depending on their American content.

Similarly, USMCA-compliant auto parts will remain tariff-free as officials establish a process to target their non-US content.

Uncertainty over Trump's trade plans and worries they could trigger a downturn have roiled financial markets, with consumer confidence also falling in recent months.

Trump has defended the levies as a way to raise government revenue and

revitalize American industry.

But targeting imported cars could strain ties with close partners such as Japan, South Korea, Canada, Mexico and Germany.

"Imposing 25 percent tariffs on imported cars will have a devastating impact on many of our close trading partners," said Wendy Cutler, vice president at the Asia Society Policy Institute and a former US trade negotiator.

She added that Washington has free-trade agreements with some affected parties, "calling into question the value of US commitments" under a trade deal.

About one in two cars sold in the United States are manufactured within the country. Among imports, about half come from Mexico and Canada, with Japan, South Korea and Germany also being major suppliers.

And of the US-made cars, more than half were assembled from foreign parts, said a White House official.

Besides the automobile industry, Trump is also eyeing sector-specific tariffs, such as on pharmaceuticals, semiconductors and lumber.