



STOCKS	
DSEX	CSCX
▲ 0.56%	▲ 0.42%
4,506.87	8,312.36

COMMODITIES	
 Gold ▼	 Oil ▼
\$1,578.50 (per ounce)	\$56.23 (per barrel)

ASIAN MARKETS			
MUMBAI	TOKYO	SINGAPORE	SHANGHAI
▲ 0.34%	▼ 1.01%	▼ 1.19%	▼ 7.72%
39,872.31	22,971.94	3,116.31	2,746.61

CURRENCIES				
	USD	EUR	GBP	CNY
BUY TK	83.95	92.21	109.85	11.79
SELL TK	84.95	96.01	113.65	12.43





**Quicker  
Easier & Safer**

Fund transfer, Utility bill payment,  
Top up mobile balance,  
Credit card bill payment  
& many more





**Social Islami Bank Limited**



# BUSINESS

DHAKA TUESDAY FEBRUARY 4, 2020, MAGH 21, 1426 BS [starbusiness@thedailystar.net](mailto:starbusiness@thedailystar.net)

## The billion-dollar hit job

REJAUL KARIM BYRON *and*  
MD FAZLUR RAHMAN

The way unknown hackers hatched plans to steal money from the Bangladesh Bank's reserves with the New York Fed using the most sophisticated banking and payment channels as well their near-perfect preparation and timing will render many detective stories and Hollywood movies average.

This largely explained why the largest cyber hacking in history has still remained unresolved four years after it shook the financial world.

In February 2016, hackers breached the BB's systems and used the SWIFT messaging network to order the transfer of \$951 million from the central bank's account at the New York Fed.

Of the amount, \$81 million ended up in the bank accounts in the Philippines, which were quickly withdrawn and sucked in by the huge casino industry in the Southeast Asian country.

The hacking was so well-planned that it took the BB until the middle of March to retrieve the related SWIFT messages, according to the report of the government-sponsored probe committee.

A three-member committee led by former BB Governor Mohammed Farahuddin began working on March 20, 2016. The probe report was submitted in May 2017, but the government is yet to make the report public.

The 27-page report shed light on the people and the organisations whose actions might have paved the way for the hacking as well as the organisations that had the power to stop it but failed to do so. It made 70 recommendations to prevent repetition of such heists.

The root to hack the BB network and its reserves could be traced at least six months before the heist took place.

In August 2015, the computers of the BB were connected with the SWIFT network through the Real-Time Gross Settlement (RTGS), which is used to process local



transactions and without taking any expert opinion.

The establishment of the link on August 13 paved the way for the hackers to deploy malware in the SWIFT messaging system as it created scope for any computer of the local area network (LAN) to send SWIFT messages to the New York Fed, according to the probe report.

The report raised questions about the visit of a SWIFT official, who worked almost privately on the SWIFT system at the BB. Then the SWIFT officials also did not inform the BB officials how the link between the SWIFT and the BB-RTGS works.

The SWIFT official used the user ID and password of two BB officials to work in the system. So, it was not difficult to know about the finger stroke, password and other important codes.

The user ID and password of the two BB officials were compromised after January 24, 2016, the report said.

A malware was deployed into the SWIFT system on January 19 or 20, 2016 that copied the user ID and password; the credentials were later used in hacking and transferring the funds.

The malware identified is advanced and custom-designed to operate on servers processing SWIFT transactions.

It has the capability to bypass certain software security measures especially related to the BB's SWIFT environment and was rigged to securely erase all traces of activity and self-destruct on February 6, 2016 after accomplishing its goal, said the probe report quoting a primary report of world-renowned cyber security firm FireEye Mandiant.

The criminals chose the day for the hacking wisely: February 5 and 6 were weekends in Bangladesh, February 6 and 7 were weekends in the US and February 6 and 8 were bank holidays for the Chinese New Year in the Philippines.

Hackers, using the user name and password of a BB official of the accounts and budgeting department, generated 35 SWIFT messages

between 8.36pm on February 2016 and 3.59am the following morning and instructed the NY Fed to release around \$951.01 million to four beneficiaries through intermediary banks.

While the NY Fed's security system flagged the payment orders, five of them fell through, and \$101 million against them was released. Of the amount, \$81 million was wired to the Philippines (RCBC branch in Manila) and \$20 million to Sri Lanka's Shalika Foundation.

Ultimately, the Sri Lankan bank that received that payment order -- the Pan Asia Banking Corporation --flagged it because it misspelled the word "Foundation" as "Fundation". The size of the transaction was unusual, too.

Mandiant's probe showed that the traces to collect information, particularly the SWIFT messages, generated on February 4 were erased. SWIFT could not retrieve them.

Hackers usurped the Fedwire system -- which is developed and maintained by the Federal Reserve System and used to transfer large-dollar payments among Federal Reserve offices, depository institutions and federal

government agencies -- to steal funds from the BB's account at the New York Fed by transferring them to correspondent accounts held by RCBC, according to a court document of a case filed by the BB with a New York court.

The conspirators took advantage of certain features of the Fedwire system and timing to accomplish their theft. Fedwire system transfers are same-day and, in many cases, instantaneous. Transferred funds are often available and final when sent.

Armed with this knowledge, the conspirators sent the unauthorised payment orders after business hours at the start of the weekend in Bangladesh -- which is Friday and Saturday in Bangladesh -- in an attempt to action the transfers before the New York Fed or Bangladesh Bank could discover the theft, the case document said.

BB high-ups came to know about the stealing two days later. Still, the central bank decided to keep it secret.

Then Governor Atiur Rahman told the probe committee that he talked to Amando M Teranga Junior, then central bank governor of the Philippines, on February 11.

The Filipino governor said if utmost secrecy about the stealing can't be ensured the wrong-doers might escape and assured Rahman that the whole amount might be retrieved quickly if secrecy can be maintained, Rahman told the probe committee.

This led the then governor to decide not to report the incident to any intelligence agency until March 1.

But after the Inquirer of Manila broke the news on February 29, the whole world came to know about the incident.

**WHO IS TO BLAME?**

The central bank of Bangladesh, the SWIFT network and the New York Fed can't evade their responsibility in the reserve heist, said a probe report.

Rizal Bank of the Philippines did not act fittingly.

RCBC staged a scandalous drama by implementing the fund transfer messages on February 9 despite receiving "stop payment" requests from Dhaka.

Maia Santos-Deguito, manager of Jupiter branch that released the funds, said she had carried out the fund transfer orders "out of fear". RCBC CEO Lorenzo Tan resigned.

"It is a huge surprise that four accounts were opened with RCBC just by depositing \$500 six months before the heist and multi-million dollars were deposited in the accounts despite getting "stop payment requests", the report said.

READ MORE ON B3

## Export diversification hinges on access to bonded warehouse

*Analysts say at SANEM conference*

STAR BUSINESS REPORT

Easing access of non-RMG sectors to bonded warehouse benefit, an opportunity to ensure duty-free import of raw materials of export items, is vital to diversify the country's export basket, said analysts yesterday.

The National Board of Revenue (NBR) provides duty-free import benefit to exporters under the bonded warehouse scheme and benefit is mostly enjoyed by apparel exporters.

Around 84 per cent of Bangladesh's export basket of \$40.5 billion in fiscal year 2018-19 was filled up by ready-made garments while the rest 16 per cent failed to reap the bonded warehouse

IMPORTS AND TAX EXEMPTION UNDER BONDED WAREHOUSE		
SECTOR	Fiscal Year: 2016-17	
	IMPORT TK IN CRORE	TOTAL IMPORT TAX EXEMPTED (Tk in crore)
RMG and knitwear	47,795	33,612
Footwear	127	47
Others	2,138	1,221
Total bonded imports	50,060	34,880

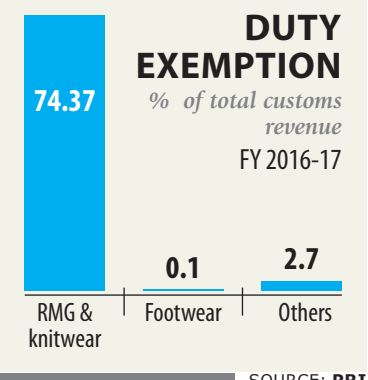
SOURCE: PRI

privilege fully.

Lack of readiness of the revenue authority to provide similar treatment to all export sectors, partly because of its inadequate resources to monitor all the bond

licence-holders, is blamed for non-RMG sectors' failure to reap full advantage of bond facility.

"Export diversification is linked to existence of bonded warehouse facility as it provides scope to buy



SOURCE: PRI

raw materials at international prices. This facility needs to be extended to other sectors," said Zaidi Sattar, chairman of the Policy Research Institute of Bangladesh.

READ MORE ON B3

## 'If we face any challenges, customers will suffer'

*New Grameenphone CEO says they will focus more on innovation, local digital services*

STAR BUSINESS REPORT

Grameenphone will give more emphasis on innovation and localisation of digital services in the days to come and raise its game further to understand the needs of customers, said Yasir Azman, chief executive officer of the country's leading mobile phone operator, yesterday.

The operator will go through a rough patch while ensuring a quality network if the ongoing disputes with the regulator are not resolved within the next few weeks, said Azman in his first press meet after becoming the first Bangladeshi national to take the reins of the company.

Grameenphone has not been able to invest as per its plans for the last six months and if the situation lingers for another six months, its



Grameenphone CEO Yasir Azman talks to reporters at its head office in Dhaka yesterday.

COLLECTED

network will fail to bear the huge loads of customers, he said.

"A large number of customers and businesses are dependent on our network. If we face any challenges, our customers will suffer," Azman said at the briefing at their headquarters in the capital.

He termed the situation critical, saying the regulator is being rigid with the allocation of second mobile numbering scheme, due to which existing allotment will run out within a week or two. Operators cannot also sell used SIMs.

Grameenphone has been barred by the regulator from rolling out new packages/services or importing network equipment in an attempt to pile up pressure on the operator to clear dues of Tk 12,580 crore as per audit claims.

READ MORE ON B3

### GOVT PROMISES LIFT STOCKS

*Stocks edged up in the last two sessions, mainly due to some positive developments, lifting the benchmark index of theDhaka Stock Exchange to over 4,500 points. The finance minister has announced that seven state-run companies will offload their shares, while Bangladesh Bank promised to offer liquidity support to the market.*

DSEX rose to **4,506.87** points (advanced **25.36** points, or **0.56%**)

Daily turnover rose to Tk **506.35** crore (increased Tk **41.65** crore, or **8.97%**)

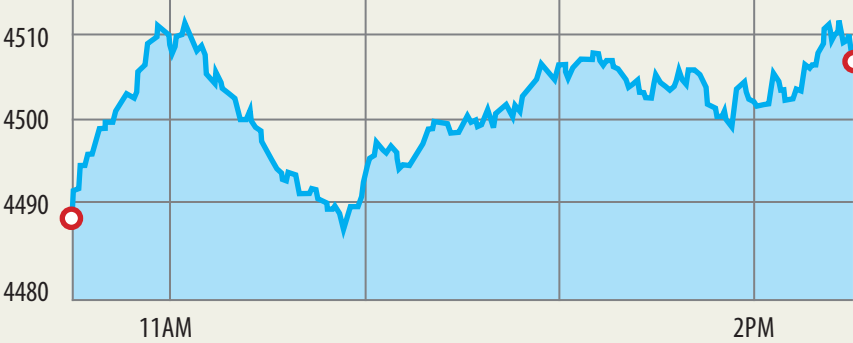
TOP FIVE GAINERS	
Company	Gain (in %)
Titas Gas	9.84
Usmania Glass	9.83
Fu Wang Food	9.24
Phoenix Finance 1st Mutual Fund	9.23
Advent Pharmaceuticals	9.05

TOP FIVE LOSERS	
Company	Loss (in %)
United Airways	10
Fu Wang Ceramics	6.83
LafargeHolcim	5.15
Golden Son	4.76
Shyampur Sugar	4.72

TOP SECTORAL GAIN	
Sector	Loss (in %)
Telecommunication	5.75
Fuel & Power	1.94
Textile	1.62
Engineering	1.55
Non-bank Financial Institutions	0.78

TOP TURNOVER	
Company	Average turnover
LafargeHolcim	Tk 40.83 in crore
Khulna Power	Tk 24.81 in crore
Summit Power	Tk 20.23 in crore
BSC	Tk 16.18 in crore
Grameenphone	Tk 15.24 in crore

### DSE BROAD INDEX







Mohammad Bayazed Bashar, deputy general manager for planning and development at DBL Ceramics, and M Abu Hasib Ron, head of sales, pose at the company's national sales conference at the Gulshan Club in Dhaka on Sunday.

DBL CERAMICS

## Apple supplier to assemble key iPhone component in new India plant

REUTERS, New Delhi

Taiwan's Wistron Corp plans to assemble printed circuit boards (PCBs) for iPhones at its new plant in southern India, two sources said, highlighting Apple Inc's push to expand manufacturing in the world's second-biggest smartphone market.

The local assembly of PCBs by Wistron's India unit will be a first for the contract manufacturer, which began making Apple's low-priced SE model in the southern tech hub of Bengaluru in 2017. It currently assembles the 6S and 7 iPhone models there as well.

A PCB is a bed for key components such as processors, memory and wireless chip sets that are the heart of an electronic device. Once assembled, or populated with components, PCBs account for about half the cost of a smartphone.

Wistron's second iPhone plant, some 65 km (40 miles) from Bengaluru, is expected to become operational by April, the sources said, adding that it will make iPhone 7 and 8 models, some of which will be exported.

The facility will be capable of producing up to 8 million smartphones annually, they said.

The plan is part of Wistron's 30 billion rupee (\$422.12 million) investment proposal submitted to the Karnataka state government in 2018.

Wistron's bigger rival Foxconn, which began making iPhone XR models in India last year, already assembles PCBs for those devices locally.

The deepening of PCB assembly in India will help Cupertino, Calif.-based Apple save on import taxes on smartphone components,



REUTERS/FILE

A salesman uses his iPhone at a handset store in New Delhi.

levied by Prime Minister Narendra Modi's government to boost local manufacturing and create new jobs.

On Saturday, India said in its federal budget that it will from April begin taxing imports of populated PCBs at a higher 20 per cent, from the previous rate of 10 per cent.

Apple declined to comment. Wistron did not respond to a request for comment. Apple, which still makes most of its iPhones in China, has gradually moved to expand production in other countries as Washington and Beijing wage a disruptive battle over trade and technology.

In India, a market with 1.1 billion wireless connections and about 480 million smartphones, Apple's premium devices have proven too costly for many consumers.

The company's market share by shipment volumes is just over 1 per cent, though it was among the fastest growing smartphone brands in India in the quarter to Dec. 2019, according to market researcher Counterpoint.

India remains largely dependent on China for supplies of smartphone parts such as cells, display panels, camera modules and printed circuit boards.

The coronavirus outbreak in China could cause a delay in Wistron and Apple's plans for India, one of the sources said.

The epidemic, which has killed more than 250 so far, threatens to disrupt India's production of smartphones if it continues to spread, Reuters reported previously.

Government of the People's Republic of Bangladesh

Local Government Engineering Department

Office of the Upazila Engineer

Karnafuli, Chattogram

[www.lged.karnafuli.chittagong.gov.bd](http://www.lged.karnafuli.chittagong.gov.bd)

Memo No. 46.02.1539.000.17.001.20-42

Date: 30-01-2020

e-Tender Notice-01/2019-2020

This is online tender where only e-Tender will be accepted in the National e-GP Portal and no offline/hard copies will be accepted.

To submit e-Tender registration in the National e-GP System Portal (<http://www.eprocure.gov.bd>) is required.

The fees for downloading the e-Tender documents of following package from the National e-GP System Portal have to be deposited online through any registered bank's branches up to 04-Mar-2020 12:00am.

Sl No.	Package No.	Name of work	Tender ID	Last date & time of selling documents	Last date & time of submission documents
1	EU/CPW-02	Improvement of earth filling works at Proposed Karnafuli Upazila Complex Area under Shikolbaha union Karnafuli Upazila, Chattogram.	412702	04-Mar-2020 11:00am	04-Mar-2020 15:00pm

Further information and guidelines are available in the National e-GP System Portal and from e-GP help desk ([helpdesk@eprocure.gov.bd](mailto:helpdesk@eprocure.gov.bd)).

Joysree Dey

Upazila Engineer

E-mail: [ue.karnafuli@lged.gov.bd](mailto:ue.karnafuli@lged.gov.bd)

Cell: 01313419490

GD-222

## Indonesia' palm oil exports hit record in 2019

REUTERS, Jakarta

The world's top palm oil producer Indonesia exported a record 36.18 million tonnes of palm oil and its products, including biodiesel and oleochemical last year, data from the Indonesia Palm Oil Association (GAPKI) showed on Monday.

Exports rose by 4.2 per cent from 34.71 million tonnes in 2018, supported by rising demand from China, the Middle East and African markets, which offset declines in demand from other countries notably India, chairman Joko Supriyono said.

He said India, the world's top vegetable oil buyer, recorded the biggest decline among shipment destinations last year following higher import tariffs on Indonesian shipments compared to those from rival Malaysia.

Supriyono said production growth in 2020 is expected to slow as drought and a cut in fertiliser usage last year will likely affect yield. He also said GAPKI was monitoring the impact of the spread of coronavirus in China on palm oil demand.

GAPKI said Indonesia produced 47.1 million tonnes of crude palm oil (CPO) last year and 4.6 million tonnes of palm kernel oil. By comparison, in 2018 the country produced 43 million tonnes of CPO and 4.3 million tonnes of kernel oil.

REUTERS, Bengaluru

India's manufacturing activity expanded at its quickest pace in nearly eight years in January with robust growth in new orders and output, a private survey showed on Monday, suggesting the economy may be getting back on firmer footing.

In response to the jump in sales, factories hired new workers at the fastest rate in more than seven years.

If sustained, the improvement in business conditions could point to a gradual economic recovery in coming months, as forecast by analysts in a Reuters poll last month, after growth slowed to a more than six-year low in the July-September quarter.

The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, jumped to 55.3 last month from 52.7 in December. It was the highest reading since February 2012 and above the 50-mark separating growth from contraction for the 30th straight month.

"The PMI results show that a notable rebound in demand boosted growth of sales, input buying, production and employment as firms focused on rebuilding their inventories and expanding their capacities in anticipation of further

increases in new business," Pollyanna De Lima, principal economist at IHS Markit, said in a news release.

A new orders sub-index that tracks overall demand hit its highest level since December 2014 and output grew at its fastest pace in over seven and a half years, pushing manufacturers to hire at the strongest rate since August 2012.

Meanwhile, both input costs and output prices rose at a slower pace,

REUTERS/FILE

A worker grinds a metal window grill at a steel factory in Ahmedabad.

Government of the People's Republic of Bangladesh

Office of the Line Director

Community Based Health Care (CBHC), DGHS

BMRC Bhaban (1st Floor), Mohakhali, Dhaka-1212

Phone: 9880745, Fax: 02-9842900

Invitation for Tender

Sealed tender is hereby invited from the bidders for supply of MSR for Community Clinic. As per PPR-2008, terms and conditions are as follows:

KEY INFORMATION					
1	Ministry/Division	Ministry of Health and Family Welfare (MOHFW), Health Services Division.			
2	Agency	Directorate General of Health Services (DGHS), MOHFW.			
3	Procuring entity	Line Director, Community Based Health Care (CBHC), DGHS.			
4	Procuring entity code	224021006			
5	Procuring entity district	Dhaka.			
6	Invitation for	Procurement of MSR for Community Clinic.			
7	Invitation for offer Ref. No.	CBHC/Proc./RPA-GOB/MSR(C.C)-23/2019-2020/34			
8	Date	03.02.2020			
9	Procurement method	Open Tender Method (OTM).			
FUNDING INFORMATION					
10	Budget and source of funds	RPA-GOB.			
11	Developments partners	None.			
PARTICULAR INFORMATION					
12	Project/program code	224021006			
13	Project/program name	Community Based Health Care (CBHC).			
14	Tender package No.	CBHC/R-GD/2019-2020			
15	Tender package name	MSR for Community Clinic.			
16	Tender publication date	04.02.2020			
17	Tender last selling date and time	24.02.2020 at 5.00pm.			
18	Tender closing date and time	25.02.2020 at 12.30pm.			
19	Tender opening date and time	25.02.2020 at 2.30pm.			
20	Name and address of the office				
	a) Selling of tender documents	a) Office of the Line Director, CBHC, DGHS, BMRC Bhaban (1st Floor), Mohakhali, Dhaka-1212. b) Divisional Commissioner Office, Segunbagicha, Dhaka. c) Central Medical Store Depot (CMSD), Tejgaon, Dhaka.			
	b) Receiving of tender documents	a) Office of the Line Director, CBHC, DGHS, BMRC Bhaban (1st Floor), Mohakhali, Dhaka-1212. b) Divisional Commissioner Office, Segunbagicha, Dhaka. c) Central Medical Store Depot (CMSD), Tejgaon, Dhaka.			
	c) Opening of tender documents	Office of the Line Director, CBHC, DGHS, BMRC Bhaban (1st Floor), Mohakhali, Dhaka-1212.			
21	Place/date/time of pre-tender meeting	N/A.			
INFORMATION FOR TENDERER					
22	Eligibility of tenderer	As stated in TDS.			
23	Brief description of goods	Supply of MSR (39 items) for 1165 Community Clinics.			
24	Brief description of related services	Not applicable.			
25	Price of tender documents Taka	Taka 10,000 (ten thousand) only by Treasury Challan (with CTR) Code No. 1-2711-0000-2366 to be deposited Sonali Bank Ltd or Bangladesh Bank (non-refundable).			
26	No.	Identification	Location	Tender security amount in BDT	Completion time (in weeks)
	Single lot	CBHC/R-GD-2/2019-20	CBHC, BMRC Bhaban (1st Floor), Mohakhali, Dhaka	BDT 14,00,000/- (fourteen lac) only by Pay Order in favour of Line Director, CBHC, DGHS	10 weeks from date of signing the contract
PROCURING ENTITY DETAILS					
27	Name of official inviting offer	Dr. Shahadeb Chandra Rajbangshi.			
28	Designation of official inviting offer	Line Director, CBHC, DGHS.			
29	Address of official inviting offer	BMRC Bhaban (1st Floor), Mohakhali, Dhaka-1212.			
30	Contact details of official inviting offer	BMRC Bhaban (1st Floor), Mohakhali, Dhaka, Phone No. 9880745 (Official), Fax No. 02-9842900, E-mail: <a href="mailto:cbhc@ld.dgsh.gov.bd">cbhc@ld.dgsh.gov.bd</a>			
The procuring entity reserves the right to accept or reject any or all offers.					
Dr. Shahadeb Chandra Rajbangshi Line Director Community Based Health Care (CBHC), DGHS BMRC Bhaban (1st Floor), Mohakhali, Dhaka-1212 E-mail: <a href="mailto:cbhc@ld.dgsh.gov.bd">cbhc@ld.dgsh.gov.bd</a>					
GD-227					



# Hitachi looks to widen net

Begins sale of new freezers through Transcom

STAR BUSINESS REPORT

Hitachi, a Japanese multinational conglomerate company headquartered in Tokyo, is keen to enhance their market share in Bangladesh by providing high quality and environmentally friendly products, according to Hiroshi Honda, a general manager of Hitachi Home Electronics Asia.

"Hitachi has a plan to increase investment in Bangladesh and provide the next generation of advanced technology products," Honda said while addressing a launching programme for a pair of high-end Hitachi refrigerators.

The programme, organised by Transcom Electronics Limited, was held at the International Conference Centre Bangladesh (ICCB) in Kuril yesterday.

In 2020, Hitachi plan to escalate their growth in the market. To cater to their customers, Hitachi will look to broaden their product range.

"Our new year resolution is to deliver a truly differentiated line of home appliances that can successfully meet local needs," said Honda, adding

that Hitachi is a pioneer of high-tech electronics production.

Transcom Electronics, the country's foremost electronic product distributor, has purchased the rights to sell the two refrigerators showcased at the ICCB.

The first model, the HITACHI R-M820VAG9PBX Side by Side, is a double door refrigerator, featuring a vacuum compartment, powerful deodorization capabilities, energy-efficient inverter technology, and an eco-monitoring sensor.

The second model, the HITACHI R-WB640VOPB 4D French Bottom Freezer, also includes vacuum compartments and deodorization technology with triple power filter alongside auto doors and an exterior LED handle.

The first icebox will be priced at Tk 465,000 while the second, which comes in two colours -- Glass Black and New Glass Brown -- will cost Tk 210,000.

The event focused on HITACHI's future plans in Bangladesh.

As of 2018, Hitachi's growth in the market was 40 per cent but that value

increased to 56 per cent in 2019, said Yeamin Sharif Chowdhury, a director of Transcom Electronics.

The company plans to further increase its penetration in the market by increasing growth to 100 per cent. To do so, the company will widen its retail and dealer network.

"By maintaining competitive pricing, strong partner management, attractive consumer promotions and providing quality services instantly, we will increase the scope of this business by 360 degrees," Chowdhury said.

Transcom Electronics provides original brands and quality products with superior service in order to enhance the lifestyle of consumers in Bangladesh.

Transcom Electronics is an official service partner of Hitachi and other high-end brands which are available in Bangladesh. The company is the most trustworthy and promising multi-brand electronics retailer of the country, he added.

The event was attended by senior officials from HITACHI and Tarun Jain, general manager of the west region of India Business.

# Declared yarn but imported sand

STAFF CORRESPONDENT, Ctg

Chittagong Customs House yesterday seized two containers filled with 4,000 sacks of sand, which were imported in the name of polyester textured yarn.

Shoara Fashion declared in its import documents that it will brought in \$49,697 or Tk 43 lakh worth of yarn from China.

The consignments arrived in Chattogram port on January 22, which were exported by Xingtai Yameizhi Textile Co Ltd in China, Customs Commissioner Fakhrul Alam told The Daily Star.

"We have to investigate whether it's a case of money laundering or the importer is being cheated."

# Travellers can now carry up to \$10,000

STAR BUSINESS REPORT

Each traveller can now carry up to \$10,000 without declaration while departing or entering Bangladesh.

The central bank yesterday doubled the limit for both inbound and outbound passengers as part of efforts to boost the flow of the cash US dollar.

The inbound passengers will have to fill in the Foreign Money and Jewellery form if the amount crosses \$10,000, according to a Bangladesh Bank notice sent out to banks.

The move will encourage travellers to

carry up more foreign currencies while entering the country, which will put a positive impact on remittance, said officials of the banking watchdog.

In January, expatriate Bangladeshis sent home \$1.63 billion to take the total thus far in the fiscal year to \$11.04 billion.

Between the months of July and January this fiscal year, remittance was up 21.43 per cent year-on-year.

As per the central bank's rule, both expatriate and non-expatriate Bangladeshis are allowed to keep the foreign currency in their hands for a maximum of one month.

# India electricity supply rises

REUTERS, New Delhi

India's electricity supply rose 3.25 per cent during the month of January after five straight months of decline, provisional government data showed, in a relief for power producers.

Power supply rose to 106.36 billion units in January, up from 103.01 billion units last year, an analysis of daily load despatch data from state-run Power System Operation Corp Ltd (POSOCO) showed.

India's Central Electricity Authority (CEA), an arm of the federal power ministry,

is expected to release official data on power demand later this month. POSOCO releases provisional load despatch data every day.

Higher electricity supply could mean a rise in power demand, as electricity deficit in India is marginal. Electricity demand is seen by economists as an important indicator of industrial output and a deceleration could point to a further slowdown.

However, the potential rise would be from a low base, as electricity demand grew at the slowest pace in January 2019 in nearly two years, CEA data showed.

# 'If we face any challenges, customers will suffer'

FROM PAGE B1

In the culmination of a legal battle, the Supreme Court directed Grameenphone to pay Tk 2,000 crore by February 23, but the operator expressed its intention to pay only Tk 575 crore in twelve instalments and filed a review petition to that end.

The run-in with the regulator is already taking a toll on customers, according to Azman.

The operator had plans to establish about 2,000 new towers last year but they could not do so due to regulatory challenges, he said.

Azman, however, is hopeful of breaking the impasse through

discussion.

"I have reached out to the government high-ups and their response was positive. However, as the matter is pending with the court, the government will wait for the final verdict."

Because of the tussle with the regulator, the mobile industry was deprived of Tk 5,000 crore investment last year and is now struggling to prepare a complete plan for 2020 due to unpredictability, he said.

On the upcoming 5G technology, Azman said the government is planning to launch the service within the next two years and Grameenphone

is also taking preparations for that.

"But in such a situation, it's difficult to focus on 5G as we need better network expansion for 4G. Our plan is to set up 4,000 towers by the end of this year and reach 90 per cent population with 4G services," he said.

The Grameenphone CEO said there are some misconceptions about their contribution to the country. Grameenphone has so far contributed around Tk 75,450 crore to the state coffers, he said. From every Tk 100 of their revenue, the company has paid Tk 59.2 to the government in the form of taxes, VAT, duties, licence/spectrum and revenue fees, he added.



MIDLAND BANK

Md Ahsan-uz Zaman, CEO of Midland Bank, opens a branch of the bank at Bheramara in Kushtia on Sunday.

# NCC Bank gets new DMD

STAR BUSINESS DESK

M Shamsul

Arefin has recently been promoted to the post of deputy managing director of NCC Bank.



Prior to the promotion, he was the bank's senior executive vice president and the head of CRM division, according to a statement. Arefin started his banking career as a probationary officer at the Eastern Bank in 1994.

He achieved his master of commerce (finance) from the University of Dhaka.

# Export diversification hinges on access to bonded warehouse

FROM PAGE B1

He spoke at a session of the two-day SANEM Annual Economists' Conference 2020.

South Asian Network for Economic Modeling (SANEM) organised the event for the fifth time at the Spectra Convention Centre in Dhaka, Bangladesh.

Sattar said Bangladesh exported 1,605 items in 2018 and nearly 250 of those were RMG items.

Of them, 299 products registered over \$1 million in export receipts and the rest—none of which use bonded warehouse facility—recorded below \$1 million, he said.

Sattar said high tariff to protect domestic industries has also created an anti-export bias among non-RMG exporters.

"We have a system of perpetual protection when choice comes for producing for domestic market. Non-garment gets high incentive to produce for the domestic market," he said.

Sattar said non-garments must have access to bonded warehouse benefits for export diversification.

Non-RMG exports ranged between \$5 billion to \$7 billion a year during fiscal year 2013-17, said Nusrat Nahid Babi, private sector specialist of World Bank Group.

Effective bonded warehouse benefits could have boosted non-RMG exports by approximately \$1.5 billion a year, she said.

She said Bangladesh's source of cost competitiveness is low-cost labour but raw materials and intermediate goods are subject to tariffs.

"To be competitive, Bangladeshi exporters need to be guaranteed imported inputs at world prices.

That is, imports must be available at duty-free prices, upfront," she said, adding that bonded warehouse benefits ensure duty-free imports, creating a level playing field on the global market.

"Then labour cost advantage can be

exploited fully. As long as tariffs exist and remain high, bonded warehouse benefit is a must for export success," said Babi.

She said though existing statutory regulatory order extends bonded warehouse facility to non-RMG, grant of licence is selective because they are not 100 per cent export-oriented.

Mindset is an issue, she said. Manual administrative and supervision process is another challenge, she added.

Answer lies in modernisation and full automation of bonded warehouse management, she said.

Bonded warehouse benefits helped apparel sector grow, said Asif Ibrahim, vice chairman of Newage Group.

Policy should be consistent to every sector, not biased to one sector, he said, also suggesting rationalisation of tariff structure.

There is no discrimination in policy regarding bonded warehouse privilege between RMG and non-RMG sectors, said Abu Nur Rashed Ahmed, additional

commissioner of the Customs Bond Commissionerate, Dhaka.

"We provide equal access as per rule. It is not that we have not given licences to any sector. They have to apply," he said.

A list of products having competitive advantage should be prepared and bonded warehouse benefits can be provided to those sectors, said Abul Kasem Khan, managing director of AK Khan Telecom Ltd.

Citing small and medium exporters, he suggested establishment of common bonded warehouses to increase shipment.

Leakage of bonded warehouse is a matter of concern for the revenue authority and the finance ministry officials, said Masrur Reaz, senior economist and programme manager of the World Bank Group in Dhaka.

"This can be reduced to a large extent through tech upgrade in bonded warehouse system."

A change in mindset be the beginning of a new journey, he said.

# CATL signs battery supply deal with Tesla

REUTERS, Shanghai

China's top electric vehicle battery maker CATL said on Monday it has signed a battery supply agreement with Tesla.

Tesla will determine the battery purchase volume between July 2020 and June 2022, according to its own needs, CATL said in a stock exchange filing, adding the agreement does not impose restrictions on Tesla's purchase volume.

Tesla, which has a long-standing battery supply agreement with Japan's Panasonic Corp, said during its earnings call last week that its pact with LG Chem and CATL was at a smaller scale.

# The billion-dollar hit job

FROM PAGE B1

RCBC was the perfect choice for the hackers, according to a court document of a case filed with the New York court by the BB.

The Filipino bank had correspondent bank accounts with commercial banks in New York City that would serve as intermediary accounts to receive, directly from the New York Fed, the Bangladesh Bank's stolen funds and then transfer them out of the US to fictitious accounts.

Five fictitious US dollar accounts were opened on May 15, 2015, almost nine months before the theft. Each was opened as an account to hold US dollars, signalling that conspirators understood, intended and plotted to reach into the US -- specifically into New York and the BB's account at the New York Fed -- to steal funds.

The accounts sat unused -- with no transactions -- until February 5, 2016 when it received the stolen funds. Virtually the entirety of that amount by the four account was withdrawn by February 9, 2016.

A fifth fictitious US dollar account was opened in the name of Ralph Campo Picache also with a deposit of \$500.

It sat unused, and remained unused throughout the conspiracy, although not for lack of trying.

Approximately \$170 million in fraudulent payment instructions were destined for the fictitious Picache Account but, unlike the other four fictitious accounts, none of the payment instructions to this account were executed by the New York Fed.

"RCBC has since admitted that all of these accounts were fake, and established for fictitious persons, which begs the question of who could legitimately operate these accounts when there was no real owner," the court documents said.

"The answer is that the only entity that could transfer funds in and out of these accounts -- which had no other owner -- was RCBC itself, by and through its personnel, which involved multiple individuals up to the highest levels of RCBC," the document added.

Later that year, on December 8, 2015, about two months before the theft, RCBC opened accounts for each of the five fictitious beneficiaries. These accounts were held in the Philippine peso, not the US dollar like the earlier fictitious accounts.

RCBC opened the five new accounts of the fictitious beneficiaries with no initial deposit, unlike the fictitious US dollar accounts, and the accounts never held any funds and were never involved in any transactions.

They were preparatory, opened only to be used in the event that the thieves needed additional peso accounts to distribute and launder the stolen funds. As it turned out, the accounts were not needed, the court document showed.

NORTH KOREAN HACKERS

The wide-ranging conspiracy to rob hundreds of millions of dollars from the BB began years earlier with, on information and belief, North Korean hackers.

According to the FBI, among others, before the North Korean hackers executed their fraudulent transfer of funds from the BB's New York Fed account, they first used the same or similar tools and techniques to accomplish the well-publicised attack on Sony.

Indeed, computer forensics firms including BAE Systems have reviewed the "attack toolkit" of malware used against the BB (and then against other banks) and those firms have concluded that the malware was custom-configured to "register itself as a service and operate in an environment running SWIFT's Alliance Access software suite, [and] allow transactions to be deleted and records changed".

Starting in 2014, the hackers used the same tools and techniques that they would later use on the BB, and try to use on other banks, to infiltrate the computer systems of Sony, a multi-national, global, and sophisticated company, and steal huge amounts of data, financial information and records, credentials and user information. And they covered their tracks on the way out.

By January 2015, as explained by the FBI, the North Korean hackers had specifically identified BB, among other banks, as one of the targets of their attack and theft.

The criminal enterprise had come together, and the co-conspirators began to open more fictitious bank accounts held in US dollars at RCBC in the Philippines, the court document showed.

The North Korean hackers also began their spear-phishing email campaign, sending fraudulent emails to the bank's employees

misrepresenting that the fake senders were seeking employment.

The link to the "resumé and cover letter" hosted the malware that enabled the initial access to the BB's computers.

The North Korean hackers also sent fraudulent spear-phishing emails to the BB's employees appearing to be "LinkedIn" invitations. This is how the North Korean hackers first fraudulently gained access to those users' computers.

From there, by March 2015, the North Korean hackers had installed other forms of malware specifically designed to create a backdoor into the BB network, allowing the North Korean hackers to access the network, collect information, crawl across different computer systems, and then fraudulently communicate within the network over a custom binary protocol designed to appear merely as Transport Layer Security traffic.

In other words, the North Korean hackers covered their tracks by using a communication protocol that misrepresents itself as authentic encrypted communications and allowed North Korean hackers to communicate the stolen data and information without tripping security alerts.

These techniques, known to the international cybersecurity and law enforcement community, were traceable only after the attack was uncovered.

Finally, on January 29, 2016, only six days before the theft, the hackers began to covertly move across the BB network, from the computers in which they had originally installed the malware, to the SWIFTLIVE system critical to the processing of SWIFT messages like those used to execute the heist.

The Farashuddin report criticised SWIFT for its odd-looking attempt to get a copy of the Mandiant report, which proved that it was liable for the heist directly or indirectly.

About the Fed's role, the probe said when the New York Fed received the fund transfer requests, it became suspicious.

It had kept the fund transfer on hold and sought more information and interpretation about beneficiaries. But by the time, it sought the additional information, it was already 3:59am Friday in Dhaka.

The weekend had already started. Before receiving any responses from the BB, it

executed five payment instructions. After transferring the funds, it sent queries to the central bank as it was suspicious about the beneficiaries.

So, the New York Fed could not evade its responsibility of stealing of the funds from the BB's reserves, the probe report said.

The liability of the Fed was created after it transferred the funds despite having suspicions about the payment instructions and the beneficiaries.

The primary responsibility for the \$81 million reserve heist lies with SWIFT authorities, the report said. BB steps aimed at forestalling unauthorised payments were not adequate, the probe report said.

The central bank officials did not try to employ the manual system to retrieve the messages from the New York Fed when they return to work on Friday morning. Besides, they did not immediately apprise the higher authorities about the incident.

"We have not got any conclusive evidence to say conclusively whether any BB officials were knowingly involved with the heist. But we have serious suspicion about collusion of at least two officials," the probe report said.

The lackadaisical work style of the BB officials paved the way for the criminals to hatch the plan.

RECOMMENDATIONS

"It was not right to connect the computers of the BB with the SWIFT network through the RTGS," the probe report said.

The process to send SWIFT messages was made insecure in August-October 2015, when the SWIFT system and the BB-RTGS was connected.

It will be logical to de-link the BB-RTGS from the SWIFT and kept the SWIFT system alive in a standalone system.

Special training should be arranged for the people responsible to send payment instructions and there should be the highest level of security clearance in place.

The probe report recommended taking comprehensive measure through political leadership and diplomatic strategy and using legal experts.

It called for preparing and maintaining policy documents listing high-level requirement about network architecture and security.

Proper network segmentation needs to be placed at all levels and user workstations should never reach a server without passing through a firewall.

Operating systems of all machines should be up-to-date with latest security and other fixes and anti-virus software should be installed and regularly updated in all machines.

Remote desktop feature should be disabled in critical servers and workstation users should be cautioned not to browse irrelevant websites.

Access credentials of all the network equipment should be changed periodically, the report recommended.

SWIFT should introduce an SOS message type to immediately warn all concerned parties about possible system breach. Proper IT training needs to be arranged for users at all levels. Periodic auditing of different aspects of IT infrastructure, security and system usage needs to be performed.

Skilled and educated workforce need to be employed to manage the network and system operations, the report said.

DELAY IN PUBLISHING REPORT

As the report was not sent to the central bank from the government, it could not implement the recommendations, said Abu Hena Mohd Razee Hassan, a former deputy governor of the BB and now head of the Bangladesh Financial Intelligence Unit. He was one of the deputy governors at the time of hacking.

In an interview with The Daily Star recently, AMA Muhith, who was the finance minister when the heist took place, said: "We didn't publish the Farashuddin committee report as the Fed had something to do with it -- they didn't want the publication of the report."

"I don't think it would have caused any harm if the report was published. Maybe at first there would have been problems but not now. I don't think if it is published now it will cause any problem. It has been so long."

The government can't disclose the Farashuddin-led committee's investigation report on the BB reserve heist so that probe by the Criminal Investigation Department is not influenced, Finance Minister AHM Mustafa Kamal told the parliament in February last year.

The probe body thanked the BB for bringing forward the hiring of world-renowned cyber security firm FireEye Mandiant to probe the incident.



# China counts economic cost of virus as row deepens over travel ban

REUTERS, Beijing/Shanghai

THE economic and diplomatic costs of China's coronavirus epidemic mounted on Monday with investors knocking \$400 billion off the value of stocks and the government accusing the United States of over-reacting to the outbreak and whipping up panic.

The number of deaths in China from the newly identified virus, which emerged in Wuhan city in the central province of Hubei in December, had risen to 361 as of Sunday, up 57 from the previous day, the National Health Commission said.

China's markets plunged at the open in their first session after an extended Lunar New Year break that began on Jan. 23, when the virus had claimed only 17 lives in Wuhan.

Since then, the flu-like virus has been declared a global emergency and spread to about two dozen other countries and regions, with the first death outside of China reported on Sunday, that of a 44-year-old Chinese man who died in the Philippines after travelling from Wuhan.

Wuhan and some other cities remain in virtual lockdown with travel severely restricted, and China is facing increasing international isolation as well due to restrictions on flights to and from the country, and bans on travellers from China.

The government pointed a finger of blame at the United States saying it had acted to create and spread fear instead of offering any significant assistance.

The United States was the first country to suggest the partial withdrawal of its embassy staff, and the first to impose a travel ban on Chinese travellers, said Chinese foreign ministry spokeswoman Hua Chunying.

"All it has done could only create and spread fear, which is a bad example," Hua told an online news briefing, adding that China hoped countries would make judgements and responses that were reasonable, calm and based on science.

Relations with the United States have been strained over the past year, largely over trade.

The World Health Organization (WHO)



REUTERS/FILE

A man wearing a mask walks past the headquarters of the People's Bank of China, in Beijing yesterday.

has declared the outbreak a public health emergency of international concern but it has also said travel bans are unnecessary.

"There is no reason for measures that unnecessarily interfere with international travel and trade," said WHO Director-General Tedros Adhanom Ghebreyesus.

"We call on all countries to implement decisions that are evidence-based and consistent."

Jittery investors erased almost \$400 billion from Chinese stocks, with the Shanghai Composite index down almost 8%, its worst daily drop in four years

The yuan had its worst day since August and Shanghai-traded commodities from oil to copper hit their maximum down limits.

The wipeout came even as the central bank made its biggest cash input into financial markets since 2004 - with an injection of 1.2 trillion yuan (\$173.8 billion) of liquidity into the markets via reverse repo operations - and despite apparent regulatory moves to curb selling.

Investors had been bracing for volatility when onshore trade in stocks, bonds, yuan and commodities resumed, following a steep global selldown on fears about the impact of the virus on the world's second-biggest economy.

Beijing also said it would help firms that produce vital goods resume work as soon as possible, state broadcaster CCTV reported.

But while stock markets reopened, most

provinces have extended the holiday to try to contain the virus, with workers in Hubei not scheduled to return until after Feb. 13.

The number of new confirmed infections in China rose by 2,829, bringing the total to 17,205.

The WHO reported at least 151 confirmed cases have been reported in 23 other countries and regions, including the United States, Japan, Thailand, Hong Kong and Britain.

A 1,000-bed hospital built in just eight days to treat people with the virus in Wuhan will begin to take patients on Monday, state media said. More than 7,500 workers took part in the project, launched on Jan. 25 and finished this weekend.

## UK manufacturing ends longest decline since financial crisis

REUTERS, London

BRITAIN'S manufacturing sector emerged from its longest decline since the financial crisis last month, after a boost from December's election result, though weak European demand and Brexit concerns muted the optimism, a survey showed on Monday.

The IHS Markit/CIPS purchasing managers' index (PMI) rose to the no-change level of 50.0 from 47.5 in December, slightly stronger than an earlier "flash" reading for January of 49.8 which had shown the index just within contraction territory.

"Reduced levels of political uncertainty following the general election led to mild recoveries in new orders and business confidence and a stabilisation of production volumes," IHS Markit said.

December's reading was the second-lowest since 2012, and the manufacturing PMI had been below 50 since May, the longest such unbroken run since 2009.

Manufacturing makes up 10 per cent of the British economy, and the most recent official data showed the sector shrank by 2.0 per cent in the 12 months to the end of November.

January's rebound matches other data since Prime Minister Boris Johnson won an unexpectedly big parliamentary majority in a Dec. 12 election, reducing short-run uncertainty over Brexit and the government's political direction.

Bank of England Governor Mark Carney said last week that data in early 2020 had been good enough to keep the BoE from cutting interest rates after weakness in late 2019, but the survey numbers would need to be confirmed by official figures.

Past PMI surveys have sometimes overestimated the scale of upturns and downturns in the economy.

New orders grew overall at the fastest rate since April 2019, but export orders continued to decline, which manufacturers blamed on weak economies in mainland Europe.

After leaving the European Union at 2300 GMT on Jan. 31 following 47 years of membership, Johnson now has until the end of the year to negotiate a trade deal that will avoid new tariffs on British goods.

However, the car industry and other sectors which rely on just-in-time delivery worry that future border checks will make their British operations uncompetitive.

"Optimism remained low compared to the historical standards of the survey, in part due to ongoing uncertainty at some firms about the impact of Brexit," IHS Markit said.

The BoE said some new trade frictions will be unavoidable, and estimates Britain's sustainable annual growth rate over the coming years will fall to 1.1 per cent from an average of 1.6 per cent since the financial crisis.

## Worldline's \$8.7b Ingenico deal to create European payments leader

REUTERS, Paris

PAYMENTS company Worldline agreed on Monday to buy French rival Ingenico in a 7.8 billion euros (\$8.7 billion) deal to create a new European leader in the sector and fend off cut-throat competition from internet and telecoms companies.

The purchase by Worldline, which was born out of French IT company Atos, is the latest deal in the payments sector, where the firms cater to everything from small shops needing card terminals to large online businesses.

The increasing use of smartphones for online payments and the growing success of Apple Pay, Google Pay and Amazon has led to more competition, with mergers and acquisitions allowing firms to build scale and cut costs.

The global payments industry is set to reach \$3 trillion a year in revenue by 2023 as more people switch from cash to digital payments for online and store purchases, according to research by consulting firm McKinsey.

In 2019, Fiserv Inc bought First Data Corp for \$22 billion, while Fidelity National Information Services (FIS) bought Worldpay for about \$35 billion, consolidating their positions as the top two players globally.

The takeover of Ingenico gives the firm an implied equity value of 7.8 billion euros and would immediately boost Worldline's earnings per share, with around 250 million euros expected in savings by 2024.

The price tag implies a premium of about 16 per cent to Ingenico's closing market value on Friday of around 6.7 billion euros.

The companies expect the transaction, which requires regulatory approval, to close in the third quarter of 2020.

Ingenico shareholders would receive 11 Worldline shares and 160.5 euros in cash for seven Ingenico shares,

in a primary tender offer. There would also be a secondary offer, with 56 Worldline shares exchanged for 29 Ingenico shares, translating into an offer price of 123.10 euros per Ingenico share.

Ingenico shares jumped 11.2 per cent to 117 euros in early trading, while Worldline shares fell 4.2 per cent, reflecting some concerns that Worldline is paying a hefty premium to buy Ingenico.

On closing the deal, former Worldline shareholders would own 65 per cent of the combined entity and former Ingenico shareholders would own 35 per cent. Worldline Chairman and CEO Gilles Grapinet would become CEO of the combined company and Ingenico Chairman Bernard Bourigeaud would become non-executive chairman.

Worldline, in which Atos still has a 16.9 per cent equity stake, said the deal would give it access to Ingenico's strong presence in the travel, health and retail sectors, while the combined company would have a bigger geographic reach and an extended partnership with German savings banks.

Creating a European champion able to compete with bigger American rivals could also be welcomed by European politicians, with Europe's antitrust chief having voiced concerns over Apple Pay.

"The local tie up by Ingenico and Worldline makes sense so instead of competing with each other in their domestic space the combined company can focus on bigger fish to fry," said MB Capital managing director Marcus Bullus.

"I don't see there being any anti-trust issues in what should be quite a clean streamlined deal that will create added value for shareholders of the combined company," he added.

## Modi's guarded stimulus unlikely to revive Indian growth

REUTERS, New Delhi

INDIA'S new budget is unlikely to drag Asia's third- biggest economy out of its worst slowdown in more than a decade as the government has proposed only moderate spending increases and small cuts in personal taxes, economists said on Sunday.

They said there was a risk the government might miss its fiscal deficit target for 2020-21 as it was dependent on raising almost \$30 billion from the sale of stakes in state-run firms and financial institutions to meet ambitious revenue goals.

In its budget for the year starting in April unveiled on Saturday, the government relaxed its fiscal deficit target so it could spend an nearly \$15 billion more, mainly on infrastructure and farming, while pushing ahead with privatisations.

Economists and industry leaders said the budget proposals would provide some support to growth over the longer term but were insufficient to give it an immediate boost.

India's economy is forecast to grow 5 per cent in the year ending in March, its weakest pace in 11 years, ratcheting up the pressure on Prime Minister Narendra Modi, who is already facing backlash over a socially divisive citizenship law.



Narendra Modi

"We see the budget as largely neutral for growth and inflation," said Nomura economist Sonal Varma, adding that the financial sector's problems could further delay any recovery. The government has proposed increasing spending to boost consumer demand and investment but it could not go

far enough because a slowdown in revenue receipts tied its hands, economists said.

Rating agency Moody's Investor Service said the budget highlighted the fiscal challenges from slower real and nominal growth, which may continue longer than the government expects.

Nomura said annual growth in gross domestic product (GDP) most likely slipped to 4.3 per cent in the last three months of 2019, after dropping to 4.5 per cent the previous quarter, its slowest in more than six years.

Economists said India risked missing its budget deficit target of 3.5 per cent of GDP in 2020-21 as the government's revenue growth target of nearly 10 per cent depends on raising almost 2.1 trillion rupees (\$30 billion) from privatisations.

Investors and consumers were also disappointed by the budget as no new incentives were offered for the beleaguered financial sector and housing market while it wasn't clear whether proposed changes to individual taxes would result in net gains.

"The tax cuts won't translate into much benefit for taxpayers," said Amit Maheshwari, Partner, Ashok Maheshwary & Associates LLP, a tax consultancy, adding that they could discourage saving and help push market interest rates higher.



REUTERS/FILE

A customer pays with a contactless credit card at a store in Paris.

## Germany ran world's largest current account surplus in 2019

REUTERS, Berlin

GERMANY'S current account surplus remained the world's largest last year despite trade tensions, the Ifo economic institute will say on Monday, in an estimate likely to renew criticism of Chancellor Angela Merkel's fiscal policies.

The Ifo estimate, seen by Reuters ahead of publication, put Germany's current account surplus — which measures the flow of goods, services and investments — at some \$293 billion in 2019.

It is the fourth successive year that Germany's current account surplus has been the world's largest, with Japan's the next largest at \$194 billion, according to Ifo calculations. The International Monetary Fund

and the European Commission have for years urged Germany, Europe's largest economy, to do more to lift domestic demand and imports as a way to reduce global economic imbalances and stimulate growth elsewhere.

Since his election, US President Donald Trump has also criticised Germany's export strength.

Germany's current account surplus can mainly be attributed to the fact that far more German products and services are sold overseas than imported to Europe's largest economy.

Merkel said last year: "We are proud of our cars and so we should be." But she added that many were built in the United States and exported to China.

Ifo economist Christian Grimme

said the German surplus increased last year by almost 16 billion euros to some 7.6 per cent of gross domestic product (GDP).

"Stronger exports to the US due to the stronger depreciation of the euro and increased exports to the UK, where demand recovered somewhat, saw total German exports rise sharply again in the second half of the year," he said.

"By contrast, imports expanded very weakly in the summer half of 2019 - the ongoing industrial recession in Germany severely curbed imports of intermediate goods."

The European Commission, the EU's executive, considers a current account surplus of 6 per cent as sustainable over the long-term when measured by the size of a country's economy.