Although Eid-ul-Fitr was celebrated last Monday, many stores around the capital remain closed as shop owners and employees make the most of the longest break of the year. The photo was taken at Bangshal in the capital's Old Dhaka neighbourhood on Friday.

PHOTO: ANISUR RAHMAN

Trump hails 'very productive' call with Vietnam leader

AFP, *Palm Beach*

US President Donald Trump said Vietnam's top leader told him in a "very productive" call Friday that he wanted to make a deal on tariffs, after the southeast Asian nation was hit by huge levies.

A manufacturing powerhouse that counted the United States as its biggest market last year, Vietnam was hammered with a thumping 46 percent tariff in Trump's global trade blitz.

"Just had a very productive call with To Lam, General Secretary of the Communist Party of Vietnam, who told me that Vietnam wants to cut their Tariffs down to ZERO if they are able to make an agreement with the US," Trump said on Truth Social.

"I thanked him on behalf of our Country, and said I look forward to a meeting in the near future."

Trump's apparent willingness to engage in talks with Vietnam highlighted wider uncertainty over his tariff policy, after officials had insisted that the levies were non-negotiable.

Vietnam took advantage of its location and cheap skilled labour to position itself as an alternative manufacturing hub to China during a trade war between Beijing and Washington in Trump's first term. Many companies shifted parts of their supply chain, and Vietnam's trade surplus with the United States doubled between 2017 and 2023.

But now big brands such as Nike -- which produced 50 percent of its footwear and 28 percent of its apparel in Vietnam in the 2024 financial year -- face vastly higher costs, which they will have to absorb or pass on to customers.

Tariffs may raise US inflation, cool growth

Federal Reserve chair warns

AFP, *Arlington*

US tariffs will likely cause inflation to rise and growth to slow, Federal Reserve Chair Jerome Powell said Friday, also warning of an "elevated" risk of higher unemployment.

President Donald Trump's dramatic trade measures announced earlier this week have tightened scrutiny of Powell and how the Fed will react to free-falling financial markets and concerns that a prolonged trade war would ramp up consumer prices and joblessness rates.

"It is now becoming clear that the tariff increases will be significantly larger than expected," Powell told an event in Virginia.

"The same is likely to be true of the economic effects, which will include higher inflation and slower growth," he said, adding that it was "too soon" to consider changes to US monetary policy.

Powell spoke just minutes after Trump posted on social media, urging him to cut interest rates immediately and accusing him of playing politics in his role running the independent US central bank.

The larger-than-expected tariffs unveiled on Wednesday stack on top of earlier country-specific levies, meaning that China, for example, will now face a new levy totaling 54 percent.

Jerome Powell

Other top trading partners will also see higher rates, with the European Union now facing a 20 percent tariff from April 9, and India looking at a 26 percent levy.

The Trump administration has also targeted specific sectors of the economy, recently slapping a 25 percent tariff on automobiles not made in the United States.

Powell said Friday that he expected the current uncertainty to decline in the coming months. "Fast-forward a year from now, the uncertainty should be much lower," he noted. "The actual effects of the policies should then be pretty manifest and clear."

Wall Street financial markets extended their earlier declines on Powell's remarks. At around 1:00 pm local time (1700 GMT), the broad-based S&P 500 index was down around 4.6 percent.

Trump tariffs wipe $5tn off Wall Street

REUTERS, *Orlando*

One of the most pivotal weeks in years - even decades - for the global economy closed on Friday to the sound of the Nasdaq crashing into a bear market as investors fear US President Donald Trump's trade war will tip the world into recession.

Less than 48 hours after Trump raised tariff barriers to the highest in over a century, China on Friday said it would slap additional 34 percent duties on all US imports, escalating the global trade war to new, dangerous heights.

Any hopes investors had of Federal Reserve Chair Jerome Powell coming to the rescue by signaling a readiness to cut interest rates - as Trump had appeared to pressure him into doing in a social media post earlier in the day - were dashed, as Powell stressed the "elevated risks" to both growth and inflation.

This 'wait and see' approach rattled Wall Street further - the S&P 500's 6 percent slump meant the index's market cap plunged $5 trillion in just two days.

The Fed is in a real bind, faced with the rapidly rising risk of recession and soaring price pressures. Treasuries may have been caught between these two stools on Friday, but it is crystal clear where rates traders are putting their money - four rate cuts are fully priced in for this year, starting in June.

However, given the ferocity of the equity market selloff, collapse in confidence and extraordinarily uncertain outlook, it wouldn't be a total shock if the Fed cut rates at its May 6-7 meeting. Indeed, could an inter-meeting move be ruled out if the market rout continues next week?

This is the heaviest slide across global stocks since the pandemic in 2020. But unlike that crash and the Global Financial Crisis in 2008, the current turmoil on Wall Street is a result of clear-headed policy choices made by a government that would have known this kind of outcome was distinctly possible, if not highly likely.

Many analysts reckon this hasn't been seen before. Some of the economic and market numbers that have been seared into investors' consciousness this week haven't been seen for a long time either:

- The highest US tariffs in over 100 years
- Effectively the biggest US tax rise since 1968, according to JP Morgan analysts, who now say a global recession is more likely than not
- $5 trillion of US equity market cap wiped out in two days, bringing the total market cap lost since Trump's inauguration in January to nearly $8 trillion

Economists at Barclays now reckon US inflation will exceed 4 percent this year while GDP will contract in the fourth quarter, a move "consistent with recession".

PHOTO: AFP

The board of New York Stock Exchange at the closing bell on April 4.

How can EU respond to tariffs?

AFP, *Brussels*

The EU has "everything on the table" as a response to President Donald Trump's sweeping new tariffs -- including possibly targeting US Big Tech and taxing more American goods -- should talks with Washington fail.

The European Commission, in charge of the EU's trade policy, refuses to give any details on what its comeback to Trump's 20 percent tariffs starting April 9 could include.

But France, Germany and Austria have suggested targeting the biggest digital companies, including Google and Facebook owner Meta.

So far, the commission has stressed that negotiations will be its priority. After talks with US counterparts on Friday, EU trade chief Maros Sefcovic said the EU was "committed to meaningful negotiations, but also prepared to defend our interests".

These are the options the 27-country European Union has if further talks are unsuccessful:

When Trump hit steel and aluminium imports with a 25 percent tariff in March, the EU decided on "an eye for an eye" approach.

With his extra levies affecting $28 billion of the EU's exports, Brussels opted to target US goods worth the same amount from mid-April, including Harley Davidson motorbikes and agricultural products like soybeans and meat.

Now the EU faces new tariffs of 20 percent announced by Trump this week, which has kickstarted another conversation inside the bloc about further retaliatory action.

"We will react in areas where it hurts the United States," a senior EU official said.

Officials have previously said the EU will target goods from politically important US states, including soybeans produced in Louisiana, the home of US Speaker Mike Johnson, who pushes Trump's agenda in Congress.

"We love soybeans, but we can get them from Brazil," the EU official said.

"We like Harley-Davidsons, but we also like MotoGuzzi. Or we can buy Yamaha. So, there are alternatives there and we are not hurting ourselves."

Although the commission has been coy about whether it has US Big Tech in its sights, France straight off the bat said the EU's targets could include American tech titans.

French government spokeswoman Sophie Primas said the EU could go after online services, "which are not taxed today but could be".

Economy Minister Robert Habeck echoed Primas, insisting "everything is on the table".

Steelmakers struggle

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While appreciating the interim government's initiatives toward political reform, he expressed disappointment over red tapes and other bureaucratic hurdles in doing business.

"Businesses are still stuck with the same old problems -- waiting endlessly for approvals, chasing files, dealing with centralised decision-making in Dhaka. If you send a letter to a government office, you rarely get a response unless you follow up in person."

"From an individual citizen's perspective or a business one -- we haven't seen any real change," he said, urging policymakers to take bold and transformative steps.

"If we keep going as we are, nothing will change. We need strong leadership to reform taxation, improve ease of doing business and control macroeconomic risks. Otherwise, FDI will remain a distant dream."

On an optimistic note, he commended the Bangladesh Bank for its role in stabilising the exchange rate.

"Macroeconomic stability is important. As GDP grows, consumption and imports will rise. But if exports don't grow at the same pace, we'll be stuck," he said, calling for export diversification and a more competitive business environment.

"If tax and interest rates are reduced, energy and logistics costs lowered, and policies simplified -- we can attract foreign investment and grow exports," he added.

As for BSRM's own strategy in this uncertain period, Alihussain said the company would prioritise financial stability and cost control over fresh investments.

"Our strategy is to keep our costs and loans in check. Interest rates are too high to justify new investments in existing plants. Instead, we will maintain our cash flow and sustain the business," he commented.

BRAC Bank signs strategic partnership deal with PHP Group

STAR BUSINESS DESK

BRAC Bank has entered into a strategic partnership agreement with PHP Group, a Chattogram-based corporate business conglomerate, to provide banking solutions that will support the group's business growth in Bangladesh.

Md Ali Hossain, director of PHP Group, and Tareq Refat Ullah Khan, deputy managing director and head of corporate and institutional banking at the bank, signed the agreement at the former's corporate office in Khulshi, Chattogram recently, according to a press release.

This partnership will allow PHP Group to leverage BRAC Bank's extensive distribution network and advanced, tailored corporate and institutional banking solutions, which are expected to drive further expansion of the group's business operations.

The collaboration marks a significant milestone in fostering mutual business growth and achieving operational excellence, emphasising BRAC Bank's commitment to empowering corporate clients through modern, efficient, and technology-driven services.

Kayesh Chowdhury, head of regional corporate at the bank, along with other senior officials from both organisations, was also present.

PHOTO: BRAC BANK

Tareq Refat Ullah Khan, deputy managing director and head of corporate and institutional banking at BRAC Bank, and Md Ali Hossain, director of PHP Group, pose for photographs during a deal signing ceremony at the latter's corporate office in Khulshi, Chattogram recently.

Is this really a reciprocal

FROM PAGE B4

Among the top 10 largest RMG-exporting countries to the US, only Vietnam and Cambodia will face higher reciprocal tariffs than Bangladesh. These two countries are major competitors of Bangladesh in the global market, and Bangladesh will gain preference over them.

Since China is already subject to high tariffs in the US, it is unlikely to pose an additional threat to Bangladesh's RMG exports.

However, India, Indonesia, and Pakistan will gain preference over Bangladesh in the US market due to lower reciprocal tariffs.

Mexico and Honduras are likely to be the major beneficiaries in RMG exports to the US, as Honduras will be subject only to the 10 percent baseline tariff, and Mexico will not face any reciprocal tariffs.

Another issue that may arise in domestic policy discussions is whether it is possible to engage in dialogue with US authorities to reduce or eliminate the reciprocal tariffs for Bangladesh.

The Executive Order states that if a trading partner takes significant steps to remedy non-reciprocal trade arrangements and aligns sufficiently with the United States on economic and national security matters, the reciprocal tariff may be modified by reducing or limiting the duties imposed.

It is evident from the formula used to estimate reciprocal tariffs that the only practical option for Bangladesh is to increase imports from the US, as the formula considers only the trade deficit.

Other criteria mentioned in the order appear to play a limited role.

The writer is a former member of Bangladesh Trade and Tariff Commission.