US-China tech rivalry raging

AFP, *Davos*

China and the United States may have laid down their arms for now in a trade truce, but their technological rivalry is still raging, raising the spectre of a high tech cold war.

The coming battle played out this week in the corridors of the World Economic Forum in Davos, where Chinese executives rubbed shoulders with Silicon Valley supremos, and US diplomats lobbied hard to keep companies from embracing Made in China for their tech revolution.

At the centre of this cold war 2.0 is Huawei, the Chinese telecom giant whose 5G technology is key to delivering artificial intelligence (AI) and the next generation of computing.

Despite the idyllic winter setting, the tensions over Huawei between Beijing and Washington couldn't be higher.

Huawei has been banned from the United States, which insists on the risk of Chinese espionage and implores its European allies to do the same as the company rolls out deals in major emerging markets led byBrazil and India.

Making matters personal, company founder Ren Zhengfei, a Davos star this year, came to the snowy resort just as his daughter, the company's chief financial officer, was being grilled in Canada for extradition to the US where she is wanted on charges of fraud and breaking US sanctions against Iran.

"A world divided? I don't believe it," Ren told to an audience of CEOs and top executives, avoiding all controversy.

But experts assessing this new battleground warn the world is entering a digital schism.

"There is a competition for the predominance globally on digital questions. Huawei is a symbol

AFP/FILE

A pedestrian walks past a Huawei product stand at an EE telecommunications shop in Central London.

of that but it runs much deeper," Carlos Pascual, a former US diplomat and vice-president of IHS Markit, told AFP.

For Pascual, cyber-conflicts and "battles of influence" are paving the way for "a major Sino-American confrontation".

The confrontation ratcheted up in 2015 when Beijing adopted the "Made in China 2025" programme to boost its technologies, along with a massive infrastructure investment plan for the "Silk Roads" to Asia, Europe and Africa.

"This could lead many developing countries to look to China to build their telecom networks, relay stations, data centres and government IT systems," said John Chipman, head of the International Institute for Strategic Studies.

He noted that as they expand across all continents, Chinese companies are also gaining access to troves of data, the key to developing AI and the foundation for tomorrow's economy.

Washington, irked by this data harvesting, has also blacklisted several Chinese cybersurveillance and facial recognition firms.

Meanwhile, Chinese internet giants Baidu, Alibaba and Tencent, pushed by Beijing, are developing AI platforms, autonomous cars or connected objects distinct from those developed in Silicon Valley by Google or Amazon.

"The concern is that there will be two types of systems that are not compatible. Technology is an issue of power and a bipolarisation is taking place," said Jacques Moulin, head of the European think tank Idate.

Jean-Philippe Courtois, executive vice-president of Microsoft, echoed fears of a digital divide in global standards.

"The risk is that the tectonic plates" of the major technological markets "will become more and more fragmented or more and more distant", Courtois, who leads global sales for the US-based giant, told AFP.

"Our role is to take charge of this complexity by offering companies tools adapted to each regulatory environment," said Courtois whose company, along with Apple, is still largely dependent on Chinese suppliers.

At the same time, China strictly regulates its domestic internet, reinforcing the concept of a "splinternet" around the world as companies are forced to adopt different approaches depending on the market.

Can China meet its ambitions? In 2018, the telecom equipment manufacturer ZTE, another 5G giant, nearly disappeared, unable to import American components after a ban by the Trump administration that was finally lifted.

The episode was traumatic for Beijing and highlighted the Asian giant's dependence on American semiconductors: in total, China imports more chips than oil in terms of value.

SBAC BANK

SM Amzad Hossain, chairman of SBAC Bank, speaks at the bank's annual branch managers' conference at Fars Hotel and Resorts in Dhaka yesterday. Md Golam Faruque, CEO, was present.

Stingy listed companies sap investor spirit

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Many local listed companies either cannot pay their shareholders or are not willing to pay, said Mizanur Rahman, a stock market analyst. "This is because of poor corporate governance." The companies' underlying cash flow is lower compared to their profits because the companies are ill-managed and run as a family business, he said.

If the companies are not sharing their profits, they may be cheating investors in various ways like over-invoicing, said Rahman, who is also a professor at the Dhaka University's accounting and information systems department.

The chief financial officer of a listed company said upon condition of anonymity that his firm was able to provide at least 80 per cent cash dividend last year but the allowed only 20 per cent.

The company's directors either want to give stock dividends or keep the profits although it already has a reserve of more than Tk 700 crore. "Worldwide, stock dividend is not considered as any dividend because it pays nothing," said Md. Moniruzzaman, managing director of IDLC Investments, a merchant bank.

But the retail investors here have to make do with stock dividend.

Poorly performing companies normally provide stock dividend year after year. "This is because of lack of corporate governance."

Globally, when a company has huge reserves and lower possibility of further growth, it buys back shares, which increases its earnings per share.

"But we are seeing many companies here and yet they are not buying back shares," he added. A top official of the BSEC said requesting anonymity that they are aware of the issue and will look into it.

VIRUS OUTBREAK

Starbucks shuts shops in China's Hubei province

REUTERS, *Beijing*

Starbucks has closed all shops and suspended delivery services in China's Hubei province for the weeklong Lunar New Year holiday, where a coronavirus outbreak originated from its capital Wuhan has caused 41 deaths in China.

Starbucks said on Saturday that the move is out of "health concerns" for its customers and employees, according to a post on China's twitter-like Weibo. The central province of Hubei is home to nearly 60 million people.

IDLC becomes kitchen market vendors' white knight

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Abdullah believes that IDLC will continue to lend support to help materialise his plans given his good track record.

IDLC, Bangladesh's leading NBI in terms of business volume and profitability, plan to extend the credit facility to all over the country within the year.

Its target is to disburse loans to at least 2,000 kitchen market businesses.

So far, IDLC has recovered 99.5 per cent of their total disbursed loans, which in turn helped them manage the credit facility for underprivileged businesses, Khan said.

IDLC's initiative comes at a time when the country's NBFI sector is struggling to survive in the wake of rising default loans, which stems from a lack of corporate business.

A fair number of NBFIs recently became defaulters as they failed to pay back bank loans taken to run their businesses. However, IDLC has set an example by containing its default loans while maintaining profitability.

As of September last year, default loans at IDLC stood at 2.94 per cent of its total outstanding loans -- far below the industry average of 10 per cent.

Dream71 to help Bhutan digitalise citizen service

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"We will sit with their senior officials again and try to provide support as much possible," Kabir added.

Dream71 started out as a games developer and has now become a full-fledged software company with clients in 14 countries, including Japan, South Korea, the Netherlands and the UAE.

It has particularly developed expertise in creating human resource and tax software.

Recently, Dream71 expanded their network to Africa and struck an agreement with Melt Group, a company specialising in recruitment, selection, workforce management, staffing and professional training, for various ventures in Africa.

PRAN-RFL GROUP

Ahsan Khan Chowdhury, chairman and CEO of Pran-RFL Group, and RN Paul, managing director of RFL Group, pose at the dealers' conference of the group's concern Banga Building Materials at RFL Industrial Park at Kaliganj in Gazipur on Thursday.

FAA tells US airlines it could approve MAX return to service before mid-year

REUTERS, *Washington*

Federal Aviation Administrator Steve Dickson called senior US airline officials on Friday and told them the agency could approve the grounded Boeing 737 MAX's return to service before mid-year - a faster time frame than the planemaker suggested this week, people briefed on the calls said.

Dickson's calls came as the FAA issued a statement on Friday voicing progress on the 737 MAX, in a shifting tone that helped push the planemaker's shares higher even as concerns grew that it may cut production of another aircraft, the 787 Dreamliner.

"While the FAA continues to follow a thorough, deliberate process, the agency is pleased with Boeing's progress in recent weeks towards achieving key milestones," the agency said in a statement.

A person briefed on one of Dickson's calls with the airlines said he told officials the Boeing mid-year timeline is "very conservative."

India likely to raise import duties on more than 50 items next week

REUTERS, *New Delhi*

India plans to increase import duties on more than 50 items including electronics, electrical goods, chemicals and handicrafts, targeting about $56 billion worth of imports from China and elsewhere, officials and industry sources said. Finance Minister Nirmala Sitharaman could make the announcement when she presents her annual budget for 2020/21 on Feb. 1, along with other stimulus measures to revive sagging economic growth, one of the government officials said.

Higher customs duties are likely to hit goods such as mobile phone chargers, industrial chemicals, lamps, wooden furniture, candles, jewellery and handicraft items, two government sources with direct knowledge of the matter said.

The move could hit smartphone manufacturers that still import chargers or other components such as vibrator motors and ringers, along with retailers such as giant IKEA that is in the process of expanding its footprint in India.

IKEA had previously flagged higher Indian customs duties as a challenge. The government had identified items and decided to increase import tariffs by 5-10 percentas recommended by a panel of trade and finance ministry officials, among others, the second government official said.

"Our aim is to curb imports of non-essential items," said the official, adding a hike in import duties would provide a level playing field for local manufacturers-hit by cheap imports from China, the Association of Southeast Asian Nations (ASEAN), and other countries that enjoy trade pacts with India. The sources asked not be identified as the discussions were private.

A spokesman for the finance ministry and a spokeswoman for the commerce ministry declined to comment. Since taking charge in 2014, Prime Minister Narendra Modi has imposed several restrictions on imports while allowing more foreign investment in manufacturing, defence and other sectors.

Modi's ruling Bharatiya Janata Party (BJP) has also asked the government to increase duties on non-essential items to boost local manufacturing.

"We expect the budget will address the issue of ... cheap imports under free trade pacts," Gopal Krishan Agarwal, the head of BJP's Economic Affairs Cell, told Reuters. A committee of trade ministry officials in consultation with local industries had initially planned to target more than 130 items accounting for roughly $100 billion worth of imports, but it has since pruned the list, the first official said.

The government is separately considering imposing "quality standards" on imports as less than 10 percentof India's tariff lines are regulated for safety, health and environmental standards, an industry official, who is participating in the pre-budget consultations, said.

Ahead of the budget, the trade ministry has also asked the finance ministry to consider a Border Adjustment Tax (BAT) on imported goods to level the playing field for domestic players that also have to pay local taxes like electricity duties and levies on fuel, the second government official said. The official added this could be imposed on top of any tariffs further raising the costs of imported goods.

Indian Finance Minister Nirmala Sitharaman

Last July, the government raised import tax on more than 75 items, including gold and automobile parts, in its post-election budget.

India's goods imports, which had been growing faster than exports in the last several years, fell some 8.90 percentduring the April-December period from year-earlier levels, compared to a roughly 2 percentdecline in exports. This has helped the Modi administration cut its trade deficit that stood at $118 billion during April-December, down from $148 billion a year earlier.

The United States wants India to buy at least another $5-6 billion worth of American farm goods if New Delhi wants to win reinstatement of a key US trade concession and seal a wider pact, four sources familiar with the talks told Reuters.

US President Donald Trump cited trade barriers last year when removing India from its Generalized System of Preferences programme that allowed zero tariffs on $5.6 billion of exports to the United States. In retaliation, India slapped higher tariffs on more than two dozens US products.

RAKEEN DEVELOPMENT COMPANY

SAK Ekramuzzaman, managing director of Rakeen Development Company, opens the construction work of a condominium project, Rakeen Tranquil Town, of the real estate company in Narayanganj yesterday. A number of 23-story buildings will be constructed on a 120-bigha land.

US pushing India to buy $5-6b more farm goods to seal trade deal

REUTERS, *New Delhi*

The United States wants India to buy at least another $5-6 billion worth of American farm goods if New Delhi wants to win reinstatement of a key US trade concession and seal a wider pact, four sources familiar with the talks told Reuters. US President Donald Trump cited trade barriers last year when removing India from its Generalized System of Preferences (GSP) programme that allowed zero tariffs on $5.6 billion of exports to the United States. In retaliation, India slapped higher tariffs on more than two dozens US products.

Ahead of a Trump visit to New Delhi to meet Prime Minister Narendra Modi next month, negotiators on both sides are hammering out terms for a trade deal that would include New Delhi rolling back higher tariffs on some farm goods such as almonds, walnuts and apples, one of the sources said.

Both governments had hoped to work out a limited trade deal last year, but struggled to reach an agreement.

India's commerce ministry and the US Embassy in New Delhi did not respond to a request for comment. The office of the US Trade Representative did not immediately respond outside regular business hours. While India has offered partial relief on medical device price caps that have hurt American pharma giants and a roll-back in tariffs on some US goods, Trump's team wants a sweetener of $5-6 billion in additional trade for US goods to restore GSP privileges, three of the sources said.

That demand was conveyed by the United States to India in late December, said two sources. As part of the negotiation, the US wants India to increase imports of frozen poultry products, the first source said. The US has already been pushing India to cut the high import taxes on poultry products.